

**INDONESIA'S FOREIGN POLICY AND
ASEAN**

by

BANTAN NUGROHO

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DEDICATION

To my beloved Parents, my dear wife, Arniza, and my Son, Panji Bharata, who came into this world in the winter of '96. They have been my source of strength all through the year of my studies. May all this intellectual experience have meaning for them in the future.

TABLE OF CONTENTS

Table of Contents	v
List of Illustrations	vi
Abstract	vii
List of Abbreviations	viii
Acknowledgments	xi
Chapter One : Introduction	1
Chapter Two : Indonesian Foreign Policy	23
A. The Pre-New Order versus the New Order	
1. Before the New Order	
a. Revolutionary Period (1945-1949)	24
b. Liberal Democracy Period (1950-1958)	31
c. Guided Democracy Period (1959-1965)	37
2. During the New Order	44
B. Independent and Active Foreign Policy	51
Chapter Three : Indonesia's Bilateral Relations	52
A. Relations with Major Powers	
1. Indonesia-United States Relations	56
2. Indonesia-China Relations	60
3. Indonesia-Japan Relations	62
B. Relations with ASEAN Countries	
1. Indonesia-Malaysia Relations	66
2. Indonesia-Singapore Relations	72
3. Indonesia-Philippines Relations	76
4. Indonesia-Thailand Relations	80
5. Indonesia-Brunei Relations	82
6. Indonesia-Vietnam Relations	83
Chapter Four : The Association of Southeast Asian Nations (ASEAN)	89
A. Steps Leading to the Birth of ASEAN	
1. The Ending of Confrontation	89
2. Towards Regional Cooperation	91
B. Organizational Development	102
Chapter Five : ASEAN Economic and Functional Cooperation	111
Chapter Six : ASEAN Political and Security Cooperation	131
Chapter Seven : Conclusion	154
Appendices	162
Bibliography	164

LIST OF ILLUSTRATIONS

Map of South-East Asia

Appendix #1

Map of Indonesia

Appendix #2

ABSTRACT

In the endeavour to contribute to preserving international peace and stability, the Indonesian Government pays special attention to creating regional stability in Southeast Asia. This goal can only be achieved if each of the ten countries located in the region maintains its national stability respectively. The founding of ASEAN in 1967 has provided the vehicle for strengthening regional security, order, peace and stability. This study focuses on ASEAN's tilting emphasis towards a more political-military-security orientation in the threshold of the next century, and the factors that influences and constrains this course. This orientation is different from the association's original, and more limited, goal to enhance regional cooperation in the social, culture and economic fields. ASEAN's members include Indonesia, Malaysia, the Philippines, Singapore and Thailand. Its present membership also includes Brunei and Vietnam. Indonesia has invested major efforts in maintaining ASEAN as a viable organization, and the country has also attempted to maximize its own role in ASEAN, especially in recent years. Although by mutual agreement the ASEAN Declaration clearly stated that the main objectives of the association emphasized the economic, social, cultural, and scientific fields (functional aspects) of ASEAN cooperation, and specifically avoided mentioning political and security cooperation, ASEAN, however, achieved much more progress in the latter fields than in the former ones. This development is due to the fact that since the establishment of ASEAN, there exists extensive economic differences between the individual ASEAN countries. Indonesia's foreign policy in ASEAN affairs throughout the association's evolution is the main focus of this thesis.

LIST OF ABBREVIATIONS

ABC - ASEAN Brussels Committee
ABRI - *Angkatan Bersenjata Republik Indonesia*, Indonesian Armed Forces
ACC - ASEAN Canberra Committee
ACCSM - ASEAN Conference on Civil Service Matters
ACM - ASEAN Council of Ministers
ACPC - ASEAN Committee on Political Cooperation
AEM - ASEAN Economic Ministers
AEMM - ASEAN Economic Ministerial Meetings
AFTA - ASEAN Free Trade Area
AGC - ASEAN Geneva Committee
AIJV - ASEAN Industrial Joint Ventures
AIP - ASEAN Industrial Project
ALC - ASEAN London Committee
AMM - ASEAN Ministerial Meeting
ANDC - ASEAN New Delhi Committee
ANZUK - Australia-New Zealand-United Kingdom
AOC - ASEAN Ottawa Committee
APC - ASEAN Paris Committee
APEC - Asia-Pacific Economic Cooperation
ARF - ASEAN Regional Forum
ASA - Association of Southeast Asia
ASC - ASEAN Standing Committee
ASEAN - Association of Southeast Asian Nations
ASEAN-PMC - ASEAN Post-Ministerial Conference
ASOD - ASEAN Senior Officials on Drug Matters
ASOEN - ASEAN Senior Officials on Environment
AWC - ASEAN Washington Committee
BAC - Bonn ASEAN Committee
BAIS - *Badan Intelijen Strategis*, Strategic Intelligence Agency
Bappenas - *Badan Perencanaan Pembangunan Nasional*, National Development Planning Agency
CBM - Confidence-Building Measures
CEPT - Common Effective Preferential Tariff
CGDK - Coalition Government of Democratic Kampuchea
CGI - Consultative Group on Indonesia
CIA - Central Intelligence Agency
COCI - Committee on Culture and Information
COFAB - Committee on Finance and Banking
COFAF - Committee on Food, Agriculture, and Forestry
COIME - Committee on Industry, Mineral, and Energy
COMINAC - Conference of the Ministers of Information of the Non-Aligned Countries

CONEFO - Conference of the New Emerging Forces
 COSD - Committee on Social Development
 COST - Committee on Science and Technology
 COTAC - Committee on Transportation and Communication
 COTT - Committee on Trade and Tourism
 CSIS - Centre for Strategic and International Studies, Jakarta
 DI - Darul Islam
 DFI - Direct Foreign Investment
 DPR - *Dewan Perwakilan Rakyat*, Indonesian Parliament
 EAEC - East Asian Economic Caucus
 EAEG - East Asian Economic Grouping
 ECOWAS - Economic Community of West African States
 EU - European Union
 FPDA - Five Power Defense Arrangement
 GANEFO - Games of the New Emerging Forces
 GATT - General Agreement on Tariffs and Trade
 GBC - General Border Committee
 GDP - Gross Domestic Product
 Gestapu - *Gerakan September Tiga Puluh*, 30 September 1965 Movement
 GSP - General System of Preferences
 ICJ - International Court of Justice
 IFI - International Financial Institution
 IGGI - Inter-Governmental Group on Indonesia
 IMF - International Monetary Fund
 JBC - Joint Border Committee
 JCM - Joint Consultative Meeting
 JIM - Jakarta Informal Meeting
 JMM - Joint Ministerial Meeting
 KNIP - *Komite Nasional Indonesia Pusat*, Central National Committee of Indonesia
 KOGAM - *Komando Ganyang Malaysia*, Crush Malaysia Command
 KOPKAMTIB - *Komando Pasukan Keamanan dan Ketertiban*, Operations Command for the Restoration of Order and Security
 KOSTRAD - *Komando Strategis Angkatan Darat*, Army Strategic Command
 KOTI - *Komando Tertinggi*, Highest Command
 KPRLF - Kampuchean People's National Liberation Front
 LAFTA - Latin American Free Trade Association
 LEMHANAS - *Lembaga Pertahanan Nasional*, National Defense Institute
 LSM - *Lembaga Swadaya Masyarakat*, Non-Governmental Organization (NGO)
 Manipol - *Manifestasi Politik*, Political Manifestation (President Sukarno's 1959 Speech)
 Maphilindo - a regional association comprising Malaya, the Philippines, and Indonesia
 Masyumi - *Majelis Syuro Muslimin Indonesia*, Council of Indonesian Muslims
 MFA - Ministry of Foreign Affairs
 MNLF - Moro National Liberation Front
 MNC - Multi-National Corporations

NAFTA - North American Free Trade Agreement
 NAM - Non-Aligned Movement
 Nasakom - Nasionalisme, Agama, Komunisme (the unity of nationalists, religious people, and communists)
 NEFOS - New Emerging Forces
 NEKOLIM - Neo-colonialism and imperialism
 NU - *Nahdatul Ulama*, Muslim Scholars Party
 NICs - Newly Industrializing Countries
 NLFSV - National Liberation Front of South Vietnam
 ODA - Official Development Assistance
 OIC - Organization of Islamic Conference
 OLDEFOS - Old Established Forces
 OPEC - Organization of Petroleum Exporting Countries
 OPSUS - *Operasi Khusus*, Special Operation
 Orba - *Orde Baru*, New Order
 Orla - *Orde Lama*, Old Order
 PICC - Paris International Conference on Cambodia
 PKI - *Partai Komunis Indonesia*, Indonesian Communist Party
 PMC - Post-Ministerial Conferences
 PNG - Papua New Guinea
 PNI - *Partai Nasionalis Indonesia*, Indonesian Nationalist Party
 PRC - People's Republic of China
 PRRI - *Pemerintah Revolusioner Republik Indonesia*, Indonesia's Revolutionary Government
 PSI - *Partai Sosialis Indonesia*, Indonesian Socialist Party
 PTA - Preferential Trading Arrangement
 SAARC - South Asian Association for Regional Cooperation
 SAPs - Structural Adjustment Programs
 SCCAN - Special Coordinating Committee of ASEAN Nations
 SEAARC - Southeast Asian Association for Regional Cooperation
 SEATO - Southeast Asian Treaty Organization
 SEOM - Senior Economic Officials Meeting
 SESKOAD - *Sekolah Staf Komando Angkatan Darat*, Army Staff and Command College
 SIJORI - Singapore-Johor-Riau Growth Triangle
 SLORC - State Law and Order Restoration Council (Myanmar)
 SOM - Senior Officials Meeting
 SUPERSEMAR - *Surat Perintah Sebelas Maret*, 11 March Letter of Command of 1966
 SEANWFZ - Southeast Asia Nuclear Weapons- Free Zone
 TAC - Treaty of Amity and Cooperation in Southeast Asia
 Tritura - *Tri tuntutan rakyat*, Three point claim of the People
 WTO - World Trade Organization
 ZOPFAN - Zone of Peace, Freedom and Neutrality

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Chapter One

INTRODUCTION

Indonesia and ASEAN

In general, each country should contribute to preserving international peace and stability. The Indonesian Government, in particular, pays special attention to creating regional stability. This goal can only be achieved if each country located in the region maintains its national stability respectively. The region in question is Southeast Asia. In this study, the term “Southeast Asia” is used to refer to the countries that lie east of India, south of China, north of Australia, and between the Indian and Pacific Oceans. Geographically, it is thus strategically located. It separates East Asia (including China, Japan, Korea, and Russia) in the north from Australia and New Zealand in the south. Being at the confluence of the Pacific and Indian Oceans, it also separates East Asia in the east from the Indian sub-continent, the Middle East, Africa, and Europe in the west.

Historically, before the Europeans came into the region, it came under strong Indian and Chinese influence because of its geographical location between China and India. These two cultures came into the region in varying degrees in different parts. The Arabs, too, made important contributions to the culture and civilization of the region, particularly in insular or archipelago Southeast Asia, a term sometimes conveniently used

to distinguish the islands of Southeast Asia from peninsular or mainland Southeast Asia.¹ Before World War II all of the countries in South-East Asia, except Thailand, became colonies of Western powers: presentday Myanmar (Burma), Malaysia, Singapore and Brunei Darussalam came under British rule; Vietnam, Laos, and Cambodia under the French; Indonesia under the Dutch; and the Philippines under the United States. During World War II all Southeast Asian countries came under Japanese occupation. After the war, except for the oil-rich Sultanate of Brunei, every country in Southeast Asia, one after another and in its own way, achieved independence. "Some had to undergo cesarean operations, while others had less difficult births."² The geographical position and varied past of individual countries in the region have had an important impact on the present politics, economies, cultures, languages, organizations, ethnic compositions, attitudes and aptitudes, international relations, foreign policies, and other important facets of life of the peoples and countries of the region.

Like most of the countries in the region, Indonesia has a similar historical background, as it was once colonized by a foreign power. Therefore, it shares a common bond with nearly all of its neighbours in this respect. Like Singapore and Malaysia, for example, where Chinese, Malay, Indian races constitute part of their population, Indonesia's population is also an ethnic and linguistic mix. Indonesia has a population of 190 million, comprising hundreds of ethnic groups which have different ethnic dialects. The national language used to unite the nation is Indonesian, or *Bahasa Indonesia*. Such

¹ Lim Chong Yah, "South-East Asia: The Challenges of Economic Independence", in Edward P. Wolfers (ed.), Looking North to South-East Asia. The View from Australia, (Honolulu: University Press of Hawaii / Australian Institute of International Affairs, 1976), p.15

² Ibid., p. 16

factors which make Indonesia distinct than the other countries in the region, is its strategic location bridging two continents, Asia and Australia, and two oceans, the Pacific and the Indian, its archipelagic configuration, consisting 13,667 islands and islets altogether, its cultural diversity and sociopolitical complexion and its vast and still largely untapped natural and human resources. Indonesia's population is predominantly Muslim (about 85 per cent of the population), but unlike Malaysia, it is not an Islamic state. The two countries do not share a constitutional similarity regarding this matter. Politically, Indonesia has a strong presidency, as President Suharto has been in power for thirty years. This can be matched with Malaysia, which also has a strong leadership, but different from the Philippines, which adheres to a more pluralist style of government. Indonesia is regarded as a "middle power" in the region, and also it has reached a near-NIC status within the present decade. Concerning its foreign policy objectives, under the present administration of President Suharto, Indonesia wishes to be a regional leader and play an assertive role in international affairs.

An economic entity arises from a political entity. There are at present ten political entities in Southeast Asia, therefore there are ten separate jurisdictions in the region, each having, for example, its own currency system and fiscal structure, and each having its own policy towards the inflow and outflow of labour, capital and enterprise. In other words, the ten separate economies are each pursuing their own course and under a different management. Southeast Asia is a heterogeneous region, politically, ethnically, culturally, linguistically, and economically. The three Indo-China states (Cambodia, Laos and Vietnam), for example, have just concluded a chapter in their history in ending their

tragic civil wars. Myanmar, on the other hand, believes in a 'closed door' autarkic approach, while the remaining six countries, on the other hand, welcome foreign investments. Latest developments shows Vietnam's interest in inviting foreign investments.

Seven of these countries are full members of a sub-regional grouping, the Association of South-East Asian Nations (ASEAN), established on 8 August 1967 with the adoption of a document commonly known as the Bangkok Declaration. The founding member countries are Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Brunei joined in 1984, and Vietnam became a member in 1994. It is likely that the remaining three countries, Cambodia, Laos, and Myanmar, will in good time become members of the association.

Indonesia, as an independent, sovereign state and a member of the international community possesses and practices its own foreign policy. The foreign policy it adheres to is theoretically a part of a larger body of government policies which aims to attain and promote the national interests in its foreign relations. This endeavour is pursued through various activities conducted in its relations with other countries, be it in the form of bilateral, regional or international cooperation. The basic principles of Indonesia's foreign policy are embodied in the Preamble of the state's Constitution of 1945.³ The elements highlighted in the Constitution declares that Indonesia embraces an anti-colonialism stand and takes an active role in preserving international peace and security.

³ The official term "Constitution of 1945" is used because it was drafted and adopted in 1945, and partly to distinguish it from two other constitutions which have prevailed under independent Indonesia.

5

ASEAN is considered to be the cornerstone of Indonesian foreign policy under the New Order government of President Suharto.⁴ The association was conceived as a means of promoting intra-regional reconciliation in the wake of Indonesia's confrontation with Malaysia in the early 1960s. The five founding nations also exhibited an interest in the management of regional order. At the formation of ASEAN, the members notified the world of their adherence to the goal of maintaining peace and stability in the region by means of economic, social and cultural regional cooperation.

Thesis Statement

The purpose of this study is to investigate Indonesia's foreign policy with special emphasis on the country's relations within ASEAN. The founding of ASEAN has provided the vehicle for strengthening regional security, order, peace and stability. The study will focus on whether ASEAN is heading towards a more political-military-security orientation in the threshold of the 21st century, and the factors that will influence and constrain this course. This orientation is different from the association's original, and more limited, goal to enhance regional cooperation in the social, culture and economic fields. Therefore, the central question addressed in this study is: what are Indonesia's foreign policy objectives in maintaining relations with ASEAN, which is shifting towards a politico-security orientation ?

⁴ Ali Alatas, Minister of Foreign Affairs, June 1992, in M. Sabir, *ASEAN: Harapan dan Kenyataan*. (Jakarta: Pustaka Sinar Harapan), p. 14

In order to begin to answer this question, the first section of the second chapter will lay the foundation of the study, highlighting the historical background of the foreign policy Indonesia adhered to since its independence in 1945. The purpose is to understand in depth how the country struggled in terms of its external relations to attain the position it presently holds as a country with a near-NIC status in the Southeast Asian region in particular, and in world affairs--as Chairman of the Non-Aligned Movement (1992-1995) and Chairman of Asia-Pacific Economic Cooperation (1994)--in general. This section will examine Indonesia's foreign policy objectives and initiatives conducted before and after President Suharto's New Order government came to power in 1966. Against this historical backdrop, this chapter explores the country's foreign policy in two periods in independent Indonesia. The first period dates before the New Order (1945-1965), under President Sukarno, and it is further divided into three smaller periods: the Revolutionary Period (1945-1949), the Liberal Democracy Period (1950-1958), and the Guided Democracy Period (1959-1965). It was during this first period that Indonesia's "free and active" foreign policy doctrine was defined by Mohammad Hatta. Furthermore, the second period is during the current New Order government of President Suharto, from 1966 until the present day. The second section of this chapter deals with the legal aspect of Indonesia's foreign policy. As Indonesia is a constitution-based state, therefore the country's constitution, government regulations and parliamentary laws provide the legal foundation of its foreign policy. It focuses on the theoretical basis of the country's foreign policy, as this is constitutionally conceptualized. In brief, it highlights the

7

constitutional basis, the conceptual basis, and the operational basis of Indonesia's foreign policy.

The third chapter will delve into Indonesia's relations with other countries. In accordance with Indonesia's leadership role in international affairs, it would be crucial to understand how the country attained that stature with regard to how it relates with its neighbours within the region, as well as with other world powers. The purpose is to identify the patterns and processes of Indonesia's foreign policy through an examination of Indonesia's relations with various countries. Firstly, the chapter explores bilateral relations with the world's major powers: the United States, the People's Republic of China, and Japan. In terms of Indonesian perceptions of security in a broad sense, the United States and Japan are the most important to be examined. China has always been viewed by Indonesian leaders as an "expansionist" power and a major competitor for the role of regional leader to which Indonesia aspires. Furthermore, should security be defined in military and political terms, geopolitics is a major factor. This does not mean that only a neighbouring country with a strong military capability will pose a threat to Indonesia. Even a small neighbouring state that is occupied or used by a major power hostile to Indonesia may be perceived as a threat. Secondly, therefore, the chapter examines Indonesia's bilateral relations with its ASEAN counterparts: Malaysia, Singapore, the Philippines, Thailand, Brunei, and Vietnam. With regard to geopolitics, of the seven ASEAN member countries, Malaysia and Singapore are viewed to be more important than the others, such as Thailand or the Philippines. The discussion on Indonesia's bilateral relations covers both the Sukarno and Suharto administrations.

The fourth chapter will be entirely devoted to a discussion on the establishment of the ASEAN organization. An in-depth view on the workings and nature of the organization will establish a sound understanding of the whole association. Firstly, I will look at the historical background on the steps leading to the birth of ASEAN. This begins with an account of the situation nearing the end of the Indonesia-Malaysia confrontation campaign in 1966. After this, the countries in the region gradually entered into regional cooperation. A few regional groupings were formed prior to the establishment of ASEAN by the Bangkok Declaration on 8 August 1967, such as SEATO (1954), ASA (1961), and Maphilindo (1963). Secondly, the organizational structure of ASEAN will be discussed in detail, which includes the institution's aims and purposes, and the organization's bodies and committees and their function.

The next two chapters examine the evolution of ASEAN from regional cooperation in social, cultural, and economic matters to a grouping much more tilted towards political and security cooperation. As mentioned in the thesis statement, I believe that ASEAN is shifting towards a politico-security orientation, especially nearing the threshold of the next century. These chapters will argue that although by mutual agreement the Bangkok Declaration clearly stated that the main objectives of the association emphasized the economic, social, cultural, and scientific fields (functional aspects) of ASEAN cooperation, and specifically avoided mentioning political and security cooperation, ASEAN, however, achieved much more progress in the latter fields than in the former ones. This development is due to the fact that since the establishment of ASEAN, there exists extensive economic differences between the individual ASEAN

countries. To show this disparity, let us turn our attention to Singapore and Indonesia as an example. Singapore is an island state with a land area of 618 square kilometers but has a GDP per capita of US\$ 4,697 in 1980. This ranks the country as one of the four NICs, next to Taiwan, Hong Kong and South Korea. In that same year, Indonesia, which is the largest country in the region with a land area of 1,906,240 square kilometers, only has a GDP per capita of US\$ 480.⁵

More specifically, the fifth chapter highlights the evolution of ASEAN's economic and functional cooperation. As stated in the Bangkok Declaration, the association's central objective is to accelerate economic growth through joint endeavours. In its early years, however, ASEAN only made slow progress in these areas, as it was more preoccupied with social and cultural issues. During this time the main problem of ASEAN economic cooperation was that the benefits could not be easily distributed equally among all the members. This was particularly true of intra-regional trade where the largest member, Indonesia, felt that instead of benefiting from an increase in intra-ASEAN trade, it could only suffer economic losses as a consequence. Therefore, to the Indonesian Government, in particular, the most important function of ASEAN cooperation was to strengthen its negotiating position in extra-regional trade. In general, the reluctance of one ASEAN country to allow other member countries to derive greater benefits than itself from any ASEAN projects hindered the progress of ASEAN economic cooperation, thus confined most of ASEAN's activities to small-scale projects upon which all members could agree. In later years, when the economies of the member

⁵ Hans Christoph Rieger, ASEAN Economic Co-operation Handbook, (Singapore: Institute of Southeast Asian Studies, 1991), pp. 4-8.

countries have prospered to the extent that the disparity is not too wide, the countries decided to form a free trade area. This discussion then centers on the idea of the establishment of an ASEAN Free Trade Area (AFTA) and the Common Effective Preferential Tariff (CEPT) Scheme, which will help to reach a target of regional free trade in reducing tariffs from 15 to 0 per cent within a time frame of 15 years as of 1 January 1993. Throughout the whole debate on ASEAN's evolution, the Indonesian Government's actions, reactions and foreign policy objectives in this matter are discussed in detail.

The sixth chapter--still trailing Indonesia's foreign policy objectives throughout the evolution of ASEAN cooperation--focuses particularly on the association's political and security cooperation. It basically examines the 1976 Declaration of ASEAN Concord, as this was the landmark from which political cooperation became possible, a field which had formerly been excluded from the Bangkok Declaration. Firstly, the chapter will investigate selected intra-ASEAN conflicts, those which involved Indonesia and those which did not. The purpose is to display how durable the organization is, as these conflicts have not undermined the association's solidarity. The conflicts have been settled, or are being resolved, outside the organization's framework. Secondly, to show ASEAN's growing interest and emphasis on politico-security cooperation, the chapter will deal with the promotion of a regional neutral zone, the Zone of Peace, Freedom and Neutrality (ZOPFAN), with its main component being the Southeast Asian Nuclear Weapons Free Zone (SEANWFZ) through the efforts of dialogues with various countries, including the five nuclear states, USA, France, Great Britain, Russia, and China. Thirdly,

to support the argument of ASEAN's shift towards politico-security cooperation, this part will discuss the ASEAN Regional Forum (ARF), launched in July 1993. ASEAN has conducted dialogues with a number of major powers, namely USA, Russia, China, and Japan, on the basis of multilateralism to develop a more constructive relationship among the countries within the Asia-Pacific region in the political and security dimensions. The dialogues include steps for initiating confidence-building measures (CBM), creating a "preventive diplomacy" mechanism, and devising methods for conflict resolution. Finally, as an update on the latest ASEAN developments and Indonesia's foreign policy to incorporate all the countries in the Southeast Asian region into ASEAN, the growth of ASEAN's membership will be discussed. After the ASEAN Ministerial Meeting in Brunei on July 1995, Vietnam became the organization's seventh member. This undertaking has evidently opened the gateway to incorporate the other three states into ASEAN, namely Cambodia, Laos and Myanmar. All ten countries in the Southeast Asian region have decided in unison to accede to the Treaty of Amity and Cooperation in Southeast Asia (TAC). This decision was made during the Fourth ASEAN Summit in Singapore. This legal umbrella will act as the framework for future regional cooperation. Therefore, the realization of "ASEAN-7" becoming "ASEAN-10" is presently in process.

The concluding chapter will summarize the whole study, emphasizing the foreign policy Indonesia embraced throughout each episode of the development of ASEAN before its establishment in 1967 until mid-1996, whereby ASEAN's progress in the political and security fields advanced far more briskly compared to its development in the economic field.

The study as a whole focuses on the related concepts of regionalism and foreign policy, and this chapter now turns to an examination of these in general terms.

Regional Cooperation

The idea of regionalism mainly focuses on international cooperation in the economic, social, and environmental fields. In the current global situation, more countries are working together to boost their economies by way of creating regional groupings. This is mostly attempted by countries geographically located in the same region. Regional integration, or looser forms of regional cooperation, developed in Western Europe and other regions in the post-World War II period.⁶ Institutions resulting from and pursuing such regional economic cooperation include the European Union (EU) in Western Europe, the North American Free Trade Agreement (NAFTA) in North America, the Latin America Free Trade Association (LAFTA) in South America, the Economic Community of West African States (ECOWAS) in West Africa, the Southern African Development Community (SADC) in Southern Africa, and ASEAN in Southeast Asia. In these regimes there is a sense of interdependency between states, between non-government organizations (NGOs), as well as between state and non-state actors. The current condition of global interdependency is a stabilizing factor in the prevailing world order.

⁶ Werner J Feld and Gavin Boyd (eds), Comparative Regional Systems, (New York: Pergamon Press, 1980), p. 497

The growing international economic interdependence reduces the likelihood of conflict among nations. A workable system of international economic governance is not solely based on global arrangements, because many tasks can be carried out between neighbours. Thus far, only the EU has created both a durable system of regional trade liberalization and a strong commitment to political cooperation. In line with the fundamental changes sweeping the international political sphere, especially in the aftermath of the Cold War, most countries are in favour of enhancing regional cooperation and development. "Regional integration is currently receiving much attention elsewhere, especially in the Americas and Southeast Asia, though it has made little progress in Africa and South Asia."⁷ Some issues are best dealt with regionally rather than globally. Regional economic groups can also contribute to burying historic enmities through developing closer economic and political linkages, developing common infrastructure, and pioneering new methods for deepening integration in advance of progress at the global level.

The concept of regionalism seems to intertwine with multilateralism, which also refers to a belief in the value of rules commonly agreed upon to help manage transnational issues and disputes mainly, but not exclusively, between states. The issue of trade and commerce is at present the most prevalent multilateral issue following the conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and the establishment of the World Trade Organization (WTO). The GATT calls for a significant liberalization of trade in order to enhance the opportunities for free trade

⁷ The Commission on Global Governance, Our Global Neighbourhood, (New York: Oxford University Press, 1995), p. 151

and global growth. The apparent simplicity of the formula needs to be counterbalanced by its impact on a global economy which strongly favours states who do not need to contend with uneven terms of trade or conditionalities imposed in structural adjustment programs (SAPs). Furthermore, it is as yet too early to tell whether regional trade blocs are obstacles to free trade or truly simulators for growth. The possibility that regionalization may bring back the era of protectionism from its pre-World War compartment, and the need for international cooperation on issues such as global communications and television networks, rules of foreign investment and primary commodity exports, underscore the importance of both multilateralism and regionalism, especially during an age in which the consequences of “complex interdependence” have become extreme.

Regionalism reflects an era of state dominance in transnational affairs. As “different parts of the production process were located at points of greatest cost advantage”⁸ multi-national corporations (MNCs) invested and produced in virtually any Third World country with an abundant labour supply and adequate levels of stability, thereby creating a new international division of labour. These divisions intensified further after the 1973 oil shocks, leaving many African countries debt-ridden and others on the way to becoming newly industrializing countries (NICs). Hence, the “Third World” came to be joined by the “Fourth” and “Fifth” Worlds, where impressive rates of growth in the early 1990s (in China, India, and Mexico) created fears that blue-collar employment

⁸ Bjorn Hettne, Development Theory and the Three Worlds: Towards an International Political Economy of Development, Second edition (London: Longman Group Ltd., 1995), p. 108

opportunities in the industrialized North were under threat and creating new marginalized groups (such as neo-Facists, and religious fundamentalists in the South).

In addition, regionalism may also be envisaged as a multidimensional process of regional integration which includes economic, political, social, cultural aspects.⁹ It purports to create territorial identity and regional coherence. One rationale is that when states unite, the resulting group of states would have a stronger and more powerful voice (especially when smaller or weaker states are concerned). The main proponents of this idea, the Neo-mercantilist camp,¹⁰ believe in the regionalization of the world into more or less self-sufficient blocs, and see political stability, economic growth, and social welfare as major concerns. Critics of this idea warn that there may be nothing to prevent future self-sufficient blocs from degenerating into power-seeking, competitive forces that may eventually threaten global security.

Foreign Policy

Aside from the discussion on ASEAN, this study will also examine Indonesia's foreign policy. In general terms, "[f]oreign policy is presumably something less than the sum of all policies which have an effect upon a national government's relations with other national governments."¹¹ The United Nations General Assembly has long ago

⁹ Ibid., p. 115

¹⁰ Bjorn Hettne, "Neomercantilism: the Pursuit of Regionness", Cooperation and Conflict, quoted in Regional Conflict Management: a global overview, Hettne, Padrigu, University of Goteborg, Paper presented for the Kathmandu Workshop, no date, p. 18

¹¹ T.B. Millar, "On Writing About Foreign Policy", in James N. Rosenau (ed.), International Politics and Foreign Policy. A reader in research and theory. (New York: The Free Press, 1969), p.57

asserted the principle that if the sensitivities of enough members are affected by the action of one particular country towards its own nationals, that action ceases to be domestic; however, one would not say that *apartheid* was once a part of the foreign policy of South Africa. Many kinds of domestic actions have external effects but are not foreign policy.

Foreign trade policy is part of the corpus of foreign policy, but it is usually included in the discussion of foreign policy when it has some bearing on the security of the country or its capacity in the international scene. Millar asserted that all writing on foreign policy which is not theoretical and abstract is “a collection of approximations to the truth incompletely assessed on the basis of inadequate evidence.”¹² By reading parliamentary debates, official records of ministerial press conferences, other official documents, press accounts, and material obtainable from similar sources overseas; by interviewing relevant individuals on a non-attribution basis,¹³ one can get the general overview of what the policy of a certain country is, and how it developed. It only takes time, patience, and judgment. Judgment, because one needs to select and assess the facts, determine how true the “facts” are, and which “facts” are “factors” in a foreign policy. According to Millar, a “fact”, true or partly true, becomes a factor only when it is taken into account. In the more traditional studies of foreign policy, most scholar’s emphasis was on ‘single-factor’ explanations.¹⁴ Thus, for example, a British scholar, G.F. Hudson,

¹² *Ibid.*, p. 58

¹³ based on personal experience, the person in question who will not divulge a corner of his mind in public is often delighted to get things off his chest in private.

¹⁴ K.J. Holsti, *International Politics. A Framework for Analysis*, (New Jersey: Prentice Hall, 1988) p. 315

held that the “primary factor in all foreign policy is geographical location.”¹⁵ However, one would perhaps agree if geographical location is not the sole factor in foreign policy, due to the rapid development in the field of science and technology. The importance of geography shifts as technology and communication changes. Yet, it is helpful in understanding a country’s foreign policy to be aware of the basic considerations, such as geography, population, culture, history, economic resources, the nature of a country’s constitution and its ideological basis, the role of the military, government institutions (including the foreign ministry), its relations with other countries, and the personality of its head of state. All of the above closely influences foreign policy. Moreover, in discussing foreign policy, the exclusive study of states, or state actors, is inadequate because of the various forces which is breaking down rigid barriers of states. There are forces in civil society, NGOs, MNCs, IFIs, the rapid developments in communications which influence the foreign policy of a country.

Concerning the notion of religious and societal influences on Indonesia’s foreign policy, for example, the Middle East is the one region that springs to mind which may have some bearing on Indonesia’s foreign policy-makers because of the resurgence on Islam in the world and also within the country itself. As a country where Muslims make up the majority of the population, Indonesia is assumed to have close relations with the Islamic Middle East. But when Indonesia-Middle East relations are examined, it turns out that they have been dictated by many considerations other than Islam. In the past, Indonesia’s policy towards the Middle Eastern countries had been responsive, rather than

¹⁵ T.B. Millar, *ibid.*, p. 59

proactive. The debate on this particular topic, however, will not be included in this study due to its remoteness from the thesis statement. Nonetheless, recent Indonesia-Middle East relations and Jakarta's policy towards Bosnia have divulged the non-Islamic basis of Indonesia's foreign policy. Another example attesting to the non-Islamic nature of Indonesia's foreign policy and President Suharto's role in the making of such policy is Indonesia's membership in the Organization of Islamic Conference (OIC). The organization was formed in 1970, and its Charter stated that its members were Islamic states. As Indonesia was neither an Islamic state nor a religious state, it did not sign the Charter. Nevertheless, the OIC permitted Indonesia to participate in its activities not as an Islamic state but as a state which honours the Principles of the Non-Aligned Movement and the 1955 Asian-African Conference held in Bandung¹⁶ (the embryo of NAM). Therefore, Indonesia's position in the OIC is considered unique because not only has it been accepted by the Islamic states, but also it has served as a mediator in conflicts between OIC members.¹⁷

There is an abundant array of lengthy studies on Indonesia's foreign policy, of which very few have been published. Most of the published studies can be divided into two broad categories: macro and micro studies. The macro studies deal largely with Indonesia's foreign policy in general,¹⁸ while micro studies focus on specific topics or

¹⁶ Michael Leifer, *Indonesia's Foreign Policy*, (London: Allen & Unwin, 1983), p. 137

¹⁷ Imron Rosyadi, *Organisasi Konferensi Islam dan Masalahnya* [Organization of Islamic Conference and its Problems], (Jakarta: Yayasan Idayu, 1981), p. 28

¹⁸ such as works by Franklin Weinstein, *Indonesian Foreign Policy and the Dilemma of Dependence. From Sukarno to Suharto* (Ithaca: Cornell University Press, 1976); Anak Agung Gde Agung, *Twenty Years of Indonesian Foreign Policy* (Yogyakarta: Duta Wacana University Press, 1990); Michael Leifer, *Indonesia's Foreign Policy* (London: Allen & Unwin, 1983).

19

themes.¹⁹ It is also worth noting that most of these studies do not adopt a specific theory or model for examining Indonesia's foreign policy. This study, which examines the country's foreign policy in its relations with ASEAN, has adopted the same approach. However, there are five approaches developed by Western (American) political scientists concerning foreign policy analysis: the strategic or rational model; the decision-making model; the bureaucratic politics model; the adaptive model; and the incremental decision-making model.²⁰

As Holsti asserts, "one who analyzes the actions of a state toward external environment and the conditions--usually domestic--under which those actions are formulated is concerned essentially with foreign policy."²¹ He divides the notion of foreign policy into four components, ranging in scope from the general to the specific: (1) foreign policy orientations, (2) national roles, (3) objectives, and (4) actions.²² Concerning the first component, by examining the power structure and influence and the actions of states in diverse international systems, it is possible to identify at least three fundamental orientations regardless of historical context: (1) isolation, (2) nonalignment, and (3) coalition making and alliance construction. Based on the adherence of the Principles of the Bandung Conference and the Non-Aligned Movement, I consider Indonesia to embrace the second foreign policy orientation, nonalignment, although the

¹⁹ for instance, Jon M Reinhardt, *Foreign Policy and National Integration: The Case of Indonesia* (Connecticut: New Haven); Richard Robison, *Indonesia: The Rise of Capital* (Sydney: Allen & Unwin, 1986).

²⁰ Lloyd Jensen, *Explaining Foreign Policy*, (Englewood Cliffs: Prentice Hall, 1982), pp. 1-11.

²¹ K.J. Holsti, *ibid.*, p. 17

²² *ibid.*, pp. 92-94

country invites foreign investment and financial aid from Western countries. Within the context of the Cold War, Holsti argues that :

“Nonalignment orientations can be linked to a number of domestic considerations and pressures. Some political units have adopted this orientation as a means of obtaining maximum economic concessions from both blocs, recognizing that to make permanent military arrangements with one bloc would close off the other as a possible source of supply, markets, and foreign aid. Given the strong commitment of many governments of the Third World to achieve adequate economic growth rates as fast as possible, few can afford to restrict their sources of economic aid. Some nonaligned governments feel that because of the political implications of aid agreements, the more sources of aid that are available, the more the nation can effectively counter threats to cut off aid by the donors. To be nonaligned is to maximize opportunities to meet domestic economic needs, while minimizing dependencies....As independent states, however, nonaligned nations have room to maneuver and may be able to influence the behaviour and actions of *both* blocs.”²³

Pertaining to the nature of a country’s constitution vis-à-vis the political structure of its government, in a country embracing a loose democratic ideology, the interplay between the congress and executive bodies would be more vibrant in its foreign policy-making, compared to a country embracing a more rigidly authoritarian style of leadership, in which the executive body would play a more determining role in the process of its foreign policy-making. In the latter case, the personality of the leader would determine the country’s foreign policy behaviour. What kinds of personality characteristics might influence political behaviour? As Holsti indicates, “a decision maker acts upon his ‘image’ of the situation rather than upon ‘objective’ reality.”²⁴ What are the political leader’s world views which can influence what information he/she perceives and how he/she perceives it? Some examples include: how ethnocentric or

²³ *Ibid.*, pp. 98-99

²⁴ O.R. Holsti, “The belief system and national images: a case study”, *Journal of Conflict Resolution* (date illegible) No. 6, p. 244

nationalistic the leader is; how powerful the leader views his nation and government to be relative to others; whether the leader favours cooperation or conflict in dealings with other nations.²⁵ These qualities are relevant to look at when dealing with most Southeast Asian countries, especially in the case of Indonesia. Rosenau's theory on the "idiosyncratic" factor²⁶ (that is, personality factor) in foreign policy is crucial for a fundamental understanding of Indonesia's foreign policy under President Suharto's New Order government.

In analyzing Indonesia's foreign policy during President Suharto's administration, the military is also of crucial importance. According to Suryadinata, "[t]he military, together with President Suharto...are initial decision-makers."²⁷ As this study unfolds, President Suharto is viewed to be more assertive in foreign policy in the later years of his administration. Therefore, due to the crucial role played by President Suharto in Indonesia's foreign policy, this study tends to highlight his leadership and links the New Order foreign policy in the country's role in ASEAN. As a large and richly-endowed "middle-power" in Southeast Asia, Indonesia under the present government understandably has aspired to become a regional leader and beyond, and desires to be recognized as such. Indonesia's size--in terms of population and territory--and natural resources have made its leaders believe that the country is destined to play in international affairs. These aspirations have been significant factors in directing

²⁵ Margaret G. Hermann, "Leader Personality and Foreign Policy Behaviour", in James N. Rosenau (ed.), Comparing Foreign Policies. Theories, Findings, and Methods, (New York: Sage Publications, Inc., 1974), pp. 201-203

²⁶ James N. Rosenau, Scientific Study of Foreign Policy, (New York: Free Press, 1971).

²⁷ Leo Suryadinata, Indonesia's Foreign Policy under Suharto. Aspiring to International Leadership, (Singapore: Times Academic Press, 1996), p. 1

Indonesia's foreign policy, as reflected in its involvement in the Non-Aligned Movement and its prominent role in APEC. We now turn to an examination of the factors historically shaping Indonesia's foreign policy.

Chapter Two

INDONESIA'S FOREIGN POLICY

The first section of this chapter will examine Indonesia's foreign policy objectives and initiatives conducted before and after President Suharto's New Order government came to power in 1966. Against this historical backdrop, this chapter explores the country's foreign policy in two periods in independent Indonesia. The first period dates before the New Order (1945-1965), under President Sukarno. It was during this initial period that Indonesia's "free and active" foreign policy doctrine was defined by Mohammad Hatta. The second period is during the current New Order government of President Suharto, from 1966 until the present day. The second section of this chapter deals with the legal aspect of Indonesia's foreign policy. It focuses on the theoretical basis of the country's foreign policy, as this constitutionally conceptualized. In brief, it highlights the constitutional basis, the conceptual basis, and the operational basis of Indonesia's foreign policy.

A. The Pre-New Order versus the New Order

Indonesian foreign policy has exhibited two sharply contrasting faces over the past fifty years. The country's first president, Sukarno, known for his flamboyant style, denounced the prevailing international system during his time and aspired to leadership of an international non-aligned anti-imperialist front. By contrast, under President

Suharto, the anti-imperialist campaign has been abandoned in favour of a search for Western economic aid and capital investment. To understand Indonesia's present foreign policy stand, it would be helpful to examine the country's foreign policy before Suharto came to power because Suharto's foreign policy, to a certain extent, has shown continuity with that of Sukarno. The questions which are to be examined are what its nature was, what the major issues were, and who made the policies. The two major foreign policy issues which confronted the young state soon after its independence was the settlement of the West Irian question and the outbreak of Confrontation with Malaysia.

1. Foreign Policy before the New Order (1945-1965)

The pre-New Order (Old Order) policy can be divided in to three periods: the Revolutionary Period (1945-1949), the Liberal Democracy Period (1950-1958), and the Guided Democracy Period (1959-1965).

a. The Revolutionary Period (1945 - 1949)

Some observers argue that, prior to December 1949, Indonesia was not an independent state because the Dutch had not transferred sovereignty.¹ Accordingly, they argue, prior to 1949-1950, Indonesia did not have any foreign policy. However,

¹ The Dutch only transferred political power to Indonesians after signing the Round Table Agreement in December 1949. Many writers consider this date to be the beginning of real Indonesian independence. See David Joel Steinberg (et al.), In Search of Southeast Asia: A Modern History (Kuala Lumpur and Singapore: Oxford University Press, 1975)

23

Indonesian nationalists argue that Indonesia was already a sovereign state when independence was declared. This nationalist view is held by many Indonesians, including the government. To support this notion, a state is defined in terms of independent government (a republic), clear boundaries (those of the Dutch East Indies, although prior to December 1949 the nationalists were not in full control) and a population (Indonesian peoples who lived in the Dutch East Indies). Furthermore, when independence was proclaimed, the Republican Government was the only government because the Japanese had capitulated on 1 August 1945, and Allied troops only arrived a few weeks later. After mid-September, the Allied Forces led by the British intended to restore Dutch rule in Indonesia. Their actions led to physical conflict with Indonesians who were then struggling for their independence. Although the republic was initially confined to a limited area and was not recognized by all the major powers, it was recognized by some small states (in the Middle East) and by some major powers (notably the Soviet Union in 1948, before the Dutch transfer of sovereignty). Since Indonesia was already a state in 1945, its foreign policy can be argued to have begun in that year.

In any case, the fact remains that the Republicans were able to establish a foothold in Java and expand their influence. The Republican Government used diplomacy to secure Indonesia's independence from the Dutch. Thus, foreign policy during this period was used by the Republican Government to serve this purpose. It was during this revolutionary period that the "seeds" of Indonesia's foreign policy were sown.

It should be noted that, in 1943, the Japanese began to mobilize the local population and promised independence for Indonesia. This move was aimed at securing

Indonesian support for the Japanese war effort. The independence of Indonesia under Japanese sponsorship was scheduled for 18 September 1945. By 15 August 1945, however, Japan had surrendered to the United States. Two top Indonesian leaders, Sukarno and Hatta, were forced by the revolutionary groups, composed mostly of youths, to proclaim Indonesia's independence without paying regard to the original schedule. The Republic of Indonesia was declared on 17 August 1945, when its independence was proclaimed just days after the Japanese surrender to the Allies.

One major characteristic that has stood out since Indonesia's independence is a strong sense of nationalism. This attitude is the legacy of the country's long national struggle for independence, particularly during this period, when the fledgling republic fought another bloody war against Dutch colonial power when they returned for the second time after Indonesia proclaimed its independence. This was a lesson well learnt that without a strong sense of nationalism the heterogeneous and divided people of the former Netherlands East Indies could never have become united and obtained their independence.

The government was first established in Jakarta with the Central National Committee of Indonesia (KNIP)² as Indonesia's parliament. Sukarno was appointed President while Mohammad Hatta was made Vice-President. But the two 'proclamators' of Indonesia's independence, Sukarno and Hatta, were not the only actors in Indonesian politics. There were two other groups, namely the Sutan Sjahrir group and the Tan

² Komite Nasional Indonesia Pusat, which some argue that it was established during the revolutionary period to function as the People's Representative Assembly, People's Consultative Council and Supreme Deliberative Council. See Ateng Winarmo, Kamus Singkatan dan Akronim: Baru dan Lama (Yogyakarta, 1991), p. 317

27

Malaka group, which were also influential in the development of domestic politics. In fact, the presence of these groups was reflected in the early history of Indonesia's foreign relations. These leaders had one thing in common: they were all influenced by left-wing ideology. Sukarno claimed to be a Marxist and developed his own form of Marxism which he called "Marhaenism." Hatta was active in socialist-oriented movements (the *Perhimpunan Indonesia* in the Netherlands, for example), and Sjahrir was similar in his political orientation. Tan Malaka was a communist. It is not surprising that Sukarno, Hatta and Sjahrir achieved some kind of understanding during the revolutionary period and were united in their struggle against the Tan Malaka group.³

The two groups also had fundamental differences in their approach to gaining Indonesia's independence. While the Sukarno/Hatta/Sjahrir group was in favour of diplomacy (*diplomasi*), that is, using diplomacy and international pressure to force the Dutch to grant independence to Indonesia, the Tan Malaka group favoured struggle (*perjuangan*). They hoped to mobilize the population to rebel against the colonial power. However, Sukarno's Cabinet, due to his collaborationist record, was initially not acceptable to the Allied Forces and to the Dutch. Only when Sjahrir took over as prime minister and formed a government did the Dutch agree to negotiate with him because of his anti-Japanese record.

In November 1946, under the leadership of Sjahrir, an agreement (the Linggarjati Treaty) was reached between the Republic and the Dutch. Under the terms of this

³ There are an abundance of excellent researches which deal with this period. Two outstanding works by Western scholars are George T Kahin's Nationalism and Revolution in Indonesia (Ithaca: Cornell, 1962) and Anthony J S Reid, Indonesian National Revolution (Victoria: Longman, 1974). Most of the information in this period presented here is derived from these books.

20

agreement, the Dutch acknowledged the existence of the Republic with its territory being Java, Madura and Sumatra. The agreement also stipulated that the Republic and the Dutch would jointly form a new government which was to be federal in nature. The agreement did not unite the Sjahrir Government, however. Sjahrir came into conflict with his Defense Minister, Amir Sjarifuddin, who was supported by many Cabinet ministers. Sjahrir's cabinet eventually collapsed. Apparently, Sjahrir's non-communist stand was opposed by Amir and his radical/communist sympathizers.

Amir Sjarifuddin was then appointed Prime Minister by Sukarno, and negotiations with the Dutch continued -- this time under the auspices of the United Nations. It is interesting to note that Amir was not able to get more concessions from the Dutch; the Renville Treaty he finally signed in 1948 was less favourable than the Linggarjati Treaty. Under the Renville Treaty, the Republic's territory was reduced to part of Java and part of Sumatra. The major political parties in Indonesia opposed the treaty, and Amir was consequently dropped from the Cabinet. Hatta, who adhered to a more moderate stand, was appointed by Sukarno to succeed him.

Hatta continued Sjahrir's diplomacy. During Sjahrir's time, contacts had been made between Indonesia and the international community to gain support for the country's independence. Haji Agus Salim was sent to the Middle East and Africa to marshal support from Islamic states. In 1947, the Arab League of Nations (including Egypt, Iraq and Syria) recognized Indonesia.⁴

⁴ Kirdi Dipoyudo, "Indonesia's Foreign Policy towards the Middle East and Africa", The Indonesian Quarterly, Vol 13, No.4, 1985, pp. 474-476

The Soviet Union was also eager to support Indonesia's independence. But both Sjahrir and Hatta were suspicious of Soviet intentions. The Soviets wanted the Republic to implement an agreement by exchanging representatives, but Hatta, aware of the onset of the Cold War, did not want to create an impression that Indonesia was siding with the Soviet Union. At this point in the country's history the basic principles of Indonesia's foreign policy was defined. In his speech before the Working Group of the KNIP on 2 September 1948 at Yogyakarta in Central Java, Vice-President Mohammad Hatta, concurrently Prime Minister and Minister of Defense, clarified the Government's stand on various domestic and international issues. The speech later came to be known as the start of Indonesia's "independent and active" (*bebas dan aktif*) foreign policy. Refuting the premise of the Indonesian Communist Party, that in the Cold war between the Soviet Union and the United States the best policy for Indonesia would be to side with Russia, in the speech Hatta asked, "Should the Indonesian people who are fighting for their independence choose between the pro-Soviet and pro-American stand? Can we have any other stand that we can take in pursuit of our goal? The Government is of the firm opinion that Indonesia should not become an 'object' in the international political struggle. On the contrary, it should become a 'subject' which has the right to decide its own destiny and fight for its own goal, that is, to achieve our complete independence."⁵

The above statement was an indication of the middle road Indonesia would take in international relations, which later became known as "*Mendayung antara Dua Karang*" (Rowing between Two Reefs). In this respect, Hatta outlined the main elements

⁵ Mohammad Hatta, *Mendayung Antara Dua Karang*, (Jakarta: Penerbit Bulan Bintang, 1976).

of an independent and active foreign policy: *independent* in the sense of refraining from aligning with any of the contending ideological blocs and free from their attendant military alliances; *active* because it sought to contribute actively and positively towards the attainment of lasting peace and justice in the world.⁶

On 16 September 1948, he further elaborated this policy. Reiterating his earlier statement, Hatta added that “Indonesia’s [foreign] policy should be decided by its own interests and be implemented in accordance with the situation and reality that we are facing. Indonesia’s policy cannot be determined by another country’s policy which is decided by the interest of that country.”⁷

The Dutch, however, wanted a favourable solution for themselves. Defying the cease-fire sponsored by the United Nations under the Renville Treaty, they again staged a military confrontation against the new Republic on 19 December 1948, occupying its capital, Yogyakarta,⁸ and Sukarno and Hatta were captured. Guerrilla warfare continued as the Indonesian military refused to surrender. On the international stage, negotiations continued in the United Nations, and international support for Indonesia was forthcoming. The United States pressured the Dutch to come to an agreement with the Republic, threatening them with the loss of American aid. A Round Table Conference was eventually held at which an agreement was reached between the Republic and the Dutch-sponsored states which the Dutch had established in Indonesia. A Federal Republic of Indonesia was announced, including the entire Dutch East Indies, except

⁶ Indonesia 1995. An Official Handbook, *ibid.*, pp.73-78

⁷ Mohammad Hatta, Dasar Politik Luar Negeri Republik Indonesia, (Jakarta: Tinta Mas, 1953), pp. 16-17

⁸ Audrey R. Kahin (ed.), Regional Dynamics of the Indonesian Revolution, (Honolulu: University of Hawaii Press), p. 10

Dutch Papua New Guinea (West Irian), the fate of which was to be decided later. Political sovereignty was officially transferred to Indonesian hands on 30 December 1949. Under the Round Table Conference Agreement of 1949, Indonesia was to become a “Republic of the United States of Indonesia”,⁹ rather than a unitary state.

b. The Liberal Democracy Period (1950 - 1958)

In spite of any doubts the Republicans may have had, they signed the Round Table Conference Agreement with the Dutch, which consequently brought the Federal Republic of Indonesia into existence. Domestic political stability in the country still stood on shaky ground. In this loose federation, the Dutch-sponsored ethnic states tended to be suspicious of the Republican Government. There was a tendency of some states to want their independence. Armed rebellions began to occur. The most serious challenge was from the Moluccans, who declared themselves independent in May 1950.¹⁰ This precipitated the end of the Federal Republic of Indonesia, and signaled the emergence of a unitary state in which power was increasingly concentrated in the hands of the Republicans. The Round Table Conference Agreement was abrogated unilaterally by Indonesian nationalists. Indonesia then entered the parliamentary democracy period of its history, during which political parties became major actors and also formulators of the nation’s foreign policy.

⁹ Audrey R. Kahin, *Ibid.*, p. 11

¹⁰ Herbert Feith, Decline of the Constitutional Democracy in Indonesia, (Ithaca: Cornell University Press, 1962), pp. 51-57

The nation was now guided by the conventions of the 1950 Constitution, which prescribed a form of representative government based on pluralism. The nation had facilitated the birth of a multitude of political parties, each seeking representation in the House of Representatives. Through this process there was not a single political party strong enough to form a cabinet on its own. Consequently, any party with ambitions to rule had to do so with the help of other parties to form a coalition government. Every cabinet in Indonesia in this period was a coalition government composed of at least four or five parties, if not more. The conflict of interest within these cabinets made their life-span very short.

There were four major parties: (1) the PNI (Partai Nasionalis Indonesia) -- basically a Javanese *priyayi* or "official class" party -- which received its support from civil servants and some *abangan* Javanese; (2) the PKI (Partai Komunis Indonesia -- Indonesian Communist Party) which drew its support from Java, albeit from the lesser *priyayi* and *abangan* peasants; (3) the NU (Nahdatul Ulama -- Muslim Scholars Party) which garnered support from the Javanese *santri* and traders/businessmen in small towns in Central and East Java; and (4) Masyumi (Majelis Syuro Muslimin Indonesia -- Council of Indonesian Moslems, a modernist Moslem party) which was largely supported by Moslems from the outer islands.¹¹

As an illustration of how short the cabinets' tenure was during this period, the longest-serving cabinet was the one led by the PNI leader Wilopo, which had a life span

¹¹ Daniel Lev, "Political Parties in Indonesia", Journal of Southeast Asian History, Vol. 8 No. 1 (March 1967), pp. 52-67

of 740 days. The shortest, with a duration of 255 days was led by Burhanuddin Harahap of the Masyumi party.¹²

The PKI, which won 16.4 per cent of the vote in the 1955 general elections, was never part of the government. The PNI, NU, and Masyumi were suspicious of the PKI, thus it was excluded from cabinets and was not directly involved in foreign policy making.

The first cabinet (December 1949-September 1950) was headed by Mohammad Hatta, who is often considered as the chief architect of Indonesia's foreign policy. He was anxious to gain the recognition of both Western and communist states in order to safeguard what he perceived as Indonesia's national interests. He carried out his so-called "independent and active foreign policy" and refused to align with either of the superpowers. As noted above, this policy originated in September 1948 when Hatta was both Prime Minister and Foreign Minister. He believed it was in Indonesia's national interest to be friendly with both camps and remained aloof from the Cold War, keeping an equal distance between the two opposing superpowers. Accordingly, Indonesia established diplomatic relations with both communist and non-communist countries. The foreign policy doctrine was designed to keep Indonesia's independence to the maximum, by allowing the country to pursue whatever course deemed best to serve its national priorities, without being tied up to external commitments it could not control.¹³

¹² Johan B P Maramis, *A Journey into Diplomacy: Memoirs of an Indonesian Diplomat*, (Jakarta: Pustaka Sinar Harapan, 1995), pp. 18-19

¹³ Dewi Fortuna Anwar, *Indonesia in Asean: Foreign Policy and Regionalism*, (Jakarta: Pustaka Sinar Harapan, 1994), p. 18

34

This meant that joining military alliances or hosting foreign military bases on its soil was, and continues to be, anathema to Indonesia. In 1950 Indonesia refused to participate in a pro-Western and anti-communist regional organization proposed by the Philippines at the Baguio conference.¹⁴ When the South-East Asia Treaty Organization (SEATO) was established in 1954, Indonesia also refused to become a member.

After Hatta, subsequent cabinets were dominated by Masyumi (Natsir, September 1950-April 1951 and Sukiman, April 1951-April 1952). The nation's policy of non-alignment gradually shifted, and Indonesia began to lean towards the West. Suspicious of the communists, the Masyumi believed that the PRC-supported PKI was about to overthrow the government. During the Sukiman Administration, which was also Masyumi, Indonesia signed a "mutual security" pact with the United States for the purpose of securing economic, technical and political aid.¹⁵ This gesture was regarded as "betraying the nation's active and independent foreign policy" by the Indonesian political public. Understandably, the agreement was not ratified by parliament, and such explicit alignment with the West generated strong opposition and eventually led to the demise of the Sukiman Cabinet. This chapter in Indonesian history underscores the point that anti-Western sentiment, the legacy of the revolution, was still a strong force in Indonesia.

Furthermore, the Sukiman Cabinet was replaced by the PNI-dominated group headed by Ali Sastroamidjojo (July 1953-August 1955; March 1956- April 1957). Ali, a follower of Sukarno, was known to be a staunch nationalist. He was anti-colonialist and

¹⁴ Anak Agung Gde Agung, Twenty Years of Indonesian Foreign Policy 1945-1965, (The Hague: Mouton, 1973), p. 196

¹⁵ H Feith, Decline of Constitutional Democracy, op. cit., p. 163

anti-imperialist in his orientation, and he enjoyed a close relationship with Sukarno. It was under Ali's administration that Indonesia hosted the historic Asian-African Conference of 1955 in Bandung, and produced the Ten Bandung Principles (Dasa Sila Bandung) that, among other points, advocated non-interference in the domestic affairs of each country and promoted Afro-Asian solidarity. It was under the PNI that Indonesia's foreign policy became more nationalistic in nature.¹⁶ The West Irian question was raised again, and the campaign against the Dutch became more intense. A full campaign against the Dutch only took place during the Guided Democracy period when political parties were no longer of major importance in Indonesian politics.¹⁷

As aforementioned, coalition cabinets established during this period were never long-lasting, due to a myriad of separatist movements and economic problems, blended with different socio-cultural traditions of the people. Major conflict arose between Sukarno (a Javanese) and Hatta (a Sumatran) over political and economic issues. Eventually, this resulted in Hatta's resignation as Vice-President in December 1956. The regional armies in Sumatra and Sulawesi were also very active and struggled for more independence from the central government in economic and political affairs. Moreover, their relationship with headquarters became tense. With increasing opposition, the Cabinet of Ali Sastroamidjojo (PNI) toppled in March 1957, and martial law, which was only lifted in 1963, was proclaimed. Sukarno appointed a non-party cabinet, but failed to

¹⁶ Herbert Feith, "Dynamics of Guided Democracy" in Ruth McVey (ed), *Indonesia*, (New Haven: Yale University Press, 1963), pp. 309-409

¹⁷ *Ibid.*

solve political and economic problems. The regional armies urged Hatta to rejoin the Government, but they were disappointed.

By 1957, the PKI was growing stronger. In the mid-year by-election in East Java, the PKI had emerged as the largest party at the expense of the PNI and NU. Towards the end of 1957, when the United Nations failed to pass a resolution requiring the Dutch to negotiate with Indonesia over the West Irian issue, the PKI and the PNI seized Dutch property. Fearing the PKI's control over the plantation and oil sectors, the army rapidly moved in to take over Dutch enterprises.

The fact that the army and President Sukarno were outside the parliamentary system, also made parliamentary democracy less stable. Sukarno, who was influenced by socialist ideology, wanted to embrace all the parties together. Thus, understandably, he planned to bring the PKI into the government. Unfortunately for Sukarno, the Islamic parties and the army were determined to keep the PKI out. The Masyumi and the PNI actively supported regional military officers in Sumatra and demanded a reform in the Cabinet. When their demands were rejected, the army officers openly rebelled against the central government and called for Sukarno to step down. They claimed that they wanted to thwart Indonesia from becoming a communist state. The United States was sympathetic towards the rebels and, at one time, even considered recognizing them as the legitimate government.¹⁸ Political analysts even claimed that the CIA was behind the rebellion, because the United States sensed that the Sukarno-led Government was moving

¹⁸ Brian May, The Indonesian Tragedy, (Singapore: Graham Brash, 1978), pp. 79-80

57
further towards the left. Evidence of the United States actively supporting the rebels is suggested by the downing of an American pilot who was spying for the rebels.¹⁹

Sukarno refused to step down. General A.H. Nasution, then Minister of Defence, supported Sukarno and decided to crush the rebellions. With the success of his military operation, the strength of the central government army increased. Anti-American and anti-Western sentiment grew stronger while Indonesia's domestic politics moved further left. This shift was also reflected in Indonesia's foreign policy behaviour.

c. The Guided Democracy Period (1959 - 1965)

During the Guided Democracy period, Sukarno, the PKI and the army were the three major actors in foreign policy. Indonesia's foreign policy was more militantly anti-colonial and anti-Western. By the end of the period, Indonesia was an unofficial ally of the socialist and communist states.

It should be noted that the Guided Democracy period started in 1959 when Sukarno abandoned the provisional constitution and adopted the 1945 Constitution, which gave greater power to the President. The army needed Sukarno for its legitimacy, while Sukarno needed the army for suppressing violent opposition. In order to avoid becoming too dependent on the army, Sukarno cultivated the air force and the PKI. In his 1959 National Day speech, which was later known as Manipol or *Manifestasi Politik*, Sukarno identified colonialists and imperialists as Indonesia's major enemies and

¹⁹ Ibid.

declared that Indonesia's struggle against Western colonialists and imperialists must continue. But Sukarno failed to solve the country's economic and political problems. To unite the country, he launched a militant foreign policy aimed at liberating West Irian. The army supported his policy because its benefits were apparent. The PKI was able to take advantage of the "revolutionary" situation.

Prior to the Guided Democracy period, Foreign Minister Anak Agung Gde Agung had attempted to negotiate with the Dutch.²⁰ If the Dutch had given in to Indonesia's demands, it might have helped the moderate group in Indonesia. The Dutch, however, were reluctant to relinquish West Irian and there were even indications that they intended to establish a free Papua state.²¹ Indonesia's policy towards West Irian became more militant. Tilting even more away from the United States, Indonesia moved closer to the Eastern bloc, with the military receiving aid from Moscow. Under these conditions, military confrontation seemed to be inevitable. Indonesia, supported by the Soviet Union, was determined to regain its "lost" territory. Jakarta stepped up its military preparation to seize West Irian by force, assisted by arms from the Soviet Union. The United States, finding that it was not in its interest for Indonesia to turn pro-Soviet, began to pressure the Dutch to "return" West Irian to Indonesia as a face-saving gesture. They had earlier rejected Indonesia's appeal for arms to be used against the Dutch. Jakarta's seeming tilt towards Moscow finally persuaded Washington to intervene and bring the two combatants to the conference table. It was suggested that a referendum be conducted in

²⁰ Anak Agung Gde Agung, *ibid.*

²¹ For a detailed study of the argument, see Robert C Bone, *The Dynamics of the Western New Guinea (Irian Barat) Problem*, (Ithaca: Cornell Modern Indonesia Project, Interim Reports Series, 1958)

West Irian to determine the status of the ex-colony. An agreement was signed by Indonesia and the Netherlands on 15 August 1962 for the return of West Irian to Indonesia in May 1963.

With the satisfactory conclusion of the West Irian issue, the most dominant foreign policy issue since independence, Indonesia's foreign policy remained militant. Sukarno classified the world into Nefos (New Emerging Forces) and Oldefos (Old Established Forces) with the West as part of the Oldefos.²² The concept of Nefos was defined by Sukarno as some of the new states of Asia and Africa, the "socialist countries", and the communist countries. He implicitly considered Indonesia a leader, if not *the* leader, of these new emerging forces. However, the term 'Oldefos' was not clearly defined. But Sukarno remained suspicious of the West, and his constant theme was to storm the bulwarks of imperialism, pitting the Nefos against the Oldefos, in which Indonesia would play the key role.²³ To foster solidarity amongst the Nefos, Sukarno took steps to launch a Games of the New Emerging Forces (GANEFO), which was held in November 1963 in Jakarta, with the Chinese government providing the necessary financial support. Moreover, the economic situation in Indonesia had not improved, and there was an eagerness on the part of nation's leaders to look for issues that would divert the people's attention.

²² The concepts of NEFOS and OLDEFOS were initially put forward in his speech at the United Nations in September 1960, entitled "Build the World Anew." See George Modelski (ed), The New Emerging Forces: Documents on the Ideology of Indonesian Foreign Policy, (Canberra: Australian National University, 1963), pp. 1-31.

²³ Sukarno, "Storming the Last Bulwarks of Imperialism" (1965), in H Feith and L Castles (eds) Indonesian Political Thinking 1945-1965, (Ithaca: Cornell University Press, 1970)

40

Soon after the inclusion of West Irian as part of Indonesia, Sukarno embarked on a campaign to prevent the formation of the Federation of Malaysia in 1963. This was known as *Konfrontasi* (policy of confrontation). Sukarno felt that as leader of a big country in the region, he should have been consulted on the move. His stand stemmed from the inception of MAPHILINDO (Malaya, Philippines and Indonesia), a conference between the foreign ministers of Malaya, the Philippines and Indonesia in Manila from 7 to 11 June 1963 pertaining to the establishment of the Federation of Malaysia, which gave birth to the Manila Accord. The agreement stipulated that a plebiscite should be carried out in the three territories prior to the formation of the Federation. In affirmation of the Manila Accord, the three countries agreed to co-operate in a loose regional confederation, known as Maphilindo, to create regional stability. Meanwhile, the Malayan leader, Tunku Abdul Rahman, signed the London Agreement on 9 July, by which it was settled that Malaysia would be formed on 31 August.²⁴ As the Indonesian Government saw it, Maphilindo was to ensure that in matters affecting the security of the region as a whole, such as the proposed Federation of Malaysia, a regional member concerned should not make agreements with external powers (in this case Great Britain) without reference to other regional members. Therefore, Indonesian hostility to the Federation was intensified in the forms of propaganda attacks based upon the slogan “*Ganyang* [Crush] Malaysia”, as well as through open military and economic measures intended to force on Malaysia a settlement on terms acceptable to Indonesia.²⁵

²⁴ J A C Mackie, *Konfrontasi: The Indonesia-Malaysia Dispute, 1963-1966*, (Kuala Lumpur: Oxford University Press, 1974), p. 154

²⁵ *Ibid.*, p. 179

Sukarno continued to harbour suspicions of the presence of foreign military forces in Southeast Asia, namely the British military bases in Malaya and Singapore. He remembered that Malaysia/Singapore had been used by the United States to support Indonesia's rebels in the 1950s. Both the army and the PKI supported Sukarno's confrontation campaign against Malaysia, but for different reasons. The army feared the "encirclement" of Indonesia by "Chinese-dominated Malaysia"²⁶ while the PKI intended to use this as a pretext to create a "Fifth Force" made up of peasants and workers that would be under the control of the PKI.²⁷ Sukarno supported the PKI's idea and sent the chief of the air force, Omar Dhani, to negotiate with the PRC for the supply of small arms. The army, however, was strongly against the establishment of the Fifth Force.²⁸

Meanwhile, the United States was concerned with the drift of Indonesia's foreign policy and wanted Sukarno to abandon his aggressive policy in return for continued US aid. Sukarno rejected American pressure, putting further strain on Jakarta-Washington relations. Indonesia became more oriented towards the Eastern bloc and even left the United Nations in 1965 in protest against the inclusion of Malaysia in the Security Council as a non-permanent member.

With the improvement in Indonesia-Eastern bloc relations, the country's international posture became more radical. Once Indonesia left the United Nations, Sukarno proposed the establishment of a Conference of New Emerging Forces (CONEFO) to rival the United Nations. The Conefo idea was strongly supported by

²⁶ M Hatta, "One Indonesian's View of the Malaysian Issue", *Asian Survey*, Vol. 5, No. 3 (1965), pp. 139-143; J D Legge, *Sukarno: A Political Biography*, (New York: Praeger, 1972), p. 364.

²⁷ M C Ricklefs, *A Short History of Modern Indonesia*, (London: Macmillan, 1981), pp. 266-267

²⁸ *Ibid.*, p. 268

Beijing, and the organization's headquarters was to be established in Jakarta with the assistance of the PRC.²⁹ Other communist states, *inter alia* North Korea and North Vietnam, showed their interest in joining the new group. Thus a Peking-Pyongyang-Hanoi-Jakarta axis was formed -- anti-Western in both orientation and action.

However, Jakarta-Beijing relations during the Guided Democracy period were not always cordial. At the outset, Jakarta introduced a policy banning aliens (that is, ethnic Chinese) from engaging in retail trade in rural areas. This deprived thousands of "overseas Chinese" of their livelihood. The overseas Chinese, many of whom were PRC nationals, fled to the cities, and some even left Indonesia for China. Beijing attempted to intervene, but this caused Jakarta-Beijing relations to deteriorate. Evidence shows that there was an anti-PRC group that wanted to benefit from the issue to undermine the bilateral diplomatic ties. This group, led by the army, was able to move closer to the Soviets. When the PRC realized that the overseas Chinese question only benefited the military group and pushed Indonesia closer to the Soviets, it immediately abandoned its policy of "protecting the overseas Chinese." The PRC decided to tolerate Jakarta's discriminatory measures in order to regain the government's goodwill.³⁰ Later, when Sukarno was able to reassert his position, he stemmed the anti-Chinese campaign.

An understanding of the economic conditions during this period is essential because it heavily influenced the political situation. The government was preoccupied with domestic political and military problems, with the restoration of sovereignty of West

²⁹ Ganis Harsono, Recollections of an Indonesian Diplomat in the Sukarno Era, C L M Penders and B B Hering (eds), (Brisbane: University of Queensland Press, 1977), pp. 287-289

³⁰ David Mozingo, "China's Policy towards Indonesia", in Tang Tsou (ed), China in Crisis, (Chicago: University of Chicago Press, 1968), p. 336

Irian, and with political recognition in world forums. Unfortunately, little attention and resources were devoted to economic development.

An increasingly difficult budget situation made inflation a major problem. Taxes on trade were the major source of government revenue.³¹ The twin rebellions occurring in the Outer Islands, notably on the islands of Sulawesi and Sumatra in 1958 constituted a simultaneous supply and demand shock to the budget. The rebellions forced large increases in military expenditure at the same time that the government's revenue base was reduced because both of these islands were important sources of tax revenue. The monetization of the budget deficits raised the average 1958-61 inflation rate to 25 per cent from the 1950-57 average of 17 per cent.

The militant foreign policy of the Guided Democracy era drained Indonesia of its resources, especially its foreign exchange reserves. Budgetary pressures grew steadily worse, resulting in a period of high inflation in 1962-65. Inflation was out of control. From December 1962 to December 1963, the inflation rate was over 600 per cent.³² Between 1962 and 1964 both money supply and the cost-of-living index roughly doubled every year, and by the end of 1965 they were doubling every few weeks. Economic growth showed 0.8 per cent each year in this turbulent period. The evolution of export-to-GDP ratio tells the story of economic decline very well; it fell from 8.7 per cent (1951-57) to 6.8 per cent (1958-61), and then to 1.1 per cent (1962-65).³³ The economy continued to deteriorate, and by 1965 had nearly collapsed.

³¹ Jeffrey D Sachs (ed), Developing Country Debt and the World Economy, (Chicago: University of Chicago Press, 1989), p.102

³² Bulletin of Indonesian Economic Studies, No. 4, June 1966, p. 4

³³ Jeffrey D Sachs, ibid., p.103

Early in 1961, Sukarno had wanted to introduce the concept of “Nasakom” (nationalism, religion and communism) in order to unite the various political forces. He insisted that the army should be “Nasakomized”, not only in spirit, but also in structure. This was strongly rejected by both Minister of Defence, General Ahmad Yani, and Army Chief of Staff, General Nasution.³⁴

The political situation was extremely tense. Sukarno continued to play his balance of power game but favoured the PKI even more. The internal political struggle culminated with the abortive coup by military personnel, *Cakrabirawa*--the President's security guard--who were sympathetic to the PKI. This incident occurred on the eve of 30 September 1965, also known as *Gestapu - Gerakan September Tiga Puluh*. Armed PKI men and members of *Cakrabirawa* set out to abduct, torture and assassinate six top army generals. Their bodies were dumped in an abandoned well at Lubang Buaya, on the outskirts of Jakarta. Under instructions from General Suharto, a crack commando unit of the Army's Commando Regiment, RPKAD, freed the central radio station from PKI occupation and recovered the bodies of the slain generals one day after. In conclusion, this bleak event in Indonesia's national history marked the end of the Guided Democracy era.

2. Foreign Policy during the New Order

³⁴ Ricklefs, *A Short History of Modern Indonesia*, op. cit., p. 268

43

This section examines Indonesia's foreign policy after the fall of Sukarno and the rise of the military represented by General Suharto, and examines the composition and basic outlook of the New Order leadership in general. Both the Sukarno and Suharto eras share many characteristics, but there are also differences. This analysis shows continuity as well as change in Indonesian foreign policy. Special attention will be given to the decision-makers in foreign policy and their institutions, as well as the conflict between the Department of Foreign Affairs and the military establishment. The dominant role of the military will also be highlighted.

In the midst of the Gestapu crisis, students took to the streets to fight for a three point claim (*tri tuntutan rakyat*, or *Tritura*), that aimed to (1) ban the PKI, (2) replace Sukarno's cabinet ministers, and (3) reduce the prices of basic necessities. Demonstrators set up a "street parliament" to gather the demands of the people. Under these explosive conditions, President Sukarno eventually gave in and granted Suharto full power to restore order and security in the country. The transfer of power was enforced by a presidential order known as the *Surat Perintah Sebelas Maret*, or *SUPERSEMAR*, meaning the "11 March Letter of Command" of 1966. Only then was the army able to openly assert its authority over both domestic and foreign policy.

The most important characteristic of the New Order was the political dominance of the army under General Suharto. As we have already seen, the aftermath of the Gestapu affair saw the rise of the army over Sukarno and the PKI, its erstwhile partners and rivals under Guided Democracy. General Suharto banned the PKI and its followers were either killed or imprisoned, while government departments and institutions were

purged of pro-PKI elements. Suharto formed a new cabinet, but Sukarno remained as Chief Executive. This brought dualism into the cabinet, particularly when Sukarno did not show support for the cabinet's program to establish political and economic stability. Consequently, a special session of the Provincial People's Consultative Assembly (MPRS) was convened on March 7-12 1967.³⁵ The assembly resolved to relieve Sukarno of his presidential duties and appointed Suharto as Acting President, pending the election of a new president by an elected People's Consultative Assembly.

By this time, Sukarno had completely lost power. The army had no major contenders for power, either from other branches of ABRI³⁶ or from the political parties, although there were some challenges from the pro-Sukarno groups in the navy, air force, and police until about 1969.

The involvement of the military in Indonesian politics did not begin with the 1965 coup. In the 1950s, the military was already very politicized. In 1958, for example, General A.H. Nasution put forward a doctrine known as the "Middle Way". He argued that the military "neither seek to take over the government nor remain politically inactive."³⁷ The military claimed the right to have representation in the government, legislature, and administration. This concept defined the role of the military in both security and non-security fields and served as the origin of the *Dwi Fungsi ABRI*, or the dual function of the armed forces. According to this concept, the Indonesian military is both a "military force" as well as a "socio-political force". In other words, the military

³⁵ Department of Information, Republic of Indonesia, Indonesia 1995. An Official Handbook, (Jakarta: Government of Indonesia, 1995), p.32

³⁶ ABRI is an acronym for *Angkatan Bersenjata Republik Indonesia*, or the Indonesian Armed Forces.

³⁷ Harold Crouch, The Army and Politics in Indonesia, (Ithaca: Cornell University Press, 1988), pp. 24-25

assumed a political function on top of its traditional military role: military officers took charge of government ministries and became directors of government agencies. Military personnel even moved into the Ministry of Foreign Affairs. Aside from dominating the senior levels of the bureaucracy, they also hold key overseas ambassadorships, and run major government agencies such as Pertamina, the state-owned oil company. Power in the upper reaches of the Indonesian government is held by the “1945 generation”.³⁸

For effective control over the bureaucracy, the high ranking military officers are placed in strategic positions, serving in cabinet ministries, as governors, head of districts, and so on. Moreover, many officers from Jakarta-based organizations were sent to local offices. This results in a consolidation of control over local governments.³⁹ Unlike Sukarno, who attempted to control the military by creating factions in each of its components, i.e., the army, navy, air force and police, Suharto did the reverse. In order to assure control over all factions in the military structure, Suharto launched reorganization. The power of army, air force and navy commanders, who were very powerful, were reduced. At the same time a new institution was created, the Ministry of Defense and Security, to take over their responsibilities.⁴⁰ They are now united as an integrated force guaranteeing political stability and providing national security, and most importantly, they are under the President’s control. This control is secured by excluding officers who show weak loyalty to the president. Two main ways of doing so are forced retirement by

³⁸ Those military leaders of ABRI who, like President Suharto, established their experience base, their loyalties, and their ambitions in the struggle for independence against the Dutch.

³⁹ Teuku Dzulkarnain Amin, The Process of Planning: A Study of the Effectiveness of Indonesia's National Development Planning Agencies, 1952-1979, Dissertation, University of Pittsburgh, 1982

⁴⁰ Ibid.

associating them with the 'left' ideology, or offering them a good position outside of the military, for instance, as ambassadors.

Since taking office in 1967, the New Order Government of President Suharto was determined to return to constitutional life by upholding the Constitution of 1945 in a strict and consistent manner and by respecting *Pancasila*⁴¹ as the state philosophy and ideology. To emerge from the political and economic legacy of Sukarno's Old Order, the new government set out to undertake firstly, to complete the restoration of order and security and to establish political stability; secondly, to carry out economic rehabilitation; thirdly, to prepare a plan for and execute national development with the emphasis on economic development; fourthly, to regain Indonesia's economic credibility overseas; and finally, to resolve the West Irian question.⁴²

Suharto appointed two well-known civilian leaders to key positions, namely, the Sultan of Yogyakarta, Hamengku Buwono IX, and Adam Malik. The Sultan, who was respected by the military for his administrative ability, was put in charge of the economic stabilization scheme, particularly in negotiating the rescheduling of the country's foreign debts. Indonesia's foreign debt amounted to approximately US\$2.4 billion.⁴³ It was

⁴¹ It is pronounced as /pancha-seela/, consisting of two Sanskrit words: *panca* meaning five, and *sila* meaning principle, which means that it comprises five inseparable and interrelated principles. The Five Guiding Principles are:

1. Belief in One Supreme God
2. Just and Civilized Humanity
3. The Unity of Indonesia
4. Democracy, Wisely Led by the Wisdom of Deliberations among Representatives
5. Social Justice for the Whole of the People of Indonesia

On June 1, 1945, Sukarno proclaimed these principles in a major national address for the new Indonesian nation. This concept is formulated in the Preamble of the 1945 Constitution.

⁴² These main five tasks were not executed simultaneously and not necessarily in the above sequential order.

⁴³ Bulletin of Indonesian Economic Studies, No. 4, June 1966, p. 4

calculated that, in 1966, foreign exchange earnings and debt service payments amounted to US\$430 million and US\$530 million respectively.⁴⁴ Therefore it was essential to be able to reschedule overseas debts and to secure ready access to external sources of economic assistance and investment capital. As the new Minister of Economics, Finance and Reconstruction, Sultan Hamengku Buwono indicated this objective in his first press statement on 4 April 1966, while pointing out “we will welcome foreign economic aid without strings from all countries.”⁴⁵ Meanwhile, Adam Malik, a prominent diplomat whose last posting was as ambassador to Moscow, was put in charge of foreign affairs with the primary task of restoring Indonesia’s international credibility.

Even more importantly, Suharto chose a group of Western-trained economists, from the staff of the University of Indonesia, led by Professor Widjojo Nitisastro, to take charge of economic planning and obtain credits and deferrals of debt payments from major economic powers and institutions. This small powerful group of young American-educated economists, was later nick-named the “Berkeley Mafia” because most had graduated from the University of California at Berkeley, and were well known and respected in the World Bank, the IMF, and U.S. government circles.⁴⁶ They received full authorization from Suharto to initiate an economic development plan, and began to replace revolutionary political ideology with modern economic theory. One of their first

⁴⁴ For an account of Indonesia’s economic circumstances and policies in 1966, see Government’s Statement on Economic and Financial Policies, (Djakarta: Department of Information, 1966) and also Ingrid Palmer, The Indonesian Economy since 1965, (London: Frank Cass, 1978).

⁴⁵ Michael Leifer, Indonesia’s Foreign Policy, (Sydney: Allen & Unwin, 1983) p. 115

⁴⁶ Dewi Fortuna Anwar, ibid., p. 35

strategies was to establish an international consortium of donor countries, the Dutch-chaired Inter-Governmental Group on Indonesia (IGGI).

Arguably, memories of the repression and carnage of 1966 have faded in the light of the New Order's successful strategy of national development. The program of national development, or *pembangunan nasional*, became a slogan frequently reiterated in public speeches. Sukarno left the country to Suharto with a negative growth rate, 600 per cent inflation, no foreign reserves and a high national debt. But within a decade of the New Order's coming to power, Indonesia stabilized, succeeded in joining the exclusive ranks of oil-producing states and was using the revenue from oil to implement an extraordinary program of development. The new regime's rapid implementation of macro-economic stabilization saved the country from economic disaster. It was evident, therefore, that Suharto and his army colleagues were pragmatists who quickly saw that political legitimacy could only be achieved by placing economic above political development. In brief, the outlook of the New Order leadership had three key aspects: namely, strong anti-communism, a commitment to stability and economic development, and a pragmatic international outlook. The New Order leaders were aware that economic development was essential to preserve national stability, while at the same time political stability was a pre-requisite for economic development.

In the realm of foreign policy, unlike the situation under the Sukarno period, now dubbed the Old Order, the New Order leadership had no pretensions for Indonesia to play a leading role in the Third World struggle against international discrimination and injustice, at least not at the beginning of its formation. Instead, external relations were

mainly cultivated to help Indonesia get out of its desperate economic, political, and diplomatic straits. Indonesia's endeavours to formally end the confrontation with Malaysia will be discussed in further detail in the next chapter.

B. A New Course in *Independent and Active* Foreign Policy

This section deals with the legal underpinnings of Indonesia's foreign policy in the aftermath of the 30 September 1965 abortive coup, whereby with the effective consolidation of a government headed by General Suharto, the pattern of power which distinguished the Guided Democracy period was radically revised and its attendant revolutionary expression and symbolism set aside. General Suharto employed the same constitutional structure as his predecessor. Thus, there was not total discontinuity in the structure of the political order, and foreign policy, in the wake of the abortive coup. In principle, Indonesia's foreign policy, as it emerged after the internal transfer of power, reinstated a former course rather than pursuing a novel one.

After the first stage in the process of ending confrontation, which will be discussed later in detail, the constitutionally supreme People's Consultative Assembly promulgated on 5 July 1966 a revised statement of foreign policy objectives from which all associations with Sukarno's international outlook were excluded. Foreign policy was

deemed to be based on *Pancasila* and the 1945 Constitution. Its character was generically described as:⁴⁷

"Independent and active, opposed to imperialism and colonialism in all their forms and manifestations, and participating in implementing a world role based on independence, abiding peace and social justice."

The *Pancasila* philosophy is the Indonesian foreign policy's Ideal Basis, namely the Second Principle of the Five Guiding Principles, "*Just and Civilized Humanity*". This principle clearly encompasses all aspects of human life. The Indonesian people consider that God created all human beings equal, and therefore that colonialism and imperialism in all their forms and manifestations should be abolished.

The Constitutional Basis of Indonesia's foreign policy is the 1945 Constitution. Its Preamble states the basic principles, namely in the First Paragraph:

"That verily independence is the right of all nations, and therefore colonialism must be abolished from the face of the earth, for it is not compatible with humanitarianism and justice."

and the Fourth Paragraph:

"Furthermore, to form a Government of Indonesia to protect the whole Indonesian Nation and the entire Indonesian homeland and to advance general welfare, to

⁴⁷ Government Statement Before the House of Representatives, 5 May 1966, (Djakarta: Department of Information, 1966), pp. 23

stimulate the nation, and to participate in the implementation of world order founded on freedom, abiding peace and social justice, ..." ⁴⁸

These paragraphs convey the idea that the Indonesian people has the obligation to help other nations which are still under colonial rule to strive for their independence. This stance is the underlying reason why Indonesia continually supports "pure national liberation movements", organized the 1955 Asian-African Conference in Bandung, plays an active part as a member of various United Nations Committees (such as the Committee on Decolonization, Committee on Palestine, the Council on Namibia and the Committee on anti-Apartheid), various United Nations Specialized Agencies, UN Commission on Disarmament, the Organization of Islamic Conference, the Non-Aligned Movement. In another instance, Indonesia also sent its troops on UN Peacekeeping Missions, for instance in Congo, the Middle East and Cambodia."⁴⁹

Aside from this, another source is accommodated in the body of the Constitution, specifically in Article 11:

"The President shall, with the approval of the House of People's Representatives, declare war, make peace and treaties with other countries." ⁵⁰

and Article 13:

⁴⁸ JCT Simorangkir, SH & Drs B Mang Reng Say, Around and About the Indonesian Constitution of 1945, (Jakarta: Penerbit Djambatan, 1974), p.9

⁴⁹ Isslamet Poernomo, Indonesian Foreign Policy, (Jakarta: Centre for Foreign Policy Research and Development, Department of Foreign Affairs, Republic of Indonesia, January 1993), pp.1-2

⁵⁰ ibid., p.47

"(1) The President shall appoint Envoys and Consuls. (2) The President shall receive Envoys from other countries." 51

The Conceptual Basis of Indonesia's foreign policy is the Concept of 'National Resilience' (*Ketahanan Nasional*) and the 'Archipelagic Outlook' (*Wawasan Nusantara*). This views the Indonesian Archipelago as one political unity (that the entire geographical territory of the nation with all its contents - on land, in the sea and in the air - and resources forms one territorial unity), one economic unity (that the potential and real in the territory of the Archipelago are the collective asset and property of the people), and one unity of defense and security (that a threat to any island is in effect a threat to the entire nation and state; and that every citizen shall have equal rights and duties regarding the defense of the country and the people.)⁵²

The Operational Basis of Indonesia's foreign policy is the 'Guidelines of State Policy' (*Garis-garis Besar Haluan Negara*), established by the People's Consultative Assembly. It is embodied in Resolution No. II/MPR/1988 and outlines Indonesia's foreign relations, which contains eight essential points. The First and most fundamental item is stipulated as follows:

"(a) Foreign relations shall be conducted on the basis of the independent and active foreign policy and dedicated to the national interest, especially to supporting national development in all spheres of life, and for the purpose of establishing a world order based on freedom, lasting peace and social justice." 53

51 *ibid.*, p.50

52 Department of Information, *ibid.*, p.80

53 *Majelis Permusyawaratan Rakyat* (People's Consultative Assembly), *Ketetapan MPR Nomor II/MPR/1983*, (Jakarta: Department of Information, Republic of Indonesia, 1983), p.75

In conclusion, with the ending of the confrontation campaign, all associations with Sukarno's international outlook were changed. Thus, foreign policy is heretofore based on *Pancasila* and the 1945 Constitution. First, the Ideal Basis of Indonesia's foreign policy is the second principle of *Pancasila*, "Just and Civilized Humanity". Second, its Constitutional Basis is the '1945 Constitution'. Third, its Conceptual Basis is the Concept of 'National Resilience' and the 'Archipelagic Outlook'. Finally, its Operational Basis is the 'Guidelines of State Policy'. These principles and rules have been significant elements in the evolution of Indonesia's relations with regional and other states, which is the subject of the next chapter.

Chapter Three

INDONESIA'S BILATERAL RELATIONS

In the previous chapter, Indonesia's foreign policy under the New Order government has been briefly discussed to show the role of the military and President Suharto in the decision-making process. Since the beginning of the New Order, Suharto was the major foreign policy maker. This chapter focuses on Indonesia's relations with other countries. The role of the military and the President in Indonesia's bilateral relations with the world's greater powers and individual ASEAN states will be examined. Firstly, it explores bilateral relations with the world's major powers: the United States, the People's Republic of China, and Japan. Secondly, it investigates Indonesia's bilateral relations with its ASEAN counterparts: Malaysia, Singapore, the Philippines, Thailand, Brunei, and Vietnam.

A. Indonesia's Relations with the Major Powers

This section focuses on Indonesia's relations with the United States, as well as the regional giant, China, and the economic superpower, Japan. It examines the importance of Indonesia's "economic dependence" on the United States and Japan during the early stage of the Suharto period and its impact on Jakarta's foreign policy behaviour.

1. Indonesia - U.S. Relations

Bilateral relations between Indonesia and the United States were established during the revolutionary period when Indonesia was still striving to gain independence. More active American support, however, was only given in 1948, when Indonesia was under a communist threat after the Madiun Affair in 1948.¹ When Indonesia's domestic politics moved towards the left -- and the government established a formal alliance with PRC and grew closer to the Soviet Union -- and the nation's foreign policy became even more militant and nationalistic, bilateral relations deteriorated.

After the Gestapu incident in 1965, Indonesia and the U.S. improved their relations. In the endeavour to save the country from further economic setback, the newly established government was aware that in order to maintain political stability, there had to be economic rehabilitation. The Suharto Government abandoned Sukarno's policy of self-reliance and actively sought foreign investment and international aid. The government approached Japan and the West, and eventually succeeded to get the nation's debt rescheduled for thirty years without interest, and later, in securing further aid.²

Although the United States is still a major foreign investor in Indonesia, its position has been surpassed by Japan. From the enforcement of the investment law in 1967 until the end of 1988, investment in joint venture projects reached a total of

¹ A communist rebellion engineered by Tan Malaka, Musso and Amir Syarifuddin, whom all three were killed in the incident. Sukarno and Hatta took a firm stand which led to the collapse of the rebellion.

² "Dari Mana Datangnya IGGI", *Tempo*, 4 April 1992, pp. 20-21

US\$21.2 billion. Japanese investment amounted to US\$6.01 billion, while American investment was only US\$1.91 billion.³

As under Sukarno, however, Indonesia was never interested in joining a military alliance with the superpowers. It has staunchly held the view that foreign military bases should be temporary in nature and should eventually be removed from Southeast Asia.⁴ In 1986, when the new Philippine Government urged its ASEAN counterparts to share the burden of its bases and to express their support for American bases in the Philippines, Indonesia refused to make a commitment. Nevertheless, Jakarta was realistic enough to admit that it was impossible for it to chase a superpower away. In a 1993 interview, Foreign Minister Ali Alatas was quoted as saying, "America must stay because it will stay. It will stay because it's geographically part of the region." However, he noted that, "If there are any different views among the member states of ASEAN, it is in what form the U.S. should stay."⁵

Despite Indonesia's independent foreign policy, it is apparent that, economically, Indonesia has relied quite heavily on the United States. In terms of trade, Indonesian exports to the U.S. made up 20.2 per cent of its total exports in 1983, and 13.1 percent in 1990 and 1992.⁶ Its imports from the U.S. made up 15.5 per cent of its total imports in

³ Indonesia: A Brief Guide for Investors. Policies and Incentives, (Jakarta: Investment Coordinating Board, BKPM and Business Advisory Indonesia, April 1989), p. 5

⁴ Leo Suryadinata, Indonesia's Foreign Policy under Suharto. Aspiring to International Leadership, (Singapore: Times Academic Press, 1996), p. 140

⁵ "Alatas on Security and Growth in Asia: Interview by Yang Razali Kassim", Straits Times, 11 January 1993. Later, Alatas stated that Southeast Asia should be free from foreign military bases but the reason is not because Indonesia is afraid of neo-colonialism, but because such a presence is "not effective". Simon Sinaga, "Jakarta says it again: No U.S. military bases for S-E Asia", Straits Times, 3 November 1994

⁶ Statistik Indonesia 1987 (Statistical Year Book of Indonesia), (Jakarta: Biro Pusat Statistik, 1988), p. 366; Statistik Indonesia 1991, (Jakarta: 1992), p. 318; Statistik Indonesia 1993, (Jakarta: 1994), p. 362.

1983, but were reduced to 11.5 per cent in 1990, and then increased to 14 per cent in 1992.⁷

There are occasions where Jakarta has given in to American pressure. An example of this was with the issue of the political detainees. During the Carter Administration in 1978, the human rights issue was constantly emphasized and economic assistance was often linked to domestic human rights conditions. Under American pressure, the Indonesian Government finally released most of the political detainees who had been arrested soon after the 1965 Gestapu incident. Another example was the protection of U.S. intellectual property rights. In 1987, Jakarta was forced to pass a copyright law banning pirated cassette tapes. In spite of these incidents, American influence on Indonesia has been limited, as Washington realizes that if Jakarta is pushed too hard, bilateral relations will suffer.

Recently, the U.S. has been cautious in linking foreign aid with domestic human rights conditions. For instance, when the Dili shootings took place on 12 November 1991, the United States demanded a full investigation be undertaken. This resulted in the removal (by early retirement) of two generals responsible for the incident. The U.S. and other Western countries expressed their satisfaction, apart from the Netherlands, which was disappointed with the findings. The Indonesian Government furiously called for an end to all Dutch aid, and the Netherlands was given one month to phase out its activities. It also dissolved the Dutch-chaired 14-member aid consortium, IGGI, and succeeded in making the World Bank set up a new consortium (Consultative Group on Indonesia,

⁷ *Ibid.*, Statistik Indonesia 1991, p. 314; Statistik Indonesia 1993, p. 385

CGI), which excluded the Netherlands.⁸ It should be noted that before the Indonesian Government took action, it secured the continuous support of the United States and Japan who were its largest donors. Human rights will undoubtedly remain as an important issue in the future of Indonesia-U.S. relations.

2. Indonesia - China Relations

Indonesia was the first ASEAN country to establish diplomatic relations with the People's Republic of China soon after it was proclaimed on 1 October 1949.⁹ The Indonesian government under Hatta on 11 January 1950 made a formal request to Beijing via the Dutch government, for Chinese recognition of Indonesia's independence.¹⁰ With the establishment of the "Beijing-Jakarta Axis" in 1965, China seemed to have come close to achieving its foreign policy goals. This landmark represented the "most sensational breakthrough" in a decade for Beijing in terms of fulfilling the ideological premises of China's foreign policy at that time. In striking a close political alignment with Indonesia, Beijing had demonstrated its success in breaking out from the encirclement imposed on China by both "US imperialism" and the "Socialist imperialism" of the Soviet Union. To this end, Beijing directed all its institutional and material resources to sustaining the alliance and supported it with trade and extended a

⁸ Olav Stokke (ed), Aid and Political Conditionality, (London: Frank Cass, 1995), p. 153

⁹ John Wong, The Political Economy of China's Changing Relations with Southeast Asia, (New York: St. Martin's Press, 1984), p.31

¹⁰ David Mozingo, Chinese Policy Towards Indonesia, 1949-1967, (Ithaca: Cornell University Press, 1967), pp.89-90

substantial amount of aid to Jakarta. Thus, the Chinese share in Indonesia's total trade in 1965 reached the record level of 11 per cent.¹¹ Hence, China became Indonesia's second largest supplier of goods. In the wake of the abortive communist coup on 30 September 1965, however, the army's suspicion of China turned to outright hostility. Prior to the coup, the Indonesian Communist Party (PKI) received moral and material support from Beijing and from important local Chinese groups. In turn, the PKI acted as a champion for the 'overseas Chinese' against persecutions from local officials. Anti-Chinese sentiments remained high amongst the majority of the indigenous population. The New Order leaders accused China of involvement in this coup by supplying arms to the PKI. As a result, Jakarta froze its relations with Beijing. Thus, the much-publicized "Beijing-Jakarta Axis" collapsed like a house of cards, with a lingering legacy of mutual mistrust.

For nearly twenty years Indonesia refused to have any kind of direct relations with China and even banned the use of Chinese characters in the country. Beijing was deeply hurt during the Sino-Indonesian diplomatic impasse, as it was difficult to improve bilateral relationships with other ASEAN member countries, namely with Singapore and Malaysia. Moreover, without mending the fences with Jakarta, China would continue to operate "an incomplete foreign policy towards Southeast Asia, thereby reducing the effectiveness and maneuverability of its efforts to check the growth of the 'hegemonic' influence of the Soviet Union over the region, or to contain the expansive Vietnam."¹²

¹¹ John Wong, *ibid.*, p.33

¹² John Wong, *ibid.*, p.32

Ultimately, however, it took President Suharto twenty-two years to agree to the resumption of diplomatic relations, re-established in February 1989. Jakarta's favourable response to re-open diplomatic ties with Beijing was seen as an enhancement of its active foreign policy. By this time, the Indonesian government seemed to believe that China no longer posed an insurmountable threat, and that on the contrary Indonesia would gain both political and economic benefits from the endeavour. Indonesian foreign policy makers also realized that "Indonesia could not afford to ignore China indefinitely as the latter is a major political power in the Asia-Pacific region with potentials of becoming a world power."¹³ In fact, many Indonesian political science scholars believed that Indonesia's own political role in the region would be enhanced if there was direct communication between Jakarta and Beijing.

3. Indonesia - Japan Relations

In contrast to Indonesia's "confrontation" against China, Indonesia's relations with Japan during the New Order government became much closer than they had ever been under President Sukarno's Old Order. In September 1966 Tokyo was the site for the first multilateral conference between an Indonesian delegation and representatives of seven non-communist creditor nations to discuss proposals for a moratorium on Indonesia's debt.¹⁴ At the prompting of the United States, of the \$4.3 billion in foreign credits

¹³ Dewi Fortuna Anwar, Indonesia and the Security of Southeast Asia, (Jakarta: CSIS, 1992), p.42

¹⁴ These creditor countries were the United States, Britain, France, West Germany, Italy, the Netherlands and Japan. The IMF and Australia also sent delegations while Canada, New Zealand and Switzerland sent observers. See the Bulletin of Indonesian Economic Studies, No.5 (October 1966), p.1

provided to Indonesia by the Inter-Governmental Group on Indonesia, IGGI,¹⁵ as the group of the creditor nations came to be known, Japan had the lead share of \$1.5 billion, or about one-third. In subsequent years, Indonesia's economic ties with Japan became even stronger.

In 1967 Japan had just two investment projects in Indonesia, at a value of \$6.7 million. Two years later this number had risen to seventeen projects, with a total value of \$132.3 million.¹⁶ By 1985 Japan emerged as the largest foreign investor in Indonesia, owning 35% of the total US\$ 15,352.8 billion invested by foreigners between 1967 and 1985. This figure excluded investment in the oil sector, insurance and banking.¹⁷ Today Indonesia is the second largest recipient of Japanese investment in the world. Indonesia is Japan's single most important overseas market for direct foreign investment (DFI) in Asia. As of mid-1989 Japanese firms had invested nearly \$10 billion there and ranked number one on Indonesia's list of foreign investors, representing nearly half of the \$21.5 billion total invested there.¹⁸ In 1991, Indonesia accounts for 30 per cent of all Japanese investment in East Asia.¹⁹

Japan accounts for virtually all of Indonesia's external supplier credits, giving the country nearly \$1 billion in official development assistance (ODA) in 1988. Moreover, Indonesia depends on Japan for about a third of its nearly \$60 billion in total disbursed

¹⁵ The Inter-Governmental Group on Indonesia; this institution provided \$4.5 billion in soft loans to Indonesia in 1991. IGGI's disbanding in 1992 will be discussed later in the paper.

¹⁶ All the figures in this paper are taken from the State Investment Board of Indonesia (BKPM)

¹⁷ Indonesian Bureau of Statistics (BPS), Indonesia's Statistical Yearbook 1986, pp.33-35

¹⁸ World Bank, The Development Data Book, (Washington, D.C. : IBRD, 1989), pp.148-55

¹⁹ Price Waterhouse, Doing Business in Indonesia-Information Guide, (Jakarta: Price Waterhouse World Firm Ltd., 1992)

and outstanding debt and ranks number one on Japan's list of client states in Asia, well ahead of China. Close economic ties with Japan, however, do not mean that there are no problems in Indonesia-Japan relations. The roots of the problem lie in Japan's past role as an aggressive military colonial power and its current role as a dominant economic power on the one hand, and Indonesia's economic weakness and great dependence on Japan on the other.

Japan has now become the largest foreign investor in Indonesia (US\$6.01 billion), surpassing Hong Kong and the United States. That overwhelming degree of dependence created some problems in the past--as with the violent outbursts in Jakarta in 1974 (the *Malari* affair)²⁰. This incident was more a reflection of Indonesian internal conflict than anti-Japanese feelings. However, the demonstrators were critical of Japan's dominant economic role. The Japanese are managing their relationship with Indonesia much more skillfully today. Following the demonstrations, the Japanese were asked to cooperate with indigenous businessmen, rather than ethnic Chinese partners.²¹ Through my personal observation, their presence is less visible--surprisingly low profile, in fact, given the degree of economic dominance--and handled in very responsible and impressive ways. When Japanese nationals are dispatched to Indonesia, for instance, by either

²⁰ President Suharto has been in power since October 1965 and has not faced any serious challenges to his rule since the 16 January 1974 *Malari* incident, an acronym for *Malapetaka Januari*, 'Disaster of January'. The incident was sparked by a state visit of Japanese Prime Minister Tanaka, which gave rise to student demonstrations on the streets of Jakarta against 'Japanese neo-colonialism'. These soon developed into anti-Chinese rioting.

²¹ Leo Suryadinata, *Pribumi Indonesians, the Chinese Minority and China: A Study of Perceptions and Policies*, (Kuala Lumpur: Heinemann, 1978), p. 143

government or the private sector, they are likely to be returning on their second or third assignments and tend to speak fluent Indonesian.²²

With the encouragement of the United States, Japan has increased its defense budget, and the possible remilitarization of Japan has become a topic of debate in Southeast Asia. Indonesian leaders want Japan to continue to play an economic role in the region, but are uneasy with Japan's security role. The memory of World War II is still fresh in the minds of many in Southeast Asia.²³

In short, despite Japan's grim historical past as the country's colonizer for 3.5 years, the land of the Rising Sun is a natural partner for Indonesia. Indonesians know the opportunities that are available for capital injection in industry, for technology transfer, and so forth. Hence, the nation should be able to marry its considerable strengths in both manpower and natural resources with Japan's formidable financial power. But in my opinion, Indonesia needs more entrepreneurs, skilled managers, and talented executives, or Japanese capital will flow increasingly to other nations in the region whose people's skill exceed Indonesians'.

There are some "[s]ocietal antipathies toward the Japanese economic presence,"²⁴ however, and there are still some "resentments toward Japan deriving from wartime

²² An observation made through my personal experience both working in the public and private sectors; I have been a government official at the Department of Foreign Affairs since 1992, where I dealt extensively with the Japanese, and I was an EFL teacher in a Japanese firm, Tokyo Marine Indonesia Insurance, in 1992-94.

²³ "Jepang: Bagaimana Kita Memandang" [Japan: How one views it], *Telstra*, (Strategic Review), No. 6 June 1990, p. 4.

²⁴ Werner J Feld and Gavin Boyd (eds), *Comparative Regional Systems*, (New York: Pergamon Press, 1980), p.198

experiences."²⁵ The older generation still has memories of Japan's aggressive exploits during the war, but the young leaders take a much more realistic (and objective) view of Japan's new role in the economy. Still, as one friend in Jakarta said, "The Japanese are now trying to do to us with their technology what they failed to do with their bayonets."

B. Indonesia's Relations with ASEAN Countries

In this section, Indonesia's bilateral relations with its ASEAN counterparts will be examined. First, I will focus on Indonesia's relations with Malaysia; second, relations with Singapore; third, relations with the Philippines; fourth, relations with Thailand; fifth, relations with Brunei Darussalam; and finally, Indonesia's relations with the youngest member of ASEAN: Vietnam.

1. Indonesia-Malaysia Relations

Indonesian-Malaysian relations are characterised by the Indonesian tendency to act like the big brother and wants to be treated as such. Of course, different political systems, cultures, and economic interests are equally important, but these factors alone are unable to account for some Indonesian foreign policy behaviour towards Malaysia.

During the Sukarno era, relations between Jakarta and Kuala Lumpur were far from amicable. As discussed above, in essence, Indonesia took an anti-colonialist stand,

²⁵ Franklin B Weinstein (ed), US-Japan Relations and the Security of East Asia, (Boulder: Westview Press, 1978), p.94

which contrasted with Malaysia's attitude. This eventually led to *konfrontasi*. After Suharto came to power, however, and the confrontation with Malaysia ended, socio-cultural relations between the two countries were restored. A number of Indonesian teachers and lecturers were sent to Malaysia to teach in Malay schools and at the Universiti Kebangsaan Malaysia. Another improvement in bilateral ties occurred when the Malay language and Bahasa Indonesia were united by a common spelling system²⁶ in 1972. Moreover, joint security exercises were launched to combat communist activities in Sabah and Sarawak, and an agreement pertaining to the Straits of Malacca was signed between Indonesia, Malaysia and Singapore. Both Malaysia and Indonesia considered the Straits a part of its internal waterways.²⁷

When Tun Razak became Prime Minister of Malaysia, relations between the two countries further improved. Tun Razak began to reorient Malaysia's foreign policy to advocate neutralization and the establishment of a Zone of Peace, Freedom and Neutrality (ZOPFAN), and opposed the presence of foreign military bases in the region.²⁸ This concept, which will be elaborated in further detail later on, was eventually adopted by ASEAN as the ideal which all ASEAN states should achieve in the future.

There was growing security co-operation between Jakarta and Kuala Lumpur from the time Suharto came to power. Initially, the co-operation was confined to the Joint

²⁶ In spite of this unification, some differences in spelling still remain. See Leo Suryadinata, A Comparative Dictionary of Malay and Indonesian Synonyms, (Singapore and Kuala Lumpur: Times Editions, 1991).

²⁷ Michael Leifer, Malacca, Singapore and Indonesia, Vol. II (International Straits of the World), Alphen van den Rijn (Netherlands: Sijthoff and Noordhoff, 1978).

²⁸ J. Saravanamuttu, The Dilemma of Independence: Two Decades of Malaysia's Foreign Policy, 1957-1977, (Penang: Penerbit Universiti Sains Malaysia, 1983), pp. 23-33; and Alison Broinowski (ed.), Understanding ASEAN, (London: Macmillan, 1982), pp. 294-96, on the Kuala Lumpur Declaration, which was later known as ZOPFAN.

Border Committee (JBC) which was established in 1972 to deal with communist insurgency along the borders of East Malaysia. Later, it was developed even further to include other fields, such as intelligence exchange, joint exercises and exchange of officers to attend military colleges.²⁹ In 1984, the 1972 security agreement was revised to include joint naval and air patrols along the common borders of the two countries. In addition, aside from solely dealing with communist insurgency, the revised agreement also included smugglers, drug traffickers and counterfeiters.³⁰

Despite the strengthening of bilateral ties since the outset of the New Order government, relations between the two countries began to show signs of stirring problems in the threshold of the 1990s, in line with the decline of the communist threat and the end of the Cold War. Five incidents which transpired in the past half decade attest to this.

The first of these events was Jakarta's offer of military training facilities to be used by Singapore's armed forces. The Malaysian Government was initially critical of this and regarded it as a threat to Malaysian security. But Jakarta did not share this view.³¹ Later, however, a Malaysian military spokesman stated that Malaysia did not actually think that it constituted a threat.³²

²⁹ Jusuf Wanandi, "Indonesia-Malaysia Bi-lateral Relations", Indonesian Quarterly, Vol. 16, No. 4 (1988), pp. 454-63

³⁰ Khong Kim Hong and Abdul Razak Abdullah, "Security Cooperation in ASEAN", Contemporary Southeast Asia, Vol. 9, No. 2 (September 1987), pp. 131-32

³¹ The statement made by Indonesia's Ambassador to Kuala Lumpur, Soenarto Djajusman, was first published in Utusan Malaysia. Part of this statement was translated into English and published in the Straits Times, 10 February 1990.

³² The statement made by General Tan Sri Yaakob Mohamad Zain to Utusan Malaysia. Translated and published in Straits Times, 3 and 6 March 1990.

The second event concerned the hanging of an Indonesian citizen in Sabah for drug trafficking, Basrie Masse. Jakarta failed in last minute efforts to save the condemned man. Basrie's execution ignited a chain of demonstrations in Jakarta, while the Indonesian government expressed regret that its appeal for a stay of execution had been denied. Foreign Minister Ali Alatas commented that Indonesia was told after Basrie was sentenced, "earlier action would have allowed the Indonesian council there to seek legal assistance." Alatas finally noted that numerous Indonesians worked in Malaysia, and a prompt notification of any arrest would help Indonesian consulates to take the necessary measures.³³

The third affair was that of Indonesian illegal migrant workers to Malaysia. It has been a public secret that since 1970, the number of Indonesians in Peninsular Malaysia has been increasing, most of whom entered illegally. It was estimated that in Johor alone, there were 100,000 Indonesian workers. According to the 1990 estimate, there were more than 500,000 Indonesian workers in West Malaysia,³⁴ this figure increased to 1.2 million in 1994. This situation has no doubt aggravated Malaysian unemployment, aside from angering some Malaysians due to the high incidence of criminal activity and disease among the Indonesian immigrants. One factor which creates the illegal labour penetration into Malaysian borders is higher wages. This factor not only attracts illegal workers, but also legal labour. In September 1994, Prime Minister Mahathir Mohamad visited Jakarta to discuss this pressing matter, however, to date the Malaysian Government's attempts to stem the flow of illegal immigrants has not been very successful.

³³ Straits Times, 6 February 1990

³⁴ Straits Times, 6 December 1990

The fourth case involves the two small disputed islands of Sipadan and Ligitan, located north-easterly off the shores of the island of Kalimantan. In June 1991, Malaysia attempted to develop the two islands for tourist purposes. Indonesia asked Malaysia not to proceed with the development, and criticized Kuala Lumpur for violating the 1969 agreement, in which both sides agreed to maintain the status quo. However, Malaysia did not stop developing the islands, and in retaliation Indonesia detained a 100-ton Malaysia fishing vessel with its 13-member crew. There was tension but both sides decided to negotiate. In July 1991, a joint commission was formed.³⁵ It made little progress as evidenced in the disagreement on solving the disputed islands issue in September 1994. The Malaysian delegation wanted to submit the case to the International Court of Justice (ICJ), while the Indonesian delegation insisted that the ASEAN High Council should handle the matter. Izhar Ibrahim, Director-General for Political Affairs of Indonesia's Foreign Ministry, contended that should the case be brought directly to the ICJ, it would imply that ASEAN does not rely on its own legal mechanism, though the door is always open to seek a settlement through the ICJ.³⁶ The Malaysians argued that the ICJ would be unbiased, while the Indonesians maintained that both Jakarta and Kuala Lumpur should settle the issue in the ASEAN spirit.³⁷ In June 1995, however, Datuk Abdullah Ahmad Badawi, the Malaysian Foreign Minister, negotiated with his Indonesian counterpart and announced that Malaysia was no longer considering its proposal of submitting the case to

³⁵ *Straits Times*, 12 September 1991

³⁶ "Malaysia Belum Ajukan Protes", *Kompas*, 15 February 1995

³⁷ "RI-Malaysia belum sepakati penyelesaian Sipadan", *Angkatan Bersenjata*, 12 October 1994

the ICJ. He said that Kuala Lumpur wanted to have a quick and peaceful resolution of the long-standing dispute.³⁸ The dispute has yet to be settled.

The fifth incident has to do with Prime Minister Mahathir Mohamad's proposal for an East Asian Economic Grouping (EAEG). Indonesia had reservations about the proposal because it was not in favour of "a closed trade bloc."³⁹ Jakarta felt that Mahathir's proposal would exclude the United States from the group and did not want to antagonize the superpower, for the country still badly needed American assistance and foreign investment. Analysts hold that the 17-nation Asia Pacific Economic Co-operation (APEC) would be more beneficial to Indonesia and other ASEAN countries than EAEG.⁴⁰ The Malaysians nonetheless worked hard to persuade ASEAN to accept the proposal. After long negotiations, the Malaysian proposal was finally accepted at the ASEAN Economic Ministers' Meeting in October 1991 as one of ASEAN's proposals. This was after Malaysia accepted an Indonesian suggestion to change the term "grouping" to "caucus".⁴¹ Now the name is officially EAEC, and it is a forum for dialogue rather than an economic bloc. Furthermore, it is no longer an independent unit but rather a small group within the larger organization, APEC. Indonesia was chosen to hold APEC's rotating chairmanship for 1994.

These disturbing events clearly reveal that there still exist communication gaps between the two brotherly nations. Each appears to have taken things for granted as both

³⁸ "Indonesia and Malaysia to work towards quick, peaceful solution", Straits Times, 10 June 1995

³⁹ Kompas, 4 March 1991

⁴⁰ Hadi Soesastro, The East Asian Economic Group (EAEG) Proposal and East Asian Concepts of the Pacific Basin, (Jakarta: CSIS, 1991), p.13

⁴¹ Straits Times, 9-10 October 1991.

12

Malaysian Malays and indigenous Indonesians come from the same racial stock and “Malay” culture. Jakarta feels that Kuala Lumpur sometimes forgets to give it “due respect”. In addition to the above-mentioned bilateral issues, there are still a number of pending problems to be resolved that could become a source of conflict. For instance, the delineation of the common border in Kalimantan, and the question of fishing rights for Indonesians. Obviously, Indonesia and Malaysia need to improve their channels of communication, and Indonesia desires that its role as a leader be recognized.

2. Indonesia-Singapore Relations

When Sukarno was still in power, bilateral relations with Singapore were far from cordial. Jakarta considered Singapore as place which foreign powers and Indonesian rebels used as a stepping stone. The island state was also viewed as a place where Indonesian smugglers resided. Undercover military troops were sent to Singapore to carry out subversive activities during *konfrontasi*. Singapore, still part of Malaysia, was under heavy attack.

Singapore broke away from the Federation of Malaysia in August 1965 to become independent, thus diplomatic relations with Indonesia were normalized. However, relations took a sharp nose-dive in 1968 when two Indonesian marines were sentenced to death.⁴² The two marines, who had been dispatched by the Sukarno Government during the confrontation period, had planted a bomb in MacDonald House on Orchard Road.

⁴² Lee Khoon Choy, An Ambassador's Journey, (Singapore: Times Books International, 1983), p. 187

The bomb exploded, killing a few people and injuring many. In accordance with the Singaporean penal code, the marines were tried as criminals and sentenced to death by a court. After the sentence, Suharto and Adam Malik, requested that the Singapore Government commute the death penalty to life imprisonment. The Singapore authorities refused and the two marines were hanged. As a result, riots erupted in Jakarta and Surabaya, and anti-Chinese demonstrations were staged. The Singapore embassy in the capital was ransacked. The rioting mobs believed Indonesian-Chinese to be sympathetic to the ethnic Chinese in Singapore, which make up the majority of the nation's population.

Suharto was faced with a grim challenge at home, as some of his hawkish generals advocated sending troops to Singapore to "punish" its unfriendly action. Instead of going along with those emotional outcries, Suharto calmly projected an image that Indonesia was really serious about economic rehabilitation and development.⁴³ Though no armed conflict occurred, it took five years for Singapore to mend its fences with Jakarta.

Prime Minister Lee Kuan Yew's May 1973 visit to Jakarta paved the way for better Indonesia-Singapore relations. He even sprinkled flowers on the graves of the two marines at the Kalibata Military Cemetery,⁴⁴ a friendly gesture which won the goodwill of many Indonesians, particularly Suharto. Soon after the Indonesian President paid a reciprocal visit to Singapore, the nation state became more responsive to the Indonesian

⁴³ *Ibid.*, p. 202

⁴⁴ *Ibid.*, p. 213

Government. It even released bilateral trade information to top Indonesian leaders, indicating that it had nothing to hide.

Certain Indonesian military leaders have been suspicious of Singapore, as in the past they considered Singapore to be a Chinese city which had the potential to be used by the People's Republic of China as a front post.⁴⁵ Due to this fear, Jakarta kept a close watch on Singapore-PRC relations. Indonesia would not tolerate Singapore if it were allied with Beijing. Thus when Malaysia and two other ASEAN states decided to establish diplomatic ties with the PRC, Singapore did not follow suit. Prime Minister Lee stated repeatedly that his country would only normalize relations after Jakarta because Singapore did not want to protrude an image that it was eager to join a diplomatic alliance with the PRC.⁴⁶

During the New Order period, Indonesia wanted to develop Batam island (located in Riau Province, Sumatra) as a port. The Suharto government requested Singapore's aid and the latter saw that this would be of mutual benefit. In 1978, the Batam project was announced, and in January 1990, a joint agreement was signed between the two countries on the establishment of the Batam Industrial Park which would cost S\$400 million. Two Singapore state-owned companies and major Indonesian businesses belonging to the Liem Sioe Liong Group, which is closely associated with President Suharto, were involved.⁴⁷ The Batam project was later expanded by Prime Minister Goh Chok Tong as

⁴⁵ Lee Tek Tjeng, *R.R.T. dan Singapura: Suatu Pandangan*, (Jakarta: Lembaga Research Kebudayaan Nasional-LIPI, 1970) Seri No. IX/4, pp. 7-8

⁴⁶ *Straits Times*, 4 July 1980.

⁴⁷ *Straits Times*, 12 January 1990.

75
a growth triangle to include Singapore, Johor (Malaysia) and Riau (Indonesia), commonly known as the SIJORI Growth Triangle.

Closer security relations between the two countries prevailed with the signing of an MOU in February 1989, allowing Singapore to train its military in Indonesia. Reciprocally, the Indonesian military would be given access to Singapore's military technology. Moreover, a jointly developed air weapons range was opened in Pekan Baru, Riau, allowing both countries' air forces to conduct effective training.⁴⁸

Singapore announced in August 1989 that it would offer use of its military facilities to the United States. Suharto was reported to have said that he had no objection as long as this was not a military base. In principle, Indonesia is against foreign military bases in the region, but realizes for the time being that there is no alternative but to recognize the need for American military bases. The Indonesian government, however, has refused to endorse them publicly.⁴⁹

Closer bilateral co-operation has also been reflected in other fields. In 1994 the two countries signed the Tourism Co-operation Agreement and the Air Service Agreement, which enable both countries to benefit from the booming tourist industry.⁵⁰ In 1995 Singapore became Indonesia's sixth largest cumulative investor, after Japan, Hong Kong, Taiwan, the United States, and the United Kingdom.⁵¹ Singapore is also the third largest Indonesian trading partner, after Japan and the United States.⁵²

⁴⁸ Tommy Koh, "Indonesia-Singapore Relations: A Singapore Perspective", in Indonesia 50 Years, (Singapore: Embassy of the Republic of Indonesia, 1995), p. 93

⁴⁹ Jakarta Post, 8 December 1989.

⁵⁰ Tommy Koh, ibid., p. 92

⁵¹ Ibid.

⁵² Straits Times, 22 June 1995

3. Indonesia-Philippines Relations

When Sukarno was still in power, MAPHILINDO was established with the intention to form solidarity among peoples of the Malay race. The organization, comprising Malaysia, Philippines and Indonesia was short-lived, however, mainly due to the conflict between Kuala Lumpur and the Manila over Sabah, and in part also because of the Indonesian confrontation with Malaysia.

After Suharto assumed the presidency, the country's relations with the Philippines returned to normal. Manila and Kuala Lumpur were still in discord over Sabah. The Sabah government, under Tun Mustapha, supported Muslim (Moro) rebels in the southern Philippines, therefore the Manila-Moro conflict intensified.⁵³ Philippine President Marcos then requested President Suharto's help to resolve the conflict at this time. An informal discussion between the two dignitaries took place on 29 May 1974 in Manado, a northern Indonesian city where most of the population was Christian. The selection of the venue was arguably intentional, since Suharto wished to show that in Indonesia, where a majority of the population was Muslim, it was possible for Christians to live in peace. Suharto put forward four proposals to solve the Moro problem. First, there would be a guarantee of religious freedom, and the Muslims in the southern Philippines would be provided with protection. Second, Islamic tradition and culture would be cherished. Third, Muslims would be given greater opportunities to participate

⁵³ W.K. Che Man, Muslim Separatism: The Moro of Southern Philippines and the Malays of Southern Thailand, (Kuala Lumpur: Oxford University Press, 1990), pp. 82-83

in national development. Fourth, the lands owned by the ancestors of the Moros would be returned.⁵⁴ Marcos accepted three of the four proposals, rejecting the last one concerning the return of Muslim ancestral “Moroland” to the Muslims, as most of those lands were in the hands of the Filipino Christians, who make up the majority of the population in the south. This was one of the key issues in the Moro problem.

In the past, Indonesia had experienced many Islamic rebellions, and it would clearly not be in the interests of Indonesia to favour a radical movement, such as the Moro National Liberation Front (MNLF). It was due to the pressure of both Indonesia and Malaysia at the Organization of Islamic Conference (OIC) that the MNLF was forced to abandon its demand for independence for the Moros.⁵⁵ The Manado talks did not turn out to be as successful, because Marcos did not fully follow the steps recommended by Suharto. Later, Marcos even pushed Indonesia aside and attempted to approach the Middle Eastern countries and the OIC to solve the Moro issue. Because of Marcos’s attitude, Suharto was no longer willing to extend a helping hand.⁵⁶ It appears that the relationship between Suharto and Marcos was not particularly cordial. After the assassination of Benigno (Ninoy) Aquino, Marcos was faced with a legitimacy crisis, and urged the ASEAN countries to stage a third ASEAN summit in Manila. Suharto dismissed the idea, saying that the time was not ripe to hold such a gathering.

⁵⁴ Leo Suryadinata, Indonesia’s Foreign Policy under Suharto. Aspiring to International Leadership, (Singapore: Times Academic Press, 1996), p. 79

⁵⁵ Straits Times, 28 May 1977. An interview with Philippine Foreign Minister Roberto Romulo

⁵⁶ Yoga Sugomo, Memori Jenderal Yoga (Seperti Diceritakan kepada Penulis B. Wiwoho dan Banjar Chaeruddin), (Jakarta: Bina Rena Pariwisata, 1990), p.211

When Marcos was overthrown and Cory Aquino became President, Indonesia's attitude toward the Philippines changed. Suharto then supported the proposal that an ASEAN summit be held in Manila in December 1987. Jakarta-Manila relations improved during the Aquino administration, and have continued to do so during President Fidel Ramos's tenure in office. Concerning the Moro issue, a meeting was arranged between Manila and the Moro at Cipanas, a hill resort in West Java. The three-day meeting (14-16 April 1993) resulted in an agreement that the conflicting parties would hold further talks to reach a peaceful settlement.⁵⁷ On 25 October 1993, there was another talk between MNLF and the Ramos Government in Jakarta, whereby a cease-fire agreement was eventually reached but more talks were scheduled April 1994. Alatas noted that the Moro question was still far from being resolved.⁵⁸

On the issue of the foreign military bases in the Philippines, although the United States maintained Subic Bay and Clark Air Base, the New Order Government had never openly stated that it desired them to be moved. There were, in fact, two conflicting views in Jakarta when Manila decided to review the bases treaty and requested ASEAN support. On the one hand, Army Chief of Staff, General Try Sutrisno (currently Vice-President), was reported to have said that the American military bases in the Philippines were beneficial to the security of Southeast Asia.⁵⁹ On the other hand, Foreign Minister Mochtar Kusumaatmadja continued to promote an "independent and active" foreign policy and refused to make any commitment on the bases issue.⁶⁰ Nonetheless, each

⁵⁷ Kompas, 16 April 1993

⁵⁸ Suara Pembaruan, 2 November 1993

⁵⁹ Kompas, 21 November 1987

⁶⁰ Jakarta Post, 14 November 1987

realized that, in the short run, Indonesia benefited from the presence of these bases. They also knew that there was no alternative for Manila at that time. However, in the long run, Jakarta still prefers the absence of American military bases in Southeast Asia.⁶¹

In May 1994, there was an event which had a bearing on Manila-Jakarta relations. A Philippine non-government organization (NGO) scheduled an international conference on East Timor. Jakarta pressured Manila to bar the conference from being held. When Manila said it could not ban an NGO meeting, Jakarta announced that the Indonesian delegation would not attend an upcoming East ASEAN Business Conference to be held in Davao. Jakarta also threatened that it was considering not to resume mediation offices concerning the Moro issue. Meanwhile, a pro-government Muslim organization in Jakarta suggested holding a “counter conference” on the MNLF’s move for autonomy.⁶² Jakarta-Manila relations became tense.

President Ramos sent Raul Manglapus, former Foreign Minister, to explain Manila’s position on East Timor to Indonesia. Manglapus maintained that Manila did not condone the staging of the conference and that it “fully and unequivocally” accepted East Timor as part of Indonesia.⁶³ He also told Jakarta that the Philippine constitution allowing for the freedom of association and speech prevented the Government from ordering that the conference be canceled. However, Jakarta was of the view that the conference was “part of a larger and on-going political campaign being waged against

⁶¹ Straits Times, 3 November 1994. Ali Alatas was quoted as saying, “[Indonesia] agreed that a U.S. presence in Asia was necessary as a balancing factor, this should take the form of military bases in Southeast Asia.”

⁶² Straits Times, 18 May 1994

⁶³ Ibid.

Indonesia by East Timorese exiles.” Under Jakarta’s continuing pressure, Ramos eventually ordered that the non-Filipino delegates be barred from entering the Philippines for the conference on the grounds that they would jeopardize Philippine national interest.⁶⁴

4. Indonesia-Thailand Relations

Jakarta’s relations with Bangkok are quite distant. When Sukarno was still in power, Jakarta kept aloof from Bangkok due to the closeness of Thai-American relations. Bilateral relations improved only after Suharto came to power. Thailand and Indonesia do not share a similar perception of threat. This was especially the case prior to Chatichai Choonhavan’s appointment as Thai Prime Minister. Thailand regarded Vietnam as its major enemy and intended to keep the Vietnamese at bay.⁶⁵ When Vietnam invaded Kampuchea, Bangkok became very hostile towards Hanoi. The Thai government feared that Vietnam would subvert, if not invade. Therefore, Thailand took a hard-line stand on the Kampuchean question.⁶⁶ Indonesia, being farther away from Vietnam and suspicious of the PRC rather than Vietnam, did not share Thailand’s intense hostility towards Vietnam. On the contrary, some Indonesian military and civilian leaders were sympathetic to ward Vietnam because of the nation’s common revolutionary history and

⁶⁴ Straits Times, 21 May 1994

⁶⁵ Robert Tilman, Southeast Asia and the Enemy Beyond: ASEAN Perceptions of External Threat, (Colorado: Westview Press, 1987).

⁶⁶ Werner Draguhn, “The Indochina Conflict and the Positions of the Countries Involved”, Contemporary Southeast Asia, Vol. 5, No. 1 (June 1983), pp. 95-116

nationalist struggle . For this reason, Indonesia's attitude towards Vietnam was benevolent.

In international forums, ASEAN managed to make a common stand on the Kampuchean issue. Domestic developments in Thailand and Chatichai's stand on the Kampuchean issue--to transform Indochina from a war zone to a marketplace--caught Indonesia off guard, however. Although Thailand eventually began to slowly move back to the original ASEAN stand, Indonesian-Thai relations have been somewhat strained.

Chatichai's downfall resulted in the improvement of Indonesia-Thai relations. In early 1991, Anand Panyarachun, the new Thai Prime Minister, revived the idea of an ASEAN Free Trade Area (AFTA) and received the full support of Singapore, and later Malaysia as well. Both the Philippines and Indonesia had some reservations about the idea, but were eventually convinced that it would be advantageous for the region's development and prosperity.⁶⁷ Before AFTA was put forward as an ASEAN proposal, the Thais were actively lobbying for support. Only after Indonesia's full endorsement was given, was the proposal taken up as an ASEAN proposal. Its official acceptance occurred during the fourth ASEAN summit in Singapore, early 1992. It should be noted that while AFTA was fully supported by Indonesia, the Malaysia-proposed EAEG was not, therefore indicating the uneasy nature of Indonesia-Malaysian relations.

Jakarta-Bangkok relations further improved after Chuan Leekpai assumed the premiership in September 1992. Chuan visited Indonesia and agreed to study the Northern Triangle project to promote Indonesia-Thailand-Malaysia economic co-

⁶⁷ Tan Kong Yam, "Whither ASEAN ?", ASEAN-ISIS Monitor, No. 2, (January 1992), p. 8.

operation. Indonesia became more enthusiastic after the PRC's efforts to attract foreign investment.

5. Indonesia-Brunei Darussalam Relations

Brunei was still a British protectorate during the Sukarno period. In 1962, a rebellion took place in Brunei which aimed at overthrowing the Sultan. This insurrection was supported by the Sukarno Government,⁶⁸ but it ended in vain and the rebels were given sanctuary in Indonesia.

The inactive Bruneian rebels were still in Indonesia when Suharto came to power, while some were scattered in Malaysia. On becoming independent in January 1984, Brunei immediately joined ASEAN. This gesture indicated the new government's concern for security, as Brunei would be more secure if it were a member of a regional organization. In turn, Brunei's relations with its neighbouring countries consequently improved. Reciprocal state visits took place between the Indonesian and Bruneian heads of states. In a 1988 visit to Jakarta, Sultan Hassanal Bolkiah "gave a soft loan of US\$100 million to fund Indonesian projects, whereby half of it went to finance a proposed toll road." It was reported that this soft loan benefited the close associates of President Suharto.⁶⁹

⁶⁸ Michael Leifer, Indonesia's Foreign Policy, (Sydney: Allen & Unwin, 1983) p. 81.

⁶⁹ James Bartholomew, The Richest Man in the World: The Sultan of Brunei, (London: Penguin Books, 1989), pp. 184-5

6. Indonesia-Vietnam Relations

Indonesia and Vietnam share a common historical experience in that these two nations achieved their independence through revolution, and the leaders of each country have emphasized this quite frequently.⁷⁰ It was noted that the common struggle against the colonialists for independence was the reason for Indonesia to maintain diplomatic ties with Vietnam.

Historically, Indonesia has had informal contacts with Vietnam since the 1940s. Diplomatic ties between Jakarta and Hanoi were only established after the 1955 Asian-African Conference in Bandung. Jakarta set up a consulate-general in Hanoi in December 1955, three months after it had established a consulate-general in Saigon.⁷¹ This policy of equidistance to the two Vietnams was abandoned during the Sukarno period when revolutionary fervour was rising and Indonesia's foreign policy was moving towards the left. When the Vietnam War escalated, members of the Indonesian elite, many of whom had been involved in the anti-colonial movement, sympathized with the North Vietnamese. Many of them saw the South Vietnamese as American puppets. On 10 August 1964, Sukarno finally decided to upgrade Jakarta-Hanoi diplomatic relations from consulate to ambassadorial level.⁷² This led to the suspension of diplomatic ties between Jakarta and Saigon, and the Indonesian consulate in Saigon was closed.

⁷⁰ "Kunjungan Presiden Suharto ke Vietnam", *Berita Yudha*, 20 November 1990.

⁷¹ *Dua Puluh Lima Tahun Departemen Luar Negeri 1945-1970*, (Jakarta: Department of Foreign Affairs, 1971), p. 37

⁷² Franklin B. Weinstein, *Indonesian Foreign Policy and the Dilemma of Dependence: From Sukarno to Suharto*, (Ithaca: Cornell University Press, 1976), p. 131.

Indonesian relations with communist states became much closer after the establishment of the National Liberation Front of South Vietnam (NLFSV) in Jakarta. These nations formed what was known as the Jakarta-Hanoi-Phnom Penh-Beijing-Pyongyang axis.⁷³

The fall of Sukarno and the rise of Suharto's anti-Communist government abruptly ended the axis as Indonesia's foreign policy was adjusted. Nevertheless, diplomatic ties with Hanoi were maintained, but diplomatic relations with Saigon failed to be re-established during the Suharto era.

Thus, although the New Order government attached less significance to its foreign relations with socialist/communist states, there was no severance of ties between Jakarta and Hanoi. Indonesia-Vietnam relations may have been maintained for several reasons.⁷⁴ First, North Vietnam did not play a meaningful role in the 1965 coup although it was then an ally of the PRC. There was also no influential "overseas Vietnamese community" as opposed to that of the ethnic Chinese in Indonesia. Second, under Suharto's New Order, Indonesia wanted to project the image of a non-aligned foreign policy. Third, most Indonesian leaders regarded the North Vietnamese struggle against the colonial Western powers as legitimate.

When Suharto visited Cambodia in 1968, a communiqué was issued whereby Jakarta expressed its continuing support for Cambodia under Sihanouk. Although the communiqué mentioned the struggle of the Vietnamese people, Indonesia expressed the hope that a political, rather than a military, solution could be achieved.⁷⁵ This was quite

⁷³ Dua Puluh Lima Tahun Departemen Luar Negeri 1945-1970, p. 294.

⁷⁴ Leo Suryadinata, Indonesia's Foreign Policy under Suharto, p. 124

⁷⁵ Komunike Republik Indonesia dan Negara-negara Asia-Pasifik 1962-1969, (Jakarta: Department of Foreign Affairs, 1971), p. 100

different from Sukarno's policy which advocated military victory by the Viet Minh (the Vietcong), alias the NLFSV, over the Saigon government.⁷⁶

When Sihanouk was overthrown by Lon Nol, who was supported by the United States, the Indonesian Government did not oppose the new regime. Instead, it sponsored the Jakarta Conference on Cambodia in May 1970, aimed at finding a peaceful solution to the Indo-Chinese problem.⁷⁷ However, as Indonesia's relations with North Vietnam were sour, the conference was boycotted by all the other socialist states which were initially invited. The conference ended in vain as, aside from the ASEAN countries, only non-communist Australia and Japan attended. In December 1978, Vietnam, under Heng Samrin, invaded the Khmer Rouge's Cambodia. ASEAN expressed its disapproval and urged the offensive party to withdraw its troops.⁷⁸ In February 1979 when the PRC invaded Vietnam in order "to teach Vietnam a lesson", ASEAN again made a similar statement.

Pertaining to the Kampuchean question, Indonesia's opinion was divided, namely between the Ministry of Foreign Affairs (MFA) and the military. On the one hand, the MFA, then represented by Mochtar Kusumaatmadja, was more in unison with the common position of the ASEAN states. This stand, which was supported by Suharto, held that Vietnam's behaviour in Kampuchea was aggressive and a violation of the sovereignty of that state. On the other hand, the military was sympathetic to the Vietnamese venture. It maintained that the Vietnamese had the right to unify the south

⁷⁶ During this time, the NLFSV was still struggling to overthrow the South Vietnamese government.

⁷⁷ Seperempat Abad ASEAN, ASEAN National Secretariat, (Jakarta: Department of Foreign Affairs, 1994).

⁷⁸ Leo Suryadinata, "Indonesia in 1979: Controlled Discontent", Southeast Asian Affairs (1980), p. 135

and even the whole of French Indochina, just as Indonesia had the right to liberate West Irian and to “integrate” East Timor into Indonesian territory. The latter view was certainly not publicized. Eventually, however, the military view prevailed over that of the MFA. In 1984 Indonesia stepped up its efforts to solve the Kampuchean issue by improving relations with Vietnam.⁷⁹

Towards the end of his tenure as Foreign Minister, Mochtar sought another solution to the Kampuchean problem, by proposing a “cocktail party” or “proximity talks” with Vietnam. The idea was later developed into the 1988 Jakarta Informal Meeting (JIM). JIM I was held in Bogor, a suburb of Jakarta. It did not produce any significant results but it was a breakthrough in the sense that all parties to the conflict were able to meet and talk for the first time. The problem of the Khmer Rouge (National Army of Democratic Kampuchea) was a stumbling block in the solution of the Kampuchean problem. JIM II was held in February 1989, a few days prior to the announcement of Sino-Indonesian normalization. It was unsuccessful in that no agreement was reached by the warring factions. In July 1989, Indonesia and France co-sponsored the Paris International Conference on Cambodia (PICC). The opposing factions were in attendance but no agreement was reached. Yet another breakthrough occurred in October 1991 when a peace treaty was signed in Paris.⁸⁰ The end of the Cold War and the decline of communism in Eastern Europe and the Soviet Union (which was no longer able to assist Vietnam) was a major contributing factor to the final solution.

⁷⁹ Lie Tek Tjeng, “Vietnamese Nationalism: An Indonesian Perspective”, *National Resilience*, No. 1 (March 1982), pp. 72-75

⁸⁰ *Straits Times*, 24 October 1991

Despite cordial Jakarta-Hanoi relations, as shown by frequent reciprocal visits of top level leaders, there still exist a number of bilateral issues which have yet to be resolved, including the overlapping claims over some of the Natuna islands and the issue of Vietnamese refugees. In the past, Hanoi appeared to insist on using the Vietnamese laws instead of international laws to solve the territorial dispute. However, in April 1994, Le Duc Anh, President of Vietnam, led a high level delegation to visit Indonesia again. This time it was reported that Hanoi and Jakarta were ready to settle the territorial dispute based on international maritime laws.⁸¹ There was also a report that Vietnam was prepared to accept more than 8,000 Vietnamese boat people located on the Indonesian Galang islands.⁸²

It appears that these were concessions made by the Vietnamese to Indonesia in order to get Jakarta's support for Vietnam joining ASEAN. Perhaps Vietnam's eagerness to join ASEAN was so that it could strengthen its bargaining position *vis-à-vis* the PRC. During the ASEAN Ministerial Meeting in Brunei in July 1995, Vietnam officially became the seventh member of ASEAN. Djafar Assegaff, the Indonesian Ambassador to Vietnam, was quoted as saying that communist ideology was no longer a problem as ASEAN states were now strong enough.⁸³ Many commentators also cited the economic benefit enjoyed by other ASEAN countries from Vietnam as the reason for welcoming Hanoi to join the club.

⁸¹ Rahardjo Jamtomo, Briefing Papers "Briefing Direktur Jenderal Setnas ASEAN", *Rapat Kerja Pimpinan Departemen Luar Negeri dengan Para Kepala Perwakilan RI di Luar Negeri*, (Jakarta, 21-26 March 1994).

⁸² Simon Sinaga, "Indonesia, Vietnam to step up efforts to resolve two issues", Straits Times, 28 April 1994

⁸³ Kompas, 30 July 1995

In conclusion, it is clear from the discussion above that economic factors have been most important to Indonesia's relations with the United States and Japan. Relations with these two countries have been close as a result of Indonesia's initial economic dependence on them. Indonesia is concerned with the military role of Japan. Its major concern, however, is still with the role of the PRC. The Indonesian military considers the PRC as the greatest challenge for the future, and wants the U.S. and Japan to balance China, both in the political and economic fields.

Suharto and the military have thus been instrumental in formulating foreign policy towards the ASEAN states. It was through the initiative of Suharto and the military that Indonesian confrontation with Malaysia was terminated and regional cooperation was promoted. It was also under them that Indonesia attempted to help the Philippines resolve the Moro and Sabah conflicts. Indonesia's relations with ASEAN states reflect its desire to play an active role in regional affairs, which has often led to tension and even friction. Moreover, Indonesia under Suharto has been eager to promote regional cooperation within the context of ASEAN in order to achieve regional stability. This, in turn, has provided Indonesia with the opportunity to enjoy economic growth and development.

ASSOCIATION OF SOUTH-EAST ASIAN NATIONS (ASEAN)

A. Steps Leading to the Birth of ASEAN

In the previous chapters, Indonesia's foreign policy under Sukarno was discussed to show how he strived for the New Emerging Forces to become universally known and be counted in the international community. In this chapter, the country's foreign policy under Suharto will be examined in further detail to reveal the increasing role of the military and the President himself in the decision-making process of Indonesia's foreign policy in the period of 1966 to 1996. As of the early days of the New Order government, Suharto was the major foreign policy maker. The discussion focuses particularly on the rise of the Association of Southeast Asian Nations (ASEAN) and Indonesia's role in this regional grouping.

1. The Ending of Confrontation

As early as 1964 the Indonesian political scene saw the emergence of an alternative regional outlook, namely amongst important sections of the army.¹ It was during this "Crush Malaysia" or *konfrontasi* campaign era that the army's perception of

¹ This can be seen from the April 1964 study of the Army Staff and Command College (*Sekolah Staf Komando Angkatan Darat, SESKOAD*) called "*Politik Luar Negeri Bebas Aktif Indonesia.*"

threat, as outlined in the study, began to contradict that of the official Sukarno standpoint. This in turn affected its attitude towards Malaysia. Instead of emphasizing the danger of British neo-colonialism and the necessity to confront Malaysia, the army warned of the communist threat from the north and argued that, because of this threat, a strong Malaysia could act as a counter to the communist advance. In the army's view, *konfrontasi* should therefore be ended. Thus, the need to cultivate friendly ties with the neighbouring country spawned a secret initiative by the Indonesian army.

At the peak of the "Crush Malaysia" campaign, the army initiated secret moves to bring the confrontation to an end. General Suharto, the head of the Army Strategic Command or KOSTRAD, formed Operasi Khusus (OPSUS, or Special Operation)² to find contacts in Malaysia who were in favour of ending the confrontation. The special operation was led by a close Suharto associate, Ali Moertopo, from army intelligence who established contact with Des Alwi, former Prime Minister Syahrir's adopted son, then living as an exile in Malaysia after his involvement in the PRRI³ regional rebellion. The contact person knew various Malaysian dignitaries intimately, including Deputy Prime Minister Tun Abdul Razak.

The confrontation policy was not immediately abandoned after the Gestapu affair, albeit the activities were mostly limited to rhetorical attacks against Malaysia. Things

² OPSUS was exclusive and secret, its activities confined to a few intelligence officers with close links to Suharto. According to Alfian, *Laporan Penelitian Latar Belakang Terbentuknya ASEAN* (1986), p. 89, secrecy was considered essential as exposure could lead to the army being accused of counter-revolution or even treason by its political opponents. Moreover, during this stage there was no assurance that OPSUS would be successful.

³ *Pemerintah Revolusioner Republik Indonesia*, or Indonesia's Revolutionary Government. The cooperation of a former PRRI member in the normalization of Indonesian-Malaysian relations clearly indicates the similarity of the army leaders' external outlook and that of the PRRI group.

began to change dramatically after 11 March 1966. With the authority of *Supersemar* the New Order leaders were eventually able to publicly announce that Indonesia was maneuvering towards a peaceful solution of the confrontation. Prior to the issuance of *Supersemar*, Sukarno announced the transformation of KOTI (Komando Tertinggi, or High Command) into KOGAM (Komando Ganyang Malaysia, or the Crush Malaysia Command),⁴ with himself as the Commander-in-Chief. Due to the fact that he soon realized the futility of his stance, and compounded by the army's pressure, however, Sukarno's attitude softened. He admitted at a KOGAM meeting that the confrontation could be ended peacefully.⁵ From then on, events moved rapidly. On 6 June 1966, Indonesia officially recognized Singapore, which had been separated from Malaysia in the previous year. On 11 August, Adam Malik and Tun Abdul Razak were signatories to the normalization agreement between Indonesia and Malaysia in Jakarta. A week later, KOGAM was abolished. In ending the confrontation, the army played a crucial role, although the final negotiations and agreements were undertaken mainly by Adam Malik and his assistants from the foreign ministry.

2. Towards Regional Co-operation

The desire for regional cooperation had deep roots despite the historic bilateral problems of the various Southeast Asian nations. The first of such efforts was the

⁴ The official military organ created for the "Crush Malaysia" campaign.

⁵ Mukmin, *TNI dalam politik luar negeri. Studi kasus penyelesaian konfrontasi Indonesia-Malaysia* (1991), pp. 126-28

establishment of the South East Asian Treaty Organization (SEATO) on 8 September 1954 in Manila. The members were Australia, France, New Zealand, Pakistan, Philippines, Thailand, Great Britain, and the United States. This organization, a result of U.S. initiatives, represented a joint agreement for regional security defense aimed at opposing the expansion of communist influences in the region. SEATO, therefore, could not be counted as an example of South-East Asian cooperation due to the fact that most member states, six of the eight countries, were extra-regional. Since it was U.S. conceived and U.S. dominated, it held little interest for nations in the region other than the Philippines and Thailand, both military allies of the United States.⁶ Indonesia did not pursue membership in this military regional organization because the government believed it was merely a 'tool' of the greater powers who were involved in the Cold War.⁷ SEATO represented an important agreement for collective security defense in South-East Asia, but was terminated in 1977.⁸

The Association of Southeast Asia (ASA) was officially formed on 31 July 1961 in Bangkok by Malaysia, the Philippines and Thailand. It was focused on economic, social cultural, scientific and administrative rather than political concerns, but unfortunately the association did not last long. At the end of 1962, an acrimonious dispute arose between the Philippines and Malaya over the latter's intention to annex Sabah (North Borneo), located on the island of Borneo. When Malaya finally established itself as the Federation of Malaysia in September 1963, Sabah, as well as Singapore, was

⁶ Palmer and Reckford, *Building ASEAN*, (New York: Praeger/CSIS, 1987), p. 6.

⁷ M. Sabir, *ASEAN: Harapan dan Kenyataan*, (Jakarta: Pustaka Sinar Harapan, 1992), p. 27

⁸ For a comprehensive study on SEATO, see Leszek Buszynski, *S.E.A.T.O.: The Failure of an Alliance Strategy*, (Singapore: Singapore University Press, 1983)

included in its territorial domain. Diplomatic bilateral relations were suspended, as were the activities of the organization.⁹ At the time when *konfrontasi* was about to end, Thailand, Malaysia and the Philippines were on the point of reviving ASA, but it never materialized.

Another regional attempt to settle the conflicts between states which had Malay ethnic populations was initiated in Manila on 5 August 1963 with the establishment of MAPHILINDO. As noted in the previous chapter, the organization was set up during a conference of three government leaders, Prime Minister Tunjku Abdul Rahman of the Federation of Malaysia, Philippine President Diosdado Macapagal, and President Sukarno of Indonesia. The regional institution soon became moribund, however, after Sukarno launched his “Crush Malaysia” campaign.

Meanwhile, Indonesia’s enthusiasm for regional cooperation was made public even before *konfrontasi* was resolved, though it took time to blossom in order to become a reality. On 16 August 1966, General Suharto addressed the House of Representatives highlighting the terms of the agreement in bringing the confrontation to an end. He also expressed an interest in regionalism with views pertaining to regional order which had been current and acceptable during the Sukarno era. He stated:¹⁰

When this ‘Malaysia’ question has been settled we can step up activities in the field of foreign policy towards the establishment of close cooperation based on mutual benefit between countries of South-East Asia. We will then revive the idea of Maphilindo in a wider sphere, in order to achieve a South-East Asia

⁹ Vinita Sukrasep, ASEAN in International Relations, (Bangkok: Institute of Security and International Studies, 1989), pp. 15-16

¹⁰ Government Statement Before the Gotong-Royong House of Representatives on 16 August 1966, (Jakarta: Department of Information, Republic of Indonesia, 1966), p. 48.

cooperating in different fields, especially in the economic, technical and cultural field.

He continued:

If one day an integrated South-East Asia can be established, this part of the world then may stand strongly in facing outside influence and intervention from whatever quarter it may come, be it of an economic nature, or a physical-military intervention. A cooperating South-East Asia, an integrated South-East Asia, to constitute the most strongest bulwark and base in facing imperialism and colonialism of whatever form and from whatever quarter it may come.

Ideas for a new regional organization were the offshoots of the normalization talks between the Indonesian Foreign Minister, Adam Malik, and the Malaysian Foreign Minister, Tun Abdul Razak, and their host the Thai Foreign Minister Thanat Khoman in Bangkok in 1966. When ASA was formed, Thailand issued an invitation to Indonesia to join ASA, but Indonesia declined to accept the offer. The New Order leaders were of the opinion that it was impossible for Indonesia simply to become a new member of the association following Malaysia, Philippines and Thailand. Indonesia's basic objection to the idea was that formerly Indonesia accused ASA of being nothing more than a colonial tool and an extension of SEATO, so joining it would be a deliberate violation of the *bebas aktif* foreign policy principle.¹¹ Equally important, Indonesia was too proud to become a junior member of an association in which it would be the largest and most populous state. Adam Malik, therefore, proposed that a new regional organization be

¹¹ Dewi Fortuna Anwar, Indonesia in ASEAN: Foreign Policy and Regionalism, (Jakarta: Pustaka Sinar Harapan, 1994), p. 50

established in place of ASA and MAPHILINDO, yet drawing inspiration from the earlier organizations as well, which all members would have equal status and rights.

As the initiator of the idea, Indonesia was given the task of producing a draft proposal for other countries to consider.¹² Adam Malik then produced a draft proposal for a Southeast Asian Association for Regional Co-operation (SEAARC), which sought to bring together the ideas enshrined in both ASA and MAPHILINDO. At the time of its conception, the proposal lacked a clear conceptual framework, not only due to the fact that it was hastily prepared, but also because Indonesia feared that a somewhat ambitious proposal would be considered as an indication of Indonesian hegemonism.

Between late 1966 and early 1967, Indonesian diplomatic missions toured several Southeast Asian countries to promote the SEAARC idea. The delegations made Bangkok their first stop, and then went to Yangon, Phnom Penh, Manila and Singapore. Significantly enough, Indonesia was the only country that actively tried to promote the idea for a new regional association, thus emphasizing the Suharto government's enthusiasm for such a venture. On the one hand, Indonesia was very eager to enter into closer co-operation with non-communist countries in the region. On the other hand, the government was still concerned that such a move would tarnish Indonesia's *bebas aktif* image, and in turn invite domestic political opposition. In the efforts to dilute the overtly pro-Western image of the proposed association, Indonesia tried to interest the other two non-aligned states in the region, Burma (presently, Myanmar) and Cambodia, in becoming members of the association. This attempt was more of a public gesture, for

¹² Alfian, et. al., *ibid.*, p. 98-102.

Indonesia had little real expectations that the two countries would join the association.¹³ It was, however, important for the government to be seen as actively trying to court these two staunchly non-aligned countries. Eventually, Indonesian leaders were quite satisfied to receive assurances from both Myanmar and Cambodia that they would not oppose the new association.¹⁴

Indonesia also insisted that its non-aligned attitude went on record. The SEAARC proposal, therefore, contained articles taken from the Maphilindo Doctrine, which emphasized among other things that “regional security should primarily remain the responsibility of member states themselves and, therefore, the latter should not depend on external powers for their security.”¹⁵ The Suharto government made considerable efforts to convince both the domestic political public and other non-Western countries that Indonesia’s new regional policy was not really a radical departure from its basic foreign policy doctrine. Indonesia underlined its opposition to the presence of foreign military bases in the region, stating that the bases were only to remain temporarily and should not be used against neighbouring states.¹⁶ A spokesman from the Foreign Ministry argued that in joining a regional association, Indonesia would be able to influence other members to become less dependent on Western powers and grow to be more non-aligned, like Indonesia itself.

¹³ Dewi Fortuna Anwar, *ibid.*, p. 52

¹⁴ The *Kompas* Daily, 11 August 1967, argued that Myanmar refused to join for fear of offending China, not because it was opposed to the association.

¹⁵ Vinita Sukrasep, *ibid.*, pp. 17-18

¹⁶ This stand can be clearly acknowledged through the Preamble of ‘The ASEAN Declaration’ highlighted in the following pages.

After taking a principled stand on the foreign bases question, Indonesia was willing to reach a compromise position on the issue to accommodate the Philippines, whose new president, elected in 1965, Ferdinand Marcos, was very keen on strengthening special relations between the Philippines and the United States--more than his nationalistic predecessor, Macapagal. The important thing for the Indonesian Government was that a stand had been made on certain basic foreign policy principles that would make the move towards co-operation with Western-aligned neighbouring states acceptable to the public at home. At the same time, Indonesia's willingness to compromise on a number of basic issues also made the country appear more moderate and conciliatory to other regional members.

In terms of the domestic ramifications leading up to the establishment of the new regional association, the public did not take any part in the government's decision in this matter. The decision-making process that led to the new regional policy involved a very small number of people.¹⁷ Suharto entrusted the task of drafting the regional framework proposal and of carrying it out to Adam Malik, whereby he bypassed the foreign ministry structure -- which was to a certain extent still filled by Sukarno loyalists -- and instead worked with a few associates, most of whom were army officers closely associated with Suharto. This can be seen from Adam Malik's statement before the House of Representatives in July 1967.¹⁸

The manner in which the New Order administration approached the entry of Indonesia into the new regional organization threw into sharp relief the contrast in

¹⁷ Dewi Fortuna Anwar, *ibid.*, p. 53

¹⁸ *Kompas*, 25 July 1967. The daily reported Adam Malik's speech in Parliament

foreign policy styles between Sukarno and Suharto. To Sukarno, on the one hand, foreign policy was a vehicle for generating political support for his leadership. As such the former president always tried to involve the public in his foreign policy ventures, thus turning them into popular issues that could unite the masses. On the other hand, under Suharto decisions pertaining to foreign policy were made above the heads of the general public. Far from trying to use foreign policy issues as a means of generating popular support, Suharto left foreign policy-making to a few top people in his government, enjoining secrecy upon them.

The secrecy that surrounded the birth of ASEAN precisely mirrored the government's concern over domestic political circumstances. In brief, the New Order leaders were worried that if the foreign policy move became known to the public too soon, before the introductory stage was completed, domestic popular opposition might undermine the plan from the outset, because Sukarno's foreign policy outlook still had considerable influence.

ASEAN was finally established with the signing of the Bangkok Declaration on 8 August 1967. In this declaration, the Foreign Ministers of the five founding member countries, Indonesia, Malaysia, Singapore, Thailand, and the Philippines, agreed on several general points to improve intra-regional co-operation and work towards the creation of regional stability. The association's main purpose was to promote international co-operation among Southeast Asian countries in economic, social, cultural, educational and academic matters. It should be noted that the Bangkok Declaration was not a treaty with legal obligations. At the time of its establishment, the members did not

sign any binding treaty, nor was there a detailed program of action for co-operation that would translate the aspirations into realities.

According to Chaidir Anwar Sani and Abu Bakar Lubis,¹⁹ two close associates of Adam Malik who were among the diplomatic delegations promoting the idea of the new regional grouping, the name “ASEAN” was proposed by Adam Malik on the eve of the Declaration, for which the Indonesian Foreign Minister was awarded a commemorative plaque by his ASEAN counterparts as a sign of their appreciation. The suggestion that the name “ASEAN” revealed evidence of American inspiration was strongly denied by Sani and Lubis. Russell F. Fifield, an American political scientist, implied that the founding fathers of ASEAN received their inspiration from him.²⁰ Unlike Fifield, Bernard K. Gordon emphasized the role Indonesia played in the establishment of ASEAN:

The idea for a new Southeast Asian group can be traced primarily to the new Indonesian government -- in particular to Foreign Minister Adam Malik.²¹

Moreover, U.S. President J.F. Kennedy had also mentioned the desirability of an association of Southeast Asian nations in his book, *Strategy of Peace*. Nevertheless, Lubis, who was the private secretary of Adam Malik, said that when asked whether he was familiar with the two American books, Adam Malik claimed that he had not read

¹⁹ Dewi Fortuna Anwar, *ibid.*, p. 55

²⁰ Russell F Fifield, National and Regional Interests in ASEAN. Competition and Cooperation in International Politics. Occasional Paper no. 57. (Singapore: ISEAS, 1979), pp. 2-3. He claimed to have proposed the foundation of “ASEAN” as early as 1963 in his book, Southeast Asia in United States Policy.

²¹ Bernard K. Gordon, Towards Disengagement in Asia (Englewood Cliffs, N.J.: Prentice Hall, 1969), p.

100

either of them.²² One of the basic principles Indonesia adhered to when it was to join a regional organization was that the venture must be a pure endeavour of the regional countries, not one sponsored by an extra-regional entity. From the day the draft proposal was submitted until ASEAN was established, there has not been any official or unofficial contacts ventured personally or otherwise between the regional countries involved and an extra-regional nation that can be identified with the West.

The formation of ASEAN was supported by five regional states because it was viewed to serve the national interests of each member. Indonesia's national interest to join the association have been briefly discussed above. In addition, during the early months of the New Order's establishment, first priority had been given to the endeavour of sustaining harmonious relations among neighbouring countries and maintaining regional stability and co-operation. The new Indonesian government was of the strong opinion that Southeast Asia would develop into an independent and strong region which would be able to withstand unpalatable extra-regional influence that might undermine the integrity of the environment, considering the abundance of its natural resources, its vast area, and a sizable supply of potential labour force.

The other four member states also had their respective national interests in joining the organization. First, Malaysia, under Tunku Abdul Rahman, was eager to join the organization because it saw this opportunity as a means to promote regional cooperation, especially with Indonesia.²³ After one confrontation with Jakarta, Kuala Lumpur could

²² M. Sabir, *Ibid.*, p. 43

²³ Frank Frost, "Introduction: ASEAN Since 1967 -- Origins, Evolution and Recent Developments", in Alison Broinowski (ed.), *ASEAN into the 1990s*, (London: Macmillan), p. 4

not afford another. Second, ethnic Chinese-dominated Singapore, which had been part of Malaysia (1963-1965), expressed its wish to become a member, partly due to a desire to enhance its Southeast Asian identity.²⁴ Third, Thailand was keen to join ASEAN as it considered the new organization to be a continuation of ASA with a larger membership. It perceived the association as a collective political defense against hostile countries, presumably its communist neighbours in the north.²⁵ Fourth, the Philippines under Marcos was equally eager to establish its Southeast Asian identity through a regional organization because, as a Catholic state and an ex-American colony, it was often perceived by other Southeast Asian states as non-Southeast Asian. Perhaps, it was also the intention of the Philippines to have more cordial relations with its neighbours in an effort to solve regional disputes. It is reasonable to see that ASEAN was able to serve each country's national interests and hence gained the initial support of the states concerned.

In a preamble to the ASEAN Declaration the five governments committed themselves to the Indonesian-inspired view that:²⁶

the countries of Southeast Asia share a primary responsibility for strengthening the economic and social stability of the region and ensuring their peaceful and progressive national development, and that they are determined to ensure their stability and security from external interference in any form or manifestation in

²⁴ The desire to project this identity can be found in speeches made by Lee Kuan Yew during Deng Xiaoping's visit in 1978 and also in Lee's repeated statements that Singapore would only establish diplomatic ties with China after Indonesia. See Leo Suryadinata, China and the ASEAN States: The Ethnic Chinese Dimension, (Singapore: Singapore University Press, 1985), pp. 112-13

²⁵ Charles Morrison, "Progress and Prospects in Foreign Policy and Cooperation among the ASEAN Countries", in R. P. Anand and Purification V. Quisumbing (eds.), ASEAN: Identity, Development and Culture, (Quezon City: UP Law Centre & East West Center, 1981), pp. 356-77

²⁶ "The ASEAN Declaration", reprinted in 10 Years ASEAN, (Jakarta: ASEAN Secretariat, 1978), pp. 14-16

order to preserve their national identities in accordance with the ideals and aspirations of their peoples.

Concerning the question of the regionally-located foreign military bases--namely American--, they also affirmed that:

all foreign bases are temporary and remain only with the expressed concurrence of the countries concerned and are not intended to be used directly or indirectly to subvert the national independence and freedom of states in the area or prejudice the orderly procedures of their national development.

B. Organizational Development of ASEAN

According to the Bangkok Declaration, which announced the establishment of ASEAN, the main aims and purposes of the association are:²⁷

- 1) To accelerate the economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of Southeast Asian nations;
- 2) To promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries of the region and adherence to the principles of the United Nations Charter;
- 3) To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields;
- 4) To provide assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres;

²⁷ ASEAN Selayang Pandang, (Jakarta: ASEAN National Secretariat, Department of Foreign Affairs, 1996), p. 4-5

- 5) To collaborate more effectively for the greater utilization of their agriculture and industries, the expansion of their trade, including the study of the problems of international commodity trade, the improvement of their transportation and communication facilities and the raising of the living standards of their peoples;
- 6) To promote Southeast Asian studies;
- 7) To maintain close and beneficial cooperation with existing international and regional organizations with similar aims and purposes, and to explore all avenues for even closer cooperation among themselves.

The structure of ASEAN since 1967 has been developed accordingly with the necessities and challenges faced by regional co-operation. It has gone through a number of changes since it was first established, and the current and latest organizational structure centers on the ASEAN Summit, Ministerial Meeting, Economic Ministers' Meeting, and other bodies.²⁸

The ASEAN Summit Meeting, or the meeting of the Heads of Government, is the supreme decision-making body of ASEAN. The association has been in existence for over 28 years, but there have only been five summit meetings. The First ASEAN Summit was held in Bali, 23-25 February 1976, nine years after ASEAN was founded. It was here that the Declaration of ASEAN Concord, the Agreement on the Establishment of the ASEAN Secretariat, the Agreement of the ASEAN Preferential Trading Arrangements, and the Treaty of Amity and Cooperation in Southeast Asia (TAC), were issued. A year later, the Second ASEAN Summit was convened on 4-5 August 1977 in Kuala Lumpur, resulted only in the delivery of a joint communiqué after the meeting. The Third ASEAN Summit was held in Manila on 14-15 December 1987, whereby the heads of governments

²⁸ Ibid., pp. 7-30

endorsed new steps towards economic co-operation and signed four agreements pertaining to the matter. The Fourth ASEAN Summit took place on 27-28 January 1992 in Singapore, where it was agreed that a high level meeting would be institutionalized and held on a regular basis, every three years. Furthermore, informal meetings will be conducted bi-annually. Finally, Bangkok was the venue for the Fifth ASEAN Summit on 14-15 December 1995. This was the first time that leaders from the 10 countries in Southeast Asia have met in a regional forum. In addition to the seven members of ASEAN, the summit was also attended by the leaders of Laos, Cambodia and Myanmar. Laos and Cambodia were official ASEAN observers, while Myanmar's leader attended as a guest of the host country.

The ASEAN Ministerial Meeting (AMM), or the annual meeting of Foreign Ministers, is considered to be the most important organ for formulating and coordinating all policies of the different ASEAN working units. It lays down the policy guidelines for co-operation in various fields for the member states and also gives approval to all proposals and projects of the Standing Committee and other Committees. In the event of a special circumstance, the ministers may meet more than once a year. It was decided during the Third Summit in Manila 1987, that not only ASEAN foreign ministers, but also ministers of other fields in the interest of ASEAN were welcome to join future AMMs. The 29th annual AMM took place on 22-23 July 1996 in Jakarta.

The ASEAN Economic Ministers Meeting (AEM) is responsible for drawing up policy guidelines and accelerate ASEAN economic co-operation in order to achieve the objectives of economic well-being and self-dependence of the peoples in the member

105

states. Usually, the AEM is held every six months, or as deemed necessary. During the Fourth Summit in Singapore 1992, the ASEAN Free Trade Area (AFTA) Council was established to monitor, co-ordinate and assess the ASEAN Common Effective Preferential Trade (CEPT) Scheme for AFTA. Both AMM and AEM submit reports to the heads of states at the Summit meetings. In addition, the Sectoral Ministers Meeting, comprising the Ministers of Energy, Ministers of Agriculture, and Ministers of Forestry meets occasionally. It is a forum for the ministers on other matters, except economic, to formulate policies and accelerate the activities of the committee involved. Aside from these three meetings, there are other ministerial meetings. Up to now, there have been meetings of Ministers of the Environment, Ministers of Labour, Ministers of Health, Ministers of Social Affairs, Ministers of Information, Ministers of Justice, Ministers of Education, Ministers of Science and Technology.

The Joint Ministerial Meeting (JMM) was formed during the Third Summit in Manila 1987, whereby the foreign ministers and economic ministers would meet as deemed necessary, covering a range of issues on coordinating cross sectoral fields within their respective realms. The JMM was initially held in Kuching on February 1991, which deliberated on ASEAN's role in APEC.

The ASEAN Secretary-General, a person of the diplomatic rank of ambassador, is appointed by the ASEAN Foreign Ministers upon nomination by a contracting party on a rotational basis in alphabetical order. The tenure of office is two years. The Secretary-General, who heads the ASEAN Secretariat in Jakarta, is responsible to the ASEAN Summit, all the meetings of ASEAN Ministers, the Chairman of the ASEAN Standing

Committee, and the Joint Consultative Meeting--comprising the Senior Officials Meeting (SOM), Senior Economic Officials Meeting (SEOM), and the ASEAN Director-Generals Meeting.

The ASEAN Standing Committee carries on ASEAN's activities in between the AMMs each year. It has existed since the inception of ASEAN. The Standing Committee comprises the Chairman (Foreign Minister of the host country of the following AMM), the ASEAN Secretary-General, and the Director-General of each member country's National Secretariat.

The Senior Officials Meeting (SOM), institutionalized as part of the ASEAN machinery during the Third Summit in Manila 1987, is responsible for dealing with co-operation in the field of political and security affairs. The Senior Economic Officials Meeting (SEOM) was also formally established during the Third Summit in Manila 1987. At the Fourth Summit in Singapore 1992, five economic committees, or working units, which were formerly responsible to the AEM were dissolved:

- 1) Committee on Finance and Banking (COFAB)
- 2) Committee on Food, Agriculture and Forestry (COFAF)
- 3) Committee on Trade and Tourism (COTT)
- 4) Committee on Transportation and Communications (COTAC)
- 5) Committee on Industry, Mineral and Energy (COIME)

Activities which fall under economic co-operation are currently the responsibility of the SEOM. It has the privilege of creating smaller working groups as deemed necessary. The SEOM meets on a regular basis and submits reports to the AEM. In addition, several

committees are responsible for making preparations, providing facilities for the meeting of other ASEAN Ministers and carrying out their policies :

- 1) Committee on Culture and Information (COCI)
- 2) Committee on Science and Technology (COST)
- 3) Committee on Social Development (COSD)
- 4) ASEAN Senior Officials on Drug Matters (ASOD)
- 5) ASEAN Senior Officials on Environment (ASOEN)
- 6) ASEAN Conference on Civil Service Matters (ACCSM)

These committees submit reports to the ASEAN Standing Committee and other correlated ministerial meetings.

The Joint Consultative Meeting (JCM) was formed during the Third Summit in Manila 1987. It comprises the ASEAN Secretary-General, SOM, SEOM, and the ASEAN Director-Generals of each member country. This meeting is only held in special cases, and is chaired by the Secretary-General. The Secretary-General then submits a report of the deliberations to the AMM and AEM.

Each member country also acts as the coordinator in co-operation with a Dialogue Partner. Based on the results of the 18th AMM in Kuala Lumpur, member countries are rotated every three years in alphabetical order. The coordinators for ASEAN-Dialogue Partners meetings for the period of July 1994-1997 are as follows:

- 1) Brunei Darussalam, coordinator for ASEAN-Australia
- 2) Indonesia, coordinator for the ASEAN-United States dialogue
- 3) Malaysia, coordinator for the ASEAN-Canada dialogue
- 4) Philippines, coordinator for the ASEAN-South Korea and ASEAN-New Zealand
- 5) Singapore, coordinator for the ASEAN-European Union dialogue
- 6) Thailand, coordinator for the ASEAN-Japan dialogue

The Permanent Coordinator for the ASEAN-UNDP dialogue and the ASEAN-India dialogue is the ASEAN Secretariat. Meanwhile, the ASEAN-China dialogue is the

responsibility of the Chairman of the ASEAN SOM, because it is still consultative in nature. Prior to the meetings with the Dialogue Partners, ASEAN conducts a preliminary meeting among themselves to co-ordinate and consolidate its common and collective position. The meeting is chaired by a senior official of the co-ordinating country and then submits a report to the ASEAN Standing Committee.

The ASEAN Committees in the Third Countries consist of the ambassadors of each ASEAN member country in those countries. At present, there are:

- 1) ASEAN Brussels Committee (ABC)
- 2) ASEAN Canberra Committee (ACC)
- 3) ASEAN Ottawa Committee (AOC)
- 4) ASEAN Washington Committee (AWC)
- 5) ASEAN Committee in Tokyo (ACT)
- 6) ASEAN Committee in Wellington (ACW)
- 7) ASEAN Committee in Seoul (ACS)
- 8) ASEAN London Committee (ALC)
- 9) ASEAN Paris Committee (APC)
- 10) Bonn ASEAN Committee (BAC)
- 11) ASEAN Geneva Committee (AGC)
- 12) ASEAN New Delhi Committee (ANDC)

The National ASEAN Secretariat is an ASEAN organ located in each member state, established to carry out the association's projects in the name of that country. The National ASEAN Secretariat²⁹ has the responsibility to co-ordinate all ASEAN matters in each country so that ASEAN's activities will be pursued as agreed by the member countries. It is also responsible for preparing the groundwork for the Annual or Special Meeting of Foreign Ministers, the Standing Committee, and other committees as might be established. Moreover, the National ASEAN Secretariat takes responsibility for

²⁹ According to the Third Provision of the Bangkok Declaration

making ASEAN known to the peoples of the member nations in order to lead a better understanding of regional co-operation. Furthermore, this organ is located within the structure of the Foreign Ministry of the respective ASEAN member countries.

During the second phase of ASEAN,³⁰ its member countries deemed it necessary to have a central administrative organ to provide greater efficiency for the coordination of ASEAN members. Therefore, the ASEAN Secretariat was founded on 7 June 1976, based on the Agreement of the Establishment of the ASEAN Secretariat, a product of the First Summit in Bali 1976. Its permanent seat is in Jakarta, and it is headed by the Secretary-General. The ASEAN Secretary-General is appointed by the heads of state of the member countries, with a five-year tenure, at the level of State Minister. The present structure³¹ of the ASEAN Secretariat is composed of the Secretary-General at the helm, a Vice-Secretary General, four Bureau Directors (Director for Economic Co-operation, Director for Functional Co-operation, Director for Research and Foreign Affairs, and the Director for General Affairs), 11 Assistant Directors and 8 Senior Officials.

In conclusion, the New Order government under President Suharto succeeded in winning the trust of its neighbours to take part in the foundation of ASEAN in the aftermath of the “Crush Malaysia” campaign. President Sukarno’s foreign policy on this issue failed badly, because concerns over national sovereignty and the territorial integrity of the state were at stake. Not only did Malaysia survived uncrushed, but also Indonesia earned the condemnation of many countries in the world, leaving it internationally isolated, except for its increasingly close cooperation with China. The deviation from the

³⁰ The initial phase was since its establishment in 1967, and the second phase was after 1976.

³¹ Based on the Fourth Summit and the 25th AMM in Manila, July 1992

earlier foreign policy practice and the 'free and active' doctrine was more noticeable. This was unforgivable to the New Order government, because the policy was a failure and such a disaster to Indonesia. Hence, Indonesia's move towards the formation of ASEAN was, therefore, linked to this confrontation policy. Above every other consideration, the new Indonesian foreign policy on regional affairs was designed to undo the damage that confrontative phase had done to the country. Furthermore, the countries in the region gradually entered into regional cooperation. A few regional groupings were formed prior to the establishment of ASEAN by the Bangkok Declaration on 8 August 1967, such as SEATO (1954), ASA (1961), and Maphilindo (1963), but none of these has had the lasting impact of ASEAN. The next chapter examines the rise of ASEAN's activities in the fields of economic and functional cooperation.

ASEAN ECONOMIC AND FUNCTIONAL COOPERATION

A. Introduction

These next two chapters examine two major aspects of ASEAN cooperation and the Indonesian government's attitude and foreign policy towards them from the establishment of the association to mid-1996. The first aspect is ASEAN's socio-cultural, economic and functional cooperation. The second aspect deals with the association's increasingly important political and security cooperation. The former aspect is also perceived as 'low-level' cooperation, whereas the latter is commonly accepted as 'high-level' regional cooperation. At both levels, regional cooperation has been undertaken in a context of the expanding extra-regional relations of ASEAN.

This particular chapter focuses on the evolution of ASEAN's socio-cultural, economic and functional cooperation, especially as outlined by the 1967 Bangkok Declaration and the 1976 Declaration of ASEAN Concord.

B. Economic and Functional Cooperation

At the establishment of ASEAN there was no clear blue-print for ASEAN economic and functional (socio-cultural) cooperation, beyond a few brief statements in

the Bangkok Declaration. The statements underscored the initiative to “[p]romote active collaboration and mutual assistance on matters of common interest in economic, social, cultural, technical, scientific, and administrative fields;” and to “[p]rovide assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres.”¹ The ASEAN governments also undertook to cooperate in the fields of agriculture, industry, trade, including the study of the problems of international trade, communication, transportation, and the improvement of their people’s welfare, as well as to promote Southeast Asian studies.² The founding fathers of ASEAN had very few ideas about how to translate these general aims into practice, however, many problems were only dealt with in a later period. Nevertheless, the formal aims of the association clearly emphasized the economic and functional aspects of ASEAN cooperation. At the outset, the founding fathers were eminently voiceless concerning political and security matters.

Between 1967-1975 there were no major breakthroughs in intra-ASEAN cooperation, whether in the economic or non-economic fields. Nonetheless, the first decade of ASEAN was very important as a period during which members became better acquainted with each other, as a learning period in intra-regional cooperation. The association was not entirely stagnant, for ASEAN governments initiated steps to carry out regional cooperation in the economic and functional fields and evidently survived major bilateral crises that threatened the very existence of the newly formed association.

¹ The ASEAN Declaration, Bangkok, 8 August 1967. ASEAN Documents Series, (Jakarta: ASEAN Secretariat), Articles 3 and 4.

² Ibid., Art. 5.

On 29 August 1967, three weeks after the signing of the Bangkok Declaration, ASEAN took over thirty mostly stagnant projects from the defunct ASA.³ In the following year, ASEAN was engulfed by two major crises, namely, the Sabah crisis, which led to the suspension of diplomatic ties between Malaysia and the Philippines, and tension between Indonesia and Singapore over the latter's hanging of Indonesian marines convicted of sabotage during the confrontation period. In spite of the serious nature of these early crises in intra-ASEAN relations, ASEAN did not walk the same path as its predecessors, ASA and Maphilindo. On the contrary, peaceful and friendly negotiations prevailed. Hence at the end of 1968, the ASEAN governments signed an agreement for the introduction of a system of free seven-day visas for all member countries.⁴

As aforementioned, the ASEAN Declaration which founded the association gives emphasis to social, technical and economic cooperation among the members. Such endeavours include the coordination of efforts to raise the standards of living of the peoples of the member countries, for example in the fields of education, the environment, public health, employment, the role of women and youth, social welfare, population, eradication of drug abuse, community development, mutual assistance in time of natural disaster, and much more.

Committees are set up to manage ASEAN cooperation in the various fields of socio-cultural matters, such as the Committee on Culture and Information (COCI), Committee on Science and Technology (COST) Committee on Social Development

³ "Asia in a Flux", Far Eastern Economic Review 1970, p. 36.

⁴ Dewi Fortuna Anwar, Indonesia in ASEAN: Foreign Policy and Regionalism, (Jakarta: Pustaka Sinar Harapan, 1994), p. 62.

(COSD), ASEAN Senior Officials on Drug Matters (ASOD), ASEAN Senior Officials on Environment (ASOEN), and ASEAN Conference on Civil Service Matters (ACCSM). Each of these committees are thus divided into sub-committees and/or working groups in order to carry out their respective programmes of action.

This analysis will spotlight one particular committee to give an idea of the arrangements posed by the association in the socio-cultural and field. The Committee on Culture and Information (COCI) administers five types of ASEAN cultural cooperation,⁵ classified into Visual Arts, Performing Arts, Literary Works, ASEAN Studies, and Information. Four separate working groups are set up to accommodate the types of activities.

First, the Working Group on Literature and ASEAN Studies, has organized, among others, Anthology of ASEAN Literature, Research of Form of Courtesy, ASEAN Traditional Games and Sports, ASEAN Colloquium on Oral History. Second, the Working Group on Visual and Performing Arts, has initiated projects including the Study of Basic Traditional Dance, Music Choreography and Visual Arts, ASEAN Exhibition of Paintings and Photographs, ASEAN Traveling Exhibition on Painting, Photography of Children's Arts, and an ASEAN Youth Music Workshop. Third, the activities of the Working Group on Radio, Television, Film and Video include ASEAN Exchange of Radio and Television Programmes & Artists, ASEAN Annual Film Festival, ASEAN Films Week, Cultural Programmes for Radio and Television, ASEAN Songs Festival. Finally, the Working Group on Printed and Interpersonal Media organizes activities such

⁵ ASEAN Selayang Pandang, (Jakarta: ASEAN National Secretariat, Department of Foreign Affairs, 1996), p. 125

as ASEAN Editors Conference, ASEAN Exchange Journalist Programme, and Attachment Programme for the ASEAN News Exchange. Other important cultural programmes which have already been implemented are Comparative Study of ASEAN Folk Arts and Indigenous Architecture, a Study of ASEAN Traditional Technology, and Children Books and Source Material on ASEAN Culture.

Most projects in the socio-cultural field receive support from outside for coordination on an intra-regional basis. The aforementioned activities receive financial assistance from the ASEAN Cultural Fund,⁶ set up on 2 December 1978, accumulated from various contributions by the ASEAN members, third countries and other international organizations. Nevertheless, ASEAN has the sole authority in allocating the fund. In the year it was established, the Fund received a Japanese endowment fund of five billion yen (US\$24 million), which ASEAN has given to Bumiputra Merchant Banker Berhad and Singapore-Japan Merchant Bank to administer. A sum of US\$ 2 million each year is allocated to fund some 20 cultural activities and information projects. There was also an agreement to set up a separate ASEAN Fund amounting to US\$5 million, with each country contributing US\$1 million, though the money remained under the control of individual members instead of being put into a joint ASEAN account.⁷

As stated in the ASEAN Declaration, the association's central objective is to accelerate economic growth through joint endeavours. In its early years, however, ASEAN only made slow progress in these areas, as it was more preoccupied with social and cultural issues. As with ASEAN's functional cooperation, a proliferation of ASEAN

⁶ *Ibid.*, p. 126

⁷ "Asia in a Flux", *ibid.*, p. 37.

bodies, including working groups, committees and sub-committees, also emerged in the association's economic cooperation. By 1975 the permanent committees of combined economic and functional cooperation had expanded from five to eleven. In addition, eight special committees were also formed. This undertaking may be perceived as an occurrence of the growing scope and breadth of economic and functional cooperation.

The permanent committees were (1) food and agriculture, (2) finance, (3) communication and air traffic services, (4) commerce and industry, (5) civil air transportation, (6) socio-cultural activities, (7) mass media, (8) science and technology, (9) shipping, (10) transportation and communication, and (11) tourism. The special committees included (1) Special Coordinating Committee of ASEAN Nations (SCCAN), concerned primarily with coordinating ASEAN-EEC relations, (2) ASEAN-Brussels Committee (ABC), (3) Special Committee of Central Bank and Monetary Authorities, (4) ASEAN Coordinating Committee on the Rehabilitation of the Indochinese States (ACCRIS), (5) Senior Officials Meetings (SOMs) on synthetic rubber, (6) SOMs on sugar, (7) Special Committee on the ASEAN Secretariat, and (8) meetings of senior trade officials.⁸

There have been several problems with this evolving structure. For instance, the proliferation of project proposals appears to be a common phenomenon in cooperative structures based on committees.⁹ Analysts argue that this proliferation of ASEAN committees indicated the great variety of economic and functional issues that ASEAN

⁸ ASEAN Selayang Pandang, *ibid.*, pp. 4-5.

⁹ Hadi Soesastro, "ASEAN Economic Cooperation in a Changed Regional and International Political Economy", in Hadi Soesastro (ed.), ASEAN in a Changed Regional and International Political Economy, (Jakarta: CSIS, 1995), p. 19.

governments thought that they would like to cooperate in, rather than the scope of cooperation actually undertaken within the framework of ASEAN. It was calculated that in 1973, ASEAN committees produced 285 recommendations of which only 30 per cent were implemented.¹⁰ This led to growing concern that the implementation of projects was too slow.

Further, during this early period, the association was still viewed as a special project of the ASEAN foreign ministers by those not directly involved in the regional venture. These included government officials outside the foreign ministry. AMMs, the meeting of ASEAN foreign ministers, took place from one ASEAN capital to another on a rotating alphabetical order. Apart from foreign ministers, no other ministers participated in formal ASEAN cooperation. Therefore, since little concrete cooperation took place, other government ministries or institutions such as the various economic and functional ministries did not fully participate in intra-regional cooperation. This situation prevailed in the initial years of the association's life span. It seemed, at the time, because the whole notion of ASEAN was widely accepted on a high-level political level, there was neither little nor active opposition to it on the domestic scene of each respective member country.

Concern over the sluggish speed of the association's progress in economic cooperation became an issue at the fifth AMM in Singapore in 1972. Indonesia submitted a paper entitled "A Reflection",¹¹ inviting ASEAN governments to undertake an

¹⁰ David Irvine, "Making Haste Less Slowly: ASEAN from 1975" in Alison Browinowski (ed.), Understanding ASEAN, (Hong Kong: Macmillan Press, 1982), p. 54

¹¹ Hadi Soesastro (ed.), ibid., p. 19

evaluation of ASEAN economic cooperation. Ministers began to deliberate more seriously about the need to provide and implement a feasible framework. Furthermore, endeavours to rationalize projects, due to the proliferation of project proposals, also required an overarching framework for cooperation. In its search for such a framework, at ASEAN's annual ministerial meeting in 1969, the delegations had already agreed to commission a team of U.N. experts to carry out a feasibility study on ASEAN economic cooperation. The U.N. team, led by Professor G. Kansu of Turkey with Professor E.A.G. Robinson of Cambridge as the senior advisor,¹² began its research in January 1970 and produced a report presented to the fifth AMM in June 1972. This led to the formulation of a set of criteria for determining the feasibility of ASEAN economic projects. Firstly, they should be quick yielding with benefits accruing to all members equally. Secondly, they should require modest financing, and meet ASEAN objectives as embodied in the Bangkok declaration. These guidelines reflected ASEAN's preference for small projects.¹³

The Kansu-Robinson Report's main thrust was on ASEAN cooperation to increase economic productivity through industrialization. It emphasized the limited size of ASEAN's national markets, its low per capita income and the enormous obstacles to expanding manufactured goods exports. Therefore, the report argued that ASEAN economic cooperation should foster import substitution through the development of infant industries on a regional basis.

¹² Dewi Fortuna Anwar, *ibid.*, p. 65.

¹³ C.P.F. Luhulima, "ASEAN Institutions and Modus Operandi: Looking Back and Looking Forward", in Noordin Sopiee (et. al.), *ASEAN at the Crossroads*, (Kuala Lumpur: ISIS Malaysia, 1987).

The Report also suggested a number of techniques for improving regional productivity. Three main instruments for promoting ASEAN economic cooperation were identified. First, it proposed negotiated trade liberalization in selective commodities. Such trade liberalization would be negotiated on a commodity-by-commodity basis once or twice a year. Second, the U.N. study proposed industrial complementary agreements to be negotiated through the initiatives of the private sector. Embracing the private sector was believed to result in a cheaper end product, due to the fact that the various components are produced more efficiently. The private sector would thus be encouraged to specialize in the various products of a particular industry, which then could be exchanged between the ASEAN members. Third, the Kansu report suggested a system of “package deal” arrangements in the form of joint industrial projects. Particular governments would be encouraged to establish large-scale industrial projects to serve the region, preferably in new products. Thus, each ASEAN country could set up an industrial plant that had not already existed in other ASEAN countries, and the final products would be marketed regionally. Furthermore, the U.N. team also suggested several other possible areas for cooperation, including research, coordination of national economic plans, provisions of services in finance and clearing arrangements, and financing of development and insurance facilities. All this was intended to set the ASEAN countries on a joint path to national and regional economic development.¹⁴

On the extra-regional plane, ASEAN began to develop capabilities for collective bargaining *vis-à-vis* major economic powers. For instance, it began to hold formal

¹⁴ Castro, “ASEAN Economic Cooperation”, in Alison Browinowski (ed.), Understanding ASEAN, (Hong Kong: Macmillan Press, 1982), pp. 75-76

dialogues with the EEC in June 1972.¹⁵ The dialogue was prompted by the ASEAN governments' collective stand on the limitation of ASEAN exports to the EEC. ASEAN goods were discriminated against, particularly since goods coming from forty-two African countries had acquired preferential treatment by the EEC through the Lome convention. After the establishment of SCCAN (the ASEAN coordinating committee dealing with economic relations), ASEAN formed official dialogue relations with the EEC. A similar collective approach to Japan was initiated in 1973, after ASEAN governments were concerned over that country's expanding synthetic rubber industry which "posed a serious threat to the economies of the ASEAN countries".¹⁶ When Foreign Minister Adam Malik conducted a visit to Tokyo concerning this matter, Japanese officials agreed to limit the country's synthetic rubber production.¹⁷ The ASEAN-Japan Forum was formally created on 23 March 1977, which officially made Japan a Dialogue Partner of ASEAN.

Expanding international recognition of ASEAN was heightened with the establishment of other dialogue relations. This endeavour gave the impression to observers from outside as well as from within ASEAN itself that the association was a truly viable organization. In 1974 ASEAN entered into formal dialogue relations with Australia. The following year witnessed the establishment of the ASEAN-Canada dialogue. In 1976 ASEAN established formal dialogue relations with New Zealand and the United Nations Development Programme (UNDP), and in 1977 the United States

¹⁵ Djojohadikusumo, "Foreign Economic Relations, Some Trade Aspects", *Indonesian Quarterly*, 1 No.2 (January 1973).

¹⁶ *Joint Communiqué*, Sixth ASEAN Ministerial Meeting, Pattaya, Thailand, 18 April 1973

¹⁷ *Kompas*, 3 December 1973

became an official Dialogue Partner of ASEAN. South Korea also became a full Dialogue Partner of ASEAN in 1991, after taking part in four years of sectoral dialogues prior to this. By the early 1990s, then, ASEAN had six dialogue partners, all except for the UNDP and South Korea, from the Western industrialized and capitalist camp.

Despite the convincing arguments of the Kansu-Robinson Report, the ASEAN countries neglected to adopt it instantly, as they felt “little sense of urgency” to commit themselves to closer economic cooperation.¹⁸ Nonetheless, the pace of intra-regional ASEAN economic cooperation, which had been sluggish until 1975, began to pick up from that year. This was due primarily to external pressures. The main pressure came from the departure of U.S. troops from mainland Southeast Asia and the fall of Saigon and the rest of Indochina to communist forces in 1973-1975. These chain of events jolted the association into action. Hence, the urgency felt for improving intra-ASEAN economic cooperation in the face of political challenges from Indochina reflected both a concern to strengthen ASEAN as an organization, and also the hope that such cooperation would assist the domestic development programmes of member-states and thus weaken the potential of communist movements in their areas.

Disappointed with the slow implementation of ASEAN economic projects, the seventh AMM proposed a meeting of ASEAN Ministers in charge of economic planning. In anticipation of the scheduled ASEAN Summit in Bali 1976, the ASEAN Economic Ministers met for the first time in 1975 in Jakarta with a sense of urgency to produce broad recommendations for ASEAN economic cooperation. The economic ministers

¹⁸ Dewi Fortuna Anwar, *ibid.*, p. 66.

instantly created their own machinery, the Senior Economic Officials Meeting (SEOM). Eventually, the recommendations that were produced for the Bali Summit drew heavily on the U.N. Report. Indeed, several major ASEAN initiatives that were launched in later years can be directly traced to the recommendation of the aforementioned Report.

Observers have argued that intra-regional economic cooperation has been of peripheral importance to both the Indonesian Government specifically, and to ASEAN in general. In fact, as far as the Indonesian Government was concerned, intra-ASEAN economic cooperation served only two major purposes,¹⁹ namely, to keep ASEAN alive and to obtain extra funds from external donor countries and agencies. The Indonesian Government elite attached far greater importance in practice to extra-regional ASEAN economic cooperation. Firstly, ASEAN's cooperation in facing outside powers helped to increase Indonesia's bilateral bargaining position when trading with ASEAN Dialogue Countries. Secondly, ASEAN's solidarity would reduce the ability of the major economic powers to set one ASEAN country against another. Thirdly, ASEAN had become an important and viable negotiating bloc in international economic forums, such as GATT, WTO and the North-South Dialogue.

The first ASEAN Summit held in Bali in February 1976 marked a new phase in the development of the association's economic cooperation. The signing of the Declaration of ASEAN Concord by ASEAN heads of government laid down the framework for ASEAN economic and functional cooperation and provided the machinery for carrying it out by including economic ministers in the ASEAN decision-making

¹⁹ Dewi Fortuna Anwar, *ibid.*, p. 59.

process. In brief, ASEAN cooperation was no longer treated as the sole prerogative of the foreign ministers, even though the highest decision-making body within the association still effectively remained the AMM in which only foreign ministers took part.

The ASEAN heads of government adopted the recommendations put forward by their economic ministers to carry out ASEAN economic cooperation in four major fields: first, cooperation in basic commodities, particularly food and energy; second, cooperation in the industrial sector. Third, the Declaration declared that “member states shall cooperate in the fields of trade in order to promote development,” and that they

“shall progress towards the establishment of preferential trading agreements as a long term objective on a basis deemed at any particular time appropriate through round of negotiations subject to the unanimous agreement of the member states.”²⁰

This meant that if one ASEAN country opposed a particular proposal for increasing intra-ASEAN trade, that proposal should not be adopted. Finally, they agreed to cooperate in the field of technology to improve the quality of their export products.

ASEAN economic cooperation further gathered momentum on 24 February 1977, when the foreign ministers signed an agreement on Preferential Trading Arrangements (PTA) as a long-term objective designed to expand intra-ASEAN trade through tariff reduction. This undertaking too was a reflection of the Kansu-Robinson Report. The PTA provided for the reduction of tariffs for goods traded amongst the member countries on a commodity-by-commodity basis. It was a gesture to generate more intra-ASEAN trade,

²⁰ Harvey Stockwin, “Indonesia: Frustrating ASEAN’s Ambitions”, *Far Eastern Economic Review*, 23 January 1976, pp. 47-48.

127
as it was obvious that greater intra-regional trade was the most effective strategy for ASEAN to reduce its excessive dependence upon advanced economies.

The PTA agreement was a compromise between the proponents of free trade and those favouring protectionist policies. On the one hand, Singapore and the Philippines desired to form an ASEAN free trade region, or at least to implement an across-the-board tariff cut. On the other hand, Indonesia, Malaysia, and Thailand were more prudent, in favour of a more leisurely regional approach in order to protect their own national market and industries. Eventually, the gradualist approach prevailed. The PTA was closer to the Indonesian concept, than to the Singaporean, the two countries whose views on ASEAN economic cooperation were at opposite ends of the spectrum.²¹

These differing policy positions reflected the economic interests of the five states. Indonesia is by far the largest country in the region in terms of land area and population size, but her economic development lags behind the others. At the other extreme stands the city-state of Singapore, which is infinitely smaller in physical size but has a disproportionately larger economic muscle, which is out of step with the region's general stage of development. In 1975 Singapore's population was less than 2 per cent of Indonesia's, but her GDP came to 20 per cent of the Indonesian level.²² Given the tremendous economic and social diversities, together with the differences in the stages of development, the fact that the five Southeast Asian nations have created an organizational framework for gradual economic integration and have already generated a sense of group identity over the past decade, is itself a significant milestone.

²¹ Castro, *ibid.*, pp. 73-83

²² ASEAN Economies in Perspective, p. 3

The sense of urgency to implement the PTA proposal led to the convening of the First ASEAN Summit Meeting nine years after the establishment of the association, convened in Bali 1976. The Second ASEAN Summit Meeting was conducted 18 months after the first one, in Kuala Lumpur in early August 1977. One of the major agreements reached in this particular summit was an organizational restructuring of the association, which confirmed the position accorded to the economic ministers agreed in 1976. The Third ASEAN Summit Meeting, held in Manila in December 1987, has an important place in the history of ASEAN economic cooperation. This Summit helped ASEAN to take a hard look at itself. The gathering received proposals that were drawn from an array of schemes suggested by the private sector--dubbed the 'Group of Fourteen'--comprising ASEAN business groups, scholars, and academics and studies commissioned by the different ASEAN economic committees.²³

Of these, the idea of an ASEAN free trade area was first aired in 1971 at the fourth AMM, when discussions suggested that a limited free trade area or customs union might be the ultimate goal for ASEAN economic cooperation. In 1975 Singapore's Prime Minister, Lee Kuan Yew, proposed the creation of an ASEAN Free Trade Area.²⁴ However, it was shelved for obvious reasons: other ASEAN member countries were simply not ready to take it up. Indonesian government officials argued that ASEAN free trade would result in an imbalance of benefits among members since the ASEAN countries were at different stages of industrial development. As indicated above, within

²³ Florian A. Albuero, "The ASEAN Summit and ASEAN Economic Cooperation", in K.S. Sandhu et. al. (eds.), *The ASEAN Reader*, (Singapore: Institute of Southeast Asian Studies, 1992).

²⁴ Hadi Soesastro, *ibid.*, p. 34.

ASEAN Indonesia was the least industrially developed country while Singapore was the most developed, already having achieved the status of a Newly Industrializing Country (NIC). Therefore, Indonesian officials feared that ASEAN free trade would lead to the flooding of the Indonesian market by goods from other member countries, with the result that Indonesia would remain industrially backward compared to its counterparts.

President Suharto also cited differences in the stages of economic development of the ASEAN countries as the main reason for opposing the proposal for ASEAN trade liberalization. Suharto

enjoined the ASEAN member countries to adopt pragmatic approaches...which would take into account the differences in the stages of development of members.²⁵

Renewed support for the free trade area concept began in 1991 when Thai Prime Minister Anand Panyarachun revived the idea and received endorsement from Prime Minister Goh Chok Tong of Singapore. In the AMM in Kuala Lumpur, in July 1991, the ASEAN free trade area proposal received enthusiastic support. The positions of various members at the time can be summarized as, "...Singapore and Malaysia had wholly supported the FTA proposal. Indonesia and the Philippines had some reservations on how fast they should go."²⁶ The latter two countries pointed to the economic differences between countries as leading to the possibility of dumping. In October 1991, the ASEAN Economic Ministers Meeting recommended the establishment of the ASEAN Free Trade Area (AFTA) after receiving a clear indication from Indonesia that it was ready to take part in it. The Indonesian government felt the time was ripe to undertake such a big step

²⁵ Harvey Stockwin, *ibid.*, p. 52.

²⁶ *Straits Times*, 19 August 1991.

in the economic field, as the country's economy had improved favourably over the past few years due to the implementation of debureaucratization and deregulation schemes, namely in the economic sector. Therefore, at the January 1992 Fourth ASEAN Summit Meeting in Singapore, the heads of government were signatories of the Singapore Declaration and the Framework Agreement on Enhancing ASEAN Economic Cooperation, which provided the basis for the establishment of AFTA. This was indeed a major political decision because AFTA represents a market departure from earlier economic cooperation. The member countries agreed on achieving AFTA in 15 years, that is by 2007.

The AFTA agreement is intended to phase down intra-regional tariffs from 0-5 per cent over a period of 15 years as of 1 January 1993, and to eliminate non-tariff barriers for a wide range of manufactured products. The formal mechanism to achieve the free trade area is the Common Effective Preferential Tariff (CEPT) Scheme. Under this scheme, member countries would set out comprehensive timetables for the phased reduction of intra-ASEAN tariffs on nominated goods. The main difference between PTA and CEPT is that PTA is granted only by the nominating country and there is no reciprocity. Under CEPT there is reciprocity, in that once the good is accepted, all members must give the preferential tariff. Theoretically, the CEPT will eventually lead to the realization of a free trade area once the CEPT is reduced to zero.

In support of the AEM recommendation, the Philippines suggested the possibility of signing an ASEAN economic treaty at the Summit.²⁷ However, this was thought to be

²⁷ Mari Pangestu, "The ASEAN Free Trade Area: Going Forward The ASEAN Way", in Hadi Soesastro (ed.), *ibid.*, p. 57.

unnecessary by the heads of government. The consensus view was that AFTA needed to be couched as a legally binding document to indicate the strength of ASEAN's political commitment. Compliance to AFTA would then be ensured. Moreover, it was argued that a treaty would help national governments to deal with vested interests in their countries against AFTA since the agreement would be internationally binding. Instead, a framework for agreement, which is a less legally binding document, was chosen.

In retrospect, therefore, a number of economic reasons can be advanced to explain the relative stagnancy of intra-regional trade in the past:²⁸

- (1) The existing trade and production patterns of ASEAN have allowed only limited absorptive capacity for each other's major exports like rubber, tin, palm-oil and coconut, which are primarily destined to be consumed outside the region.
- (2) The ASEAN economies have almost exhausted all their commercial capacities in responding to the large and growing export market of developed countries during the past two decades.
- (3) The import substitution policies together with the balance of payments difficulties among some ASEAN countries have resulted in certain policies which are inherently biased against regional trade: for example, high priority is given to imports of capital and intermediate goods which are usually supplied by the developed countries.
- (4) Past foreign aid and loans from developed countries have often been tied to imports from donor countries.

Aside from economic reasons, the major stumbling block towards the realization of ASEAN economic cooperation has heretofore been the lack of political commitment. Increased intra-ASEAN links through multi-national corporation (MNC) affiliates, and linkages that will increasingly involve the domestic suppliers and companies, will probably be best served by the formation of AFTA. There is an important link between pushing for greater intra-ASEAN economic cooperation through AFTA and enhancing

²⁸ ASEAN Economies in Perspective, p. 38.

intra-ASEAN linkages through private investors. By the time AFTA is achieved, the size of the ASEAN market will make it very attractive for investors. Additional incentives and new programmes for economic cooperation will not be needed. What will be of paramount importance is the political commitment, certainty and increased attractiveness that ASEAN can provide with AFTA. The dichotomy between 'resource pooling' and 'market sharing' should no longer be made. ASEAN economic cooperation schemes in the future are likely to involve both. AFTA as a concept incorporates both market sharing and resource pooling.

C. Conclusion

Theoretically, regional cooperation and national interests are supposed to complement each other, but in reality these two progressed in opposite directions. The main problem of ASEAN economic cooperation prior to the early 1990s was that the benefits could not be easily distributed equally among all the members. Indonesia, as the largest country in the region, felt that instead of benefiting from an increase in intra-ASEAN trade, it suffered economic losses as a consequence. Therefore, due to this situation ASEAN economic activities was confined to small-scale projects. But after the Indonesian government developed domestic deregulation policies in the economic sector, the country was ready to enter into regional free trade.

However, most of the member-states' main concern rested not on intra-ASEAN economic cooperation, but on extra-regional ventures. To the Indonesian Government,

the most important function of ASEAN economic cooperation was to strengthen its negotiating position in extra-regional trade. Indonesia's support for ASEAN was, therefore, conditioned by its narrowly defined national interests, emphasizing aspects of the cooperation that would be of direct benefit to itself and paying less attention to those elements considered detrimental to the country's immediate interests.

ASEAN POLITICAL AND SECURITY COOPERATION

A. Introduction

This chapter looks into ASEAN's politico-security cooperation, which in the immediate past has appeared to be of central importance to the organization, due to the changing political, security environment in the region as a whole, and in the world at large. It basically examines the 1976 Declaration of ASEAN Concord, as it was from this landmark that political cooperation became possible, a field which had formerly been excluded from the Bangkok Declaration. Firstly, I will investigate selected intra-ASEAN conflicts, which have not undermined the association's solidarity as the conflicts have been settled, or are being resolved, outside the organization's framework. Secondly, I will concentrate on the promotion of a regional neutral zone, the Zone of Peace, Freedom and Neutrality (ZOPFAN), with its main component being the Southeast Asian Nuclear Weapons Free Zone (SEANWFZ) through the efforts of dialogues with various countries, including the five nuclear states, USA, France, Great Britain, Russia, and China. Thirdly, I will discuss the ASEAN Regional Forum (ARF), launched in July 1993. ASEAN has conducted dialogues with a number of major powers, namely USA, Russia, China, and Japan, on the basis of multilateralism to develop a more constructive relationship among the countries within the Asia-Pacific region in the political and security dimensions. The

dialogues include steps for initiating confidence-building measures (CBM), creating a “preventive diplomacy” mechanism, and devising methods for conflict resolution. Finally, I will discuss the growth of ASEAN’s membership. After the ASEAN Ministerial Meeting in Brunei on July 1995, Vietnam became the organization’s seventh member. This undertaking has evidently opened the gateway to incorporate the other three Indo-Chinese states into ASEAN, namely Cambodia, Laos and Myanmar. All ten countries in the Southeast Asian region have decided in unison to accede to the Treaty of Amity and Cooperation in Southeast Asia (TAC). This decision was made during the Fourth ASEAN Summit in Singapore. This legal umbrella will act as the framework for future regional cooperation. Therefore, the realization of “ASEAN-7” becoming “ASEAN-10” is presently in process.

B. Political and Security Cooperation

The first ASEAN Summit held in Bali in February 1976 marked a new phase in the development of ASEAN. With the signing of the Declaration of ASEAN Concord by ASEAN heads of government, political cooperation -- which had been excluded from the Bangkok Declaration -- was formally accepted as a common ASEAN goal. By mutual agreement, the Bangkok Declaration specifically avoided mentioning political cooperation, and emphasized instead cooperation in the economic, social, cultural, and scientific fields as the main objectives of the association. This non-political definition of ASEAN activities was mainly due to the founders’ conviction that political cooperation

would be more difficult to achieve because of existing political differences between member countries, several of which had only just emerged from a period of mutual hostility. It was believed at the time that political cooperation would be much too sensitive for the new association to cope with, as members would find more things to disagree than agree with each other. The common wisdom was that the ASEAN countries should first learn to cooperate with each other over non-controversial issues and develop the habit of frequent consultation with each other. The emphasis on economic cooperation was moreover a reflection of ASEAN governments' shared sense of the importance of domestic economic development and a belief that ASEAN cooperation would facilitate the development programmes of individual member countries. Regional cooperation and national interests were thus viewed as mutually complementing, as the former was considered as the handmaiden of the latter, and the rational pursuit of the latter was widely accepted to accelerate the former.

Judging from the Bangkok Declaration's emphasis on the non-political aspect of regional cooperation, it seems ironic, however, that ASEAN had achieved more in the political fields than in the economic ones. This was due to the wide economic differences among individual member countries. Indonesia's membership in a regional association was partly seen from Jakarta as a means of introducing its free and active foreign policy doctrine into a wider region. Thus, at Indonesia's insistence, the Bangkok Declaration included a clause stating that Southeast Asian countries shared primary responsibilities for regional security, and that the presence of foreign military bases was only temporary. The search for a greater degree of regional autonomy by reducing the roles of external

powers in regulating the regional order has been at the heart of Indonesia's preoccupation in ASEAN ever since its inception.

I. Intra-ASEAN Conflicts

ASEAN's unity was tested early in its life when two bilateral conflicts strained political relations between four of the five members. Both crises occurred in 1968, just a year after its birth. The first involved Indonesia and Singapore when Lee Kuan Yew carried out the execution of two Indonesian marines arrested for sabotage during the confrontation period, despite a personal plea from President Suharto for clemency. President Suharto considered himself to have been personally insulted by Mr. Lee.¹ Some Indonesian generals were reported to have suggested that Indonesia should bomb Singapore, and the Indonesian Parliament condemned Adam Malik for refusing to avenge the insult. Nevertheless, the New Order leaders refrained from taking retaliatory action that would only escalate tensions further. Malik appealed for calm, and in spite of the tension Indonesia did not break off diplomatic relations with Singapore. Indonesia also refrained from involving ASEAN in the bilateral conflict and Indonesian representatives continued to attend ASEAN meetings throughout the crisis.

The restrained behaviour of the Suharto's New Order government, was in marked contrast to the earlier Sukarno era, even under extreme external provocation and internal pressure. Commenting on the 1968 episode, John Allison, an American diplomat noted:

¹ Lee Khoon Choi, An Ambassador's Journey, (Singapore: Times Books International, 1983), pp. 187-263

In spite of a comparatively brief resurgence of violent emotional outbursts over the hanging by the government of Singapore of two Indonesian marines, reason did, on the whole, prevail. The government of Indonesia and its leaders thought and acted on the pragmatic basis of what was most likely to be effective in improving the political and economic lot of the people and not on the basis of emotion or ideology.²

The second crisis involved Malaysia and the Philippines over the so-called "Corregidor Affair," which occurred in March 1968. The crisis was precipitated by a report that President Marcos of the Philippines was planning to infiltrate Sabah, using Corregidor as a base for training special armed units for the task. Marcos's secret plan was leaked by a Muslim recruit who deserted and escaped from the training camp. As a result of the leaked information about the Corregidor training camp, the Malaysian and the Philippine Governments engaged in mutual recriminations. Kuala Lumpur sent a formal note of protest to Manila on 23 March complaining about Corregidor. The Philippine Government retaliated by sending a protest to Malaysia that the Malaysian and the British navies had violated Philippine territory. At the end of 1968 Malaysia and the Philippines broke off diplomatic relations with each other. Throughout the crisis Malaysia did not send representatives to any ASEAN meetings.³ Both sides eventually turned to Indonesia to mediate in the dispute. President Suharto personally intervened in the affair by arranging a private meeting between the foreign ministers of Malaysia and the Philippines in Jakarta where they came to an agreement that the dispute would be settled outside the ASEAN framework. Suharto also suggested a cooling-off period,

² John M. Allison, "Indonesia: Year of the Pragmatists", *Asian Survey*, February 1969, pp. 130-37

³ Purification Valera-Quisumbing, "The Sabah Dispute and the ASEAN Treaty of Amity", *Batas at Katarungan: A Journal of Law and Justice*, (University of Philippines Law Centre) 1, No. 1 (February 1982), p. 70-103

which was accepted by the two disputing parties. The two countries agreed to normalize relations after the AMM in December 1969,⁴ ostensibly in order to save ASEAN. Suharto, therefore, played a crucial role in preserving ASEAN throughout both crises.

However, another significant conflict arose between Indonesia and Malaysia concerning overlapping territorial claims over the Sipadan-Ligitan Islands. Sipadan and Ligitan are two islands situated in the Strait of Makassar on the border between the Indonesian province of East Kalimantan and the Malaysian state of Sabah (East Malaysia). Sipadan has an area of 50,000 square meters, and Ligitan is an atoll reef measuring some 18,000 square meters in area. On the one hand, Indonesia claims that the two islands lie within its national sovereign territory because the location was once included under Dutch jurisdiction during the colonial period. Malaysia, on the other hand, claims that the islands had been handed over by the Dutch to the British, Malaysia's past colonizers. In the efforts to resolve the dispute, both parties' claims need to be scrutinized from the historical and international legal points of view. At present, Indonesia and Malaysia are conducting negotiating forums whereby each claimant is given the opportunity to produce historical evidence in the efforts to prove and strengthen their claims, be it national or international legal documentation.

The Sipadan-Ligitan dispute surfaced in 1969, after the end of the 1963-1966 *konfrontasi* between Indonesia and Malaysia, when the two countries were in the process of determining their continental shelf boundaries. The dispute was settled by resorting to the status quo. It seemed that the Malaysian-Indonesian confrontation syndrome still

⁴ *Ibid.*

lingered on, thus influencing the outcome of the negotiation. Therefore, the status quo was considered the best option at the time. In 1991, however, Indonesia protested Malaysia's drive to develop both of the islands for tourism, thus breaching the agreement to keep the status quo pending the settlement of their conflicting claims. As this issue received great publicity in the media, the Indonesian government eventually decided to reopen the negotiations with Malaysia. The dispute has yet to be settled.⁵

In each of these three bilateral conflicts, ASEAN did not intervene. Instead, in two cases conflicting parties decided to resolve the disputes outside of the organization's formal framework, and one still needs to be resolved. The fact that ASEAN has never been called upon to resolve intra-regional conflicts may give one the impression that the association has deliberately been sheltered by its members from the possible divisiveness of such a mediating role. Getting involved in bilateral quarrels may force members to take sides, which would be unpalatable to the ASEAN members whose decision-making style has been characterized by consensus. At one level one may consider this unwillingness to test ASEAN's cohesiveness and durability as an indication of the organization's fragility or lack of maturity. On the other hand, it must be acknowledged that since these early crises there has been no major bilateral conflict which could undermine ASEAN's unity.

2. ZOPFAN

⁵ Paul Jacob, "Indonesia and Malaysia to work towards quick, peaceful solution", Straits Times, 10 June 1995.

Though the Bangkok Declaration did not mention political cooperation, it already contained important political principles concerning the members' responsibility for regional stability and security. The Declaration stated that:

the countries of South-East Asia share a primary responsibility for strengthening the economic and social stability of the region....and that they are determined to ensure their stability and security from external interference in any form or manifestation....[and] that all foreign bases are temporary and remain only with the expressed concurrence of the countries concerned and that they are not to be used....to subvert the national independence and freedom of States in the area....⁶

These early principles became the bases for later ASEAN political cooperation.

While economic cooperation proceeded at a very sluggish pace, regional developments increasingly forced the ASEAN foreign ministers to undertake a joint political action in response. The first significant agreement on such joint action was the Kuala Lumpur Declaration on 27 November 1971 which called for the creation in Southeast Asia of a "Zone of Peace, Freedom and Neutrality" (ZOPFAN). The ZOPFAN's realization was premised on two conditions: the acceptance of non-aggression by the nations in the region, and the removal of Great Power hegemony. This section of the thesis seeks to concentrate on how ASEAN has shifted its original ZOPFAN plan into a useful instrument for regional stability and security.

ZOPFAN has been perceived as a political device to unify ASEAN members. Although it was officially adopted at the Kuala Lumpur Summit in 1971, support for the policy was less than enthusiastic from the outset. For instance, Indonesia, Thailand and Singapore displayed little enthusiasm for a neutral zone in which its members might yet remain vulnerable to externally supported insurgencies.

⁶ ASEAN Declaration

With respect to Great Power hegemony, ZOPFAN has had many difficulties. Although China has agreed in principle to accept the idea of neutrality in the region it continued to support the Kampuchean resistance forces. The former Soviet Union had never accepted the idea of neutrality and established an alliance treaty with the Democratic Republic of Vietnam in 1978. As for the United States, the American military base agreement with the Philippines did not expire until 1991 and it was widely expected that it would be extended thereafter. By the early 1980's there was a general realization by the ASEAN nations that their original hope of the Great Powers guaranteeing ASEAN non-alignment was unrealistic.

Since the goal of having the Great Powers politically underwrite a Zone of Peace, Freedom and Neutrality had not been accomplished, ASEAN turned to the old idea of balancing the Great Powers off one against the other. In effect, the competing activities among the Great Powers assures regional non-alignment. In this balance of power scheme, loose military relations are acceptable for the ASEAN states, including, for instance, the Manila Pact between Thailand and the United States, the Security Treaty between the United States and the Philippines, and the Five Power Defense Agreement among the ANZUK nations (Australia, New Zealand, and the United Kingdom), Malaysia, and Singapore. It is noteworthy that these defense agreements have left out two other ASEAN states--Indonesia and Brunei. On the part of Indonesia, Jakarta has always seen itself as a potential regional power, or at least a leader of a unified ASEAN that could defend itself from any external threat or aggression. Moreover, with its commitment as a non-aligned state and the 'free and active' foreign policy doctrine it

embraces, Indonesia sees no reason that it should enter into a military agreement with any of the major powers. Brunei, on the other hand, has linked its national security with Malaysia's which in turn is joined with other nations in the Five Power Defense Agreement.

The idea of the neutralization of Southeast Asia was initially proposed by the former Deputy Prime Minister of Malaysia, Tun Dr. Ismail Al-Haj in 1968. Dr. Ismail's "Peace Plan" proposed that the neutralization of Southeast Asia be guaranteed by the big powers--the United States, the Soviet Union, and China.⁷ The Kuala Lumpur Declaration stated that ASEAN would endeavour

to ensure the recognition of, and respect for, Southeast Asia as a Zone of Peace, Freedom and Neutrality, free from any form or manner of interference by outside powers.⁸

At the First Summit in 1976 the ASEAN governments formally adopted ZOPFAN as the framework for ASEAN political cooperation.

While the ASEAN countries achieved a certain degree of consensus on the need for ZOPFAN in Southeast Asia, there were nevertheless major disagreements between members about appropriate strategies for attaining such a regional order. Major differences in members' perceptions of the best means to achieve ZOPFAN had thus far made the concept inoperational.

On the one hand, the main objective of ZOPFAN, as far as the Indonesian government was concerned, was to show the major powers that Southeast Asian

⁷ Marvin C. Ott, *The Neutralization of Southeast Asia: An Analysis of the Malaysian/ASEAN Proposal, Papers in International Studies*. Southeast Asia series No. 33, (Athens: Ohio University Press, 1974), p. 14.

⁸ Kuala Lumpur Declaration, 27 November 1971

countries in general and the ASEAN countries in particular could take care of themselves without external interference. Indonesian leaders, therefore, argued that the neutralization of Southeast Asia should be achieved not through a major power's guarantee, since such a guarantee would imply greater external involvements. ZOPFAN was intended to reduce both political and military involvement by extra-regional powers. Indonesia's conception of ZOPFAN closely reflected Adam Malik's vision of a desirable regional order. Adam Malik said that

[T]he nations of Southeast Asia should consciously work towards the day when security in their own region will be the primary responsibility of the Southeast Asian nations themselves. Not through big power alignments, not through the build-up of contending military pacts or military arsenals, but through strengthening the state of our respective national endurance, through effective regional cooperation with other states sharing this basic view of the world.⁹

To Malaysia and Singapore, on the other hand, ZOPFAN could only be achieved through a major power's guarantee. Malaysian leaders believed that the ASEAN members were too weak to assert their regional neutrality without external support. Hence, to Malaysia, Southeast Asian neutrality could only be achieved if major powers that have a stake in the region were willing to provide a joint guarantee. Of all the ASEAN countries, Singapore was the most skeptical concerning the desirability and feasibility of ZOPFAN. In Singapore's view, the peace and stability of the region could only be achieved through a balance of power between the two superpowers.

ZOPFAN was, as James Rush points out, primarily an abstraction. On a number of major issues member states continued to follow divergent policies. In 1974 and 1975,

⁹ Adam Malik, "Towards an Asian Asia", *Far Eastern Economic Review*, 25 September 1971

Malaysia, Thailand, and the Philippines established diplomatic relations with China, whereas Indonesia and Singapore did not. Moreover, regarding the Indochina issue, the Kuantan Agreement of 1980 represented a bilateral initiative on the part of Indonesia and Malaysia which ran counter policies of other ASEAN states.¹⁰

On a political-economy level, the key problem with neutralization, as Gunnar Myrdal has observed, is that the traditions of the Southeast Asian nations force their governments into a diversity of dependent relationships with industrial, aid-giving powers.¹¹ The historical record on this matter reveals ample evidence that “most Southeast Asian governments facing domestic crisis do turn quickly to foreign powers, and that the latter can almost never resist the temptation to intervene.”¹² The point is that when any government in Southeast Asia feels itself gravely threatened it will be more likely to appeal for help from outside the region than from fellow members within the region. This is partly due to the fact that other regional states cannot compete with the big powers in wealth and military capability.¹³ Moreover, accepting assistance from within the region would be at the cost of conceding some areas of national interest to a neighbour. For example, Indonesia might help the Philippines on condition that Muslim political demands in Mindanao were better met, or Malaysia might render aid if Manila agrees to drop its claim to Sabah.¹⁴

¹⁰ James R. Rush, ASEAN and Southeast Asia, UFSI Report 1985/No. 5 (1 January 1985), p. 4.

¹¹ Gunnar Myrdal, Asian Drama: An Inquiry into Poverty of Nations, (Penguin Books, 1968), pp. 66-70

¹² David Mozingo, “China’s Future Role in Southeast Asia” in Lau Teik Soon (ed.) New Directions in International Relations of Southeast Asia, (1973), p. 51

¹³ J.L.S. Girling, “A Neutral Southeast Asia”, Asian Survey, (1973) p. 51

¹⁴ Dick Wilson, The Neutralization of Southeast Asia, (New York: Praeger Publisher, 1975), p. 10

Differences in ASEAN members' perceptions of ZOPFAN, particularly between Indonesia on the one hand, and Malaysia and Singapore on the other, were also partly reflections of other members' suspicion of Indonesia. Malaysia and Singapore in particular were probably worried about the implications of regional autonomy as envisaged by Indonesia. Regional autonomy would necessitate the withdrawal, or at least a substantial reduction of extra-regional political and military involvement, leaving the countries in the region to fend for themselves. This would clearly provide more opportunities for larger regional members to dominate smaller neighbouring countries. One analyst explicitly stated Singapore's anxiety concerning the political and security role of ASEAN. As Lau Teik Soon notes:

Singapore's position was that ASEAN should remain primarily an economic organization and should stay out of political and security matters. Another consideration was the Singapore fear that it might be dominated by big and powerful neighbours if political and security issues were included in the ASEAN agenda.¹⁵

Opposition to the Indonesian proposal for indigenously based regional security clearly demonstrated that the smaller members of ASEAN still perceived Indonesia as a potential threat. However, during the Kuala Lumpur AMM in 1975, it was publicly announced that a "Blueprint for the Zone of Peace, Freedom and Neutrality" was being formulated by ASEAN officials, which would stress regional and national self-reliance, rather than the big power guarantee which had been a part of the original 1971 proposal. The guarantor concept had been replaced by a new goal termed "Zonal neutrality".

¹⁵ Lau Teik Soon, "Singapore and ASEAN", in Peter S.J. Chen (ed.), Singapore Development Politics and Trends, (Singapore: Oxford University Press, 1983), pp. 285-300

Furthermore, “Zonal neutrality” shift the emphasis from major power guarantee to the Indonesian-inspired notions of national and regional resilience, or the *Ketahanan Nasional* doctrine.

In his address to the 1975 AMM, Malaysian Foreign Minister Tun Razak stated:

The premise of the neutralization proposal is regional and national resilience. Southeast Asia must stand on its own feet....The best defense lies in the people themselves, in their commitments, their will and capacity. This is the premise of the neutrality system as it applies both to individual countries and to the region as a whole. It is not premised on vague hopes and euphoric dreams. It is premised on friendship and good will, on an open minded readiness to cooperate,and equally on national resilience....The key to our future security and stability lies not in outdated and irrelevant attitudes of the cold war, but in imaginative and constructive responses to the new realities of today.¹⁶

Another issue within the ZOPFAN concept is the establishment of a Southeast Asian Nuclear Weapons-Free Zone (SEANWFZ), which Indonesia vigorously campaigned for. The Indonesian initiative was to take steps to ensure that no nuclear weapons, be it tactical or strategic, be replaced or transited in any ASEAN nation. The 1971 Kuala Lumpur Doctrine had noted the trend towards the formation of nuclear-free zones, such as in the Treaty for the Prohibition of Nuclear Weapons in Latin America (Tlatelolco Treaty) in 1972, and the Lusaka Declaration proclaiming Africa a nuclear-free zone.¹⁷ Indonesian political analysts maintained that to the Indonesian Government,

¹⁶ Johan Saravanamuttu, “ASEAN Security for the 1980’s: The Case for a Revitalization ZOPFAN, *Contemporary Southeast Asia*, 1984, Vol. 6 No. 2, p. 165

¹⁷ Muthiah Alagappa, *Towards a Nuclear Weapons-Free Zone in Southeast Asia*, ASEAN series. (Kuala Lumpur: Institute of Strategic and International Studies, 1987), p. 1

international acceptance of the SEANWFZ concept was an important step towards the realization of ZOPFAN.¹⁸

3. ASEAN Regional Forum

One of ASEAN's components in the field of regional security cooperation is the ASEAN Regional Forum. With the establishment of this new component in regional cooperation, it seems that ASEAN is putting more emphasis on political and security cooperation, rather than economic cooperation. It has been showed above that although economic and functional cooperation was the association's main initial goal at its inception in 1967, however, politico-security cooperation played a more dominant role.

There is no doubt that Indonesia has invested major efforts in maintaining ASEAN as a viable organization. However, it is also clear that the country has also attempted to maximize its own role in ASEAN in recent years. One of the indicators was the promotion of ZOPFAN and the SEANWFZ. Even in the recently established ASEAN Regional Forum (ARF), it appears that Indonesia has been trying to promote its concept of regional order and security.

ARF was initially launched during the ASEAN Post-Ministerial Conference (PMC) in July 1993 in Singapore, which aimed to build "mutual confidence, preserve stability and ensure growth in the Asia-Pacific by creating a network of constructive

¹⁸ Nana S. Sutresna (Director General of Politics), *Asia Tenggara sebagai Kawasan Bebas Senjata Nuklir dan Permasalahannya* [Southeast Asia as a Nuclear Weapons Free Zone and its Problems], (Jakarta: Department of Foreign Affairs), no date.

relationship.”¹⁹ It had its first inaugural meeting in Bangkok in the following year. It is not clear which country initiated the ARF, but Indonesia has gone along with the idea, signifying its support, albeit limited, to this new forum. Nevertheless, the development of the ARF is likely to be slow. Apart from differing views on the security issues among the members, perhaps it is also due to Indonesia’s own perception of its security role.

The ARF comprises 18 members: the seven ASEAN member states, seven ASEAN Dialogue Partners (South Korea, Australia, New Zealand, Canada, the European Union, the United States, and Japan), two ASEAN Observers (Laos and Papua New Guinea), and two ASEAN Guests (China and Russia).²⁰ The forum is still in its embryonic stage. Since Indonesia continues to embrace the idea of an independent and active foreign policy, it is uncomfortable with the idea of being locked into a ‘security institution’ in which there are major extra-regional powers. Perhaps, Jakarta is worried about being overwhelmed by these major powers. It is not surprising that Indonesian Foreign Minister Ali Alatas was quoted as saying that ARF is not a problem-solving device. It is “not meant as an instrument to solve problems. It’s meant as a consultative forum. Its utility, its success should be judged from that angle.”²¹

This forum would continue to discuss key issues, such as confidence-building measures, the arms race, the Korean crisis, rival territorial claims in the South China Sea, and Cambodia’s future. For Indonesia, however, Alatas stated that the SOM preceding the ARF conference in Brunei that year, ASEAN would submit papers on ZOPFAN,

¹⁹ Lee Kim Chew, “ASEAN sees success at security discussions”, *Straits Times*, 11 June 1994.

²⁰ ASEAN, *ASEAN Update*, (July 1994) p. 1.

²¹ *Business Times*, 27 July 1994.

SEANWFZ, and the TAC.²² All of these concepts are being promoted by, if not closely linked to, Indonesia. One may argue that Jakarta views the usefulness of the ARF in promoting Indonesian foreign policy in such a format.

4. Indonesia in a Unified Southeast Asia

ASEAN's non-military orientation is best exemplified by Malaysia's suggestion that ASEAN should expand to include all Southeast Asian states. This willingness to include states with different ideologies emphasizes the lack of military arrangements in ASEAN and the desirability of neutralizing the region.²³ One Southeast Asia consisting of the 10 countries in Southeast Asia incorporated into ASEAN will materialize in only a matter of time. Vietnam, which had been at odds with ASEAN since its establishment, joined the association as the seventh full member during the ASEAN Ministerial Meeting convened in Brunei in July 1995. Meanwhile, Laos, together with Vietnam, has been an official observer of ASEAN since 1992, when the two countries signed the ASEAN Treaty of Amity and Cooperation in Southeast Asia (TAC) in 1992 and 1995 respectively. Moreover, Laos has already expressed its wish to become an official ASEAN member by 1997. After some hesitation Cambodia also acceded to the Treaty at the ASEAN Ministerial Meeting in July 1995, thus becoming an ASEAN observer. Myanmar is the last Southeast Asian country that has applied for observer status in

²² *Ibid.*

²³ Sheldon W. Simon, "The ASEAN States: Obstacle to Security Cooperation", *Orbis*, Summer 1979, p. 429

ASEAN. Hence, it is expected that before the year 2000, all 10 countries will have become a full member of ASEAN.

Before the euphoria over “One Southeast Asia,” the region was divided into three groups. The first group comprised the non-communist Southeast Asian countries, which were the original members of ASEAN. The second one included the communist states of Vietnam, Laos and Cambodia, which recently embraced democracy. Myanmar stood alone as a neutral and isolated state. This raises the question: is the region moving closer to really establishing one Southeast Asia ?

The idea of establishing a Southeast Asian regional order incorporating all the countries geographically located in the region is not novel. Since the formation of ASEAN in 1967, the founding fathers were of a firm common belief that regional stability and security could only be achieved by involving all the countries in Southeast Asia in a regional forum, regardless of their ideological backgrounds. Therefore, the TAC, which serves as a code of conduct and the legal basis of the endeavour to create regional order, is open for all the countries in Southeast Asia to accede. The attempt to unite the Southeast Asian countries was retarded as the Cold War created strategic polarization in the region between original ASEAN member countries and communist Indo-Chinese states, which reached its nadir when Vietnam invaded Cambodia in 1978.

With all the hype surrounding the initiative, however, “One Southeast Asia,” imagined or real, means different things to different countries in the region. In Thailand,²⁴ the concept of one Southeast Asia has been used casually to denote the

²⁴ The Jakarta Post, 12 December 1995

numeric symbol that there are 10 Southeast Asian countries, namely Brunei, Malaysia, Indonesia, Philippines, Thailand, Singapore, Laos, Cambodia, Vietnam and Myanmar, which will soon come under one roof. These countries are no longer fighting over ideology. Instead, they are talking about cooperation and being together. One Southeast Asia, therefore, has been depicted as a land of opportunity with Thailand at the center. With its location in the heart of Southeast Asia, Thailand is assuming that it will automatically play the leading role in bridging Myanmar on the west and Vietnam, Laos and Cambodia on the east, with the rest of the continental and the southern archipelagic Southeast Asian countries.

However, analysts raise an important caveat. Despite its geographical advantage, it does not mean that Thailand, with its well known complacency, and U.S. links, would be able to pursue this perceived role. Ironically, with the opening up of Southeast Asia, Thailand is finding it even more difficult to carry out what the country has in mind. It seems the 'new' one Southeast Asia does not want Thailand to take the lead. To other ASEAN countries, "One" Southeast Asia is synonymous with "10." At the very least, as the "ASEAN-10", it would be fair to say that no single country would be able to dominate the region, at least in the near future. Thailand is just a member, not *the* country, as the argument states. For the idea of ASEAN-10, the level playing field for every member is equal and wide-open.

For the former Indo-Chinese countries, being part of one Southeast Asia means becoming members of ASEAN. For the past three decades, they fought hard against the organization which they dubbed an imperialist tool. At the very least, being an ASEAN

150

member would be a rejection of their past and begin the new dawn of Southeast Asia. Therefore, it is a major triumph that Vietnam joined ASEAN. Being part of one Southeast Asia is part and parcel of becoming an acceptable international player in the global community, something that it hasn't been throughout the past 50 years since its independence. To a certain degree, both Laos and Cambodia share this sentiment. But they have different reasons for wanting to become ASEAN members. It would also require a long time for the preparations. Vietnam's admission into ASEAN was an exceptional case. In the post-Cold War period, both ASEAN and Vietnam had to embrace one another as a sign of reconciliation within the region, despite apparent economic difficulties in integrating Vietnam.

Laos and Cambodia have small populations and economies. Laos views one Southeast Asia as part of its current attempt to expand its relationship with the region. The landlocked country is presently trying to establish embassies in all ASEAN countries. A few years ago, only Thailand had a sizable investment in Laos. Currently, investments from Singapore, Indonesia and Malaysia are pouring in. Furthermore, Cambodia looks eagerly at one Southeast Asia as a guarantee to its standing in the region. For the past two decades, domestic chaos and civil war have literally forced the country off the road to economic development. Cambodia wants to move on along with other countries in the region in a normal and healthy way.

Myanmar has never really endorsed the concept of one Southeast Asia, or made any reference to it. Throughout its modern history, this Buddhist nation has been standing alone against all adversity. And it is still surviving to this day. however, to the military

151

leaders of the State Law and Order Restoration Council (SLORC), close association with the One Southeast Asia concept would amply increase the legitimacy of their unelected and unpopular regime. It is the policy of ASEAN not to interfere with the internal affairs of other countries, especially member countries. Thus far, Yangon's foreign policy has been focused on the Non-Aligned Movement as its main pillar, not ASEAN. For one thing, ASEAN would be useful to the country in warding off and marginalizing the West. Since 1992, ASEAN's policy of constructive engagement has somewhat boosted the standing of SLORC in the eyes of the international community. Closer ties with ASEAN would further upgrade the SLORC's credibility and could lead to membership in the ASEAN Regional Forum. Should there be some noticeable improvement in its domestic politics, it is highly possible that by the next ASEAN Summit in 1998, the ASEAN-10 will be a reality.

The rush to have all 10 countries together within the context of ASEAN could also backfire. For instance, ASEAN might overlook the present worsening domestic conditions in Myanmar to ensure that it eventually joins ASEAN. It would be a self-fulfilling prophecy to think that Myanmar will become more democratic when it joins ASEAN. To realize one Southeast Asia, the 10 countries must have a common vision and further dialogues should be conducted so that they can truly become partners for progress. There is no rush. One Southeast Asia is not about geography. It is about a shared destiny. Otherwise, all 10 could end up in the same bed but with different dreams.

Indonesia's role in ASEAN-10 will be influenced by two main factors: first, its efforts in playing a more active part in international politics, and second, ASEAN's

changing environment. Therefore, one must seek to understand how much importance Indonesia places ASEAN-10 on its foreign policy. During the 1970s to the mid-1980s, Indonesia's foreign policy was focused on laying the foundation for regional security cooperation among the ASEAN countries. Moreover, Indonesia was even noted for its high commitment towards ASEAN interests, especially when it was involved as a conflict defuser in the Cambodian crisis. Indonesia showed its strong solidarity towards Thailand, as the buffer country in the conflict. Furthermore, Indonesia revealed a somewhat "low profile" foreign policy²⁵ during this time, as evidenced through its efforts to prioritize common interest of the ASEAN countries. The archipelagic state restrained itself when involved in territorial conflicts with other ASEAN members, placing great importance on bilateral consultations to seek for a common solution. This is shown through the handling of the Sipadan-Ligitan conflict with Malaysia.

C. Conclusion

The Indonesian Government has been particularly sensitive on the issue of major powers' military bases in Southeast Asia. It has been reluctant to accept any U.S. military bases in the region. The recently established ARF, in which four non-Southeast Asian major powers are members, may face problems if the forum develops into a security organization. Although ASEAN seems to be placing more emphasis on political and security cooperation over economic issues, Jakarta prefers to stay away from a security

²⁵ Edy Prasetyono, "Peran Indonesia dalam Satu Asia Tenggara", a paper presented at the Seminar on *Refleksi Masa Depan ASEAN: Tinjauan oleh Generasi Muda*, (Jakarta: CSIS, 24 April 1996), p. 2.

organization which may be dominated by foreign powers. Since Indonesia is a major player in ASEAN, this hesitation will also have an important effect on the association's future debates on security options.

CONCLUSION

This study of Indonesia's foreign policy in ASEAN has centred on the question: What are Indonesia's foreign policy objectives in maintaining relations with ASEAN, especially in view of its shifting towards a politico-security orientation ? It concludes that Indonesia has invested major efforts in maintaining ASEAN as a viable organization, and the country has also attempted to maximize its own role in ASEAN, especially in recent years. In parallel with the evolution of ASEAN cooperation from economic matters to political and security matters, Indonesia's foreign policy in ASEAN affairs has been closely linked to the promotion of its concept of regional order and security through initiating the establishment of ZOPFAN and the SEANWFZ, and the ARF. The Indonesian Government views the three politico-security concepts above as important in promoting Indonesian foreign policy in ASEAN, which seeks to play a greater leadership role in the region.

The founding of ASEAN has provided the vehicle for strengthening regional security, order, peace and stability. The study highlights ASEAN's tilting emphasis towards a more political-military-security orientation on the threshold of the 21st century, and the factors that influences and constrains this course. This orientation is different from the association's original, and more limited, goal to enhance regional cooperation in the social, culture and economic fields.

The foreign policy objectives of the present New Order government under President Suharto, which came to power in 1966, to a certain extent has exhibited continuity with that of the Old Order government under President Sukarno. Indonesia's foreign policy prior to the New Order was characterized by strong nationalism and the prominent role of secular rather than Islamic leaders. The leaders who were perceived to have compromised Indonesian nationalism did not survive, and Indonesia's foreign policy became more militant as time passed. This was partially due to President Sukarno's plan to divert attention from domestic problems to external issues. The rise of the PKI and other left-wing groups led Indonesia to adopt a more aggressive foreign policy. Indonesian nationalistic foreign policy became anti-Western and suspicious of Western powers. President Sukarno opposed Western military bases in Southeast Asia, and this attitude survived his demise. Although the current government under President Suharto has generally been more sympathetic to the West, opposition to Western military bases is still strong, especially among civilians. In addition to this anti-Western feeling, it was during this first period that Indonesia's "free and active" foreign policy doctrine was defined by Mohammad Hatta. This principle became the stated policy of the Sukarno era, and also that of the Suharto period.

Since 1966, in the realm of foreign affairs, the military has succeeded in undermining other institutions which traditionally dealt with foreign policy matters, including the Ministry Foreign Affairs, the Committee on Foreign Relations of the DPR, and Bappenas, which was in charge of domestic and foreign economic matters. This situation initially sparked conflict between the military and the Foreign Ministry, with

the former emerging as the victor. The Indonesian military has been particularly concerned with foreign policy issues touching on ideology and security. Until the mid-1980s, the military was able to assert its initiative in foreign policy. The personal role of President Suharto, however, was becoming increasingly visible in the early 1980s, and by the middle of the decade it was clear that the President played a decisive role. A number of events from 1984 onwards demonstrate this trend. In 1985, Indonesia hosted the thirtieth anniversary celebration of the Asian-African Conference in Bandung. Though critics argue that it was a non-event, from the Indonesian perspective this was the first step for the country in becoming active in the international arena. In 1992, Indonesia hosted the Tenth Summit Meeting of the Non-Aligned Movement, and assumed chairmanship until 1995. In 1994, Indonesia assumed a year-long leadership role in APEC.

As Indonesia is a constitution-based state, like most democracies, the country's constitution, government regulations and parliamentary laws provide the legal foundation of its foreign policy. In brief, it highlights the Ideal Basis (the Second principle of Pancasila), Constitutional Basis (in the First and Fourth Paragraphs of the Preamble, and Articles 11 and 13 of the 1945 Constitution), the Conceptual Basis (the concepts of *Ketahanan Nasional*, or 'National Resilience' and *Wawasan Nusantara*, or the 'Archipelagic Outlook'), and the Operational Basis (*Garis-garis Besar Haluan Negara*, or the 'Guidelines of State Policy') of Indonesia's foreign policy.

In terms of Indonesian perceptions of security in a broad sense, the United States and Japan are the most important countries. Economic factors have been most important

in Indonesia's relations with the United States and Japan. Relations with these two countries have been close as a result of Indonesia's initial economic dependence on them. The President and the military have been heavily involved in making Indonesia's policy towards the United States. It should be pointed out, however, that Indonesia has not always gone along with the United States in its foreign policy. President Suharto resisted American pressure to some slight extent when he thought such pressure was against "Indonesian national interests." Indonesia's perception of security issues in relation to the United States has been linked to ideology. During the Cold War, the military wanted the United States to stay in the region in order to counterbalance the increased Soviet activities in the Asia-Pacific, though this was never officially stated. With the demise of the Soviet Union, the Russian factor has become less important. Indonesia is concerned with the military role of Japan, however, its major concern is still with the role of the PRC. China has always been viewed by Indonesian leaders as an "expansionist" power and a major competitor for the role of regional leader to which Indonesia aspires. The Indonesian military considers China as the greatest challenge for the future and wants the United States and Japan to balance China, both in the political and economic fields. In the case of the United States, Jakarta has tolerated its military presence because it has brought benefit to the balance of power in the region. It is argued that this is a short-term strategy due to the fact that, eventually, Indonesia wants Southeast Asia to be free from a foreign military presence of any kind.

With regard to regional geopolitics, of the seven ASEAN member countries, Malaysia and Singapore are viewed to be more important than the others, such as

Thailand or the Philippines. President Suharto and the military have been instrumental in formulating foreign policy towards the ASEAN states. It was through the initiative of the President Suharto and the military that the Indonesian confrontation with Malaysia was terminated and regional cooperation was promoted. It was also under them that Indonesia attempted to help the Philippines solve the Moro and Sabah problems. Improved relations between Indonesia and Singapore were the result of actions by President Suharto and the military. Indonesia's relations with ASEAN states reflect its desire to play an active role in regional affairs. Indonesia under President Suharto has been eager to promote regional cooperation within the context of ASEAN in order to achieve regional stability. Some groups in Indonesia hold the view that the nation has not benefited much from ASEAN. They maintain that Indonesia should not be led by ASEAN; on the contrary Indonesia should lead the other ASEAN states. Friction has occurred between Indonesia and other ASEAN nations, the most recent example of this being the EAEG issue involving Jakarta and Kuala Lumpur. Nonetheless, Indonesia is emerging as the leader. Indonesian leaders have openly stated that ASEAN is one of the cornerstones of Indonesia's foreign policy.

President Sukarno's foreign policy on Malaysia failed badly, because concerns over national sovereignty and the territorial integrity of the state were at stake. Not only did Malaysia survive uncrushed, but also Indonesia earned the condemnation of many countries in the world, leaving it internationally isolated, except for its increasingly close cooperation with China. The deviation from the earlier foreign policy practice and the 'free and active' doctrine was more noticeable. This was unforgivable to the New Order

government, because the policy was a failure and such a disaster to Indonesia. Hence, Indonesia's move towards the formation of ASEAN was, therefore, linked to the failure of this confrontation policy. Above every other consideration, the new Indonesian foreign policy on regional affairs was designed to undo the damage that confrontative phase had done to the country. Furthermore, the countries in the region gradually entered into regional cooperation. A few regional groupings were formed prior to the establishment of ASEAN by the Bangkok Declaration on 8 August 1967, such as SEATO (1954), ASA (1961), and Maphilindo (1963).

ASEAN has evolved from regional cooperation in social, cultural, and economic matters to a grouping much more tilted towards political and security cooperation. Although by mutual agreement the Bangkok Declaration clearly stated that the main objectives of the association emphasized the economic, social, cultural, and scientific fields (functional aspects) of ASEAN cooperation, and specifically avoided mentioning political and security cooperation, ASEAN nevertheless achieved much more progress in the latter fields than in the former ones. This development is due to the fact that since the establishment of ASEAN, there exist extensive economic differences between the individual ASEAN countries.

Thus as stated in the Bangkok Declaration, the association's central objective is to accelerate economic growth through joint endeavours. In its early years, however, ASEAN only made slow progress in these areas, as it was more preoccupied with social and cultural issues. During this time the main problem of ASEAN economic cooperation was that the benefits could not be easily distributed equally among all the members. This

was particularly true of intra-regional trade where the largest member, Indonesia, felt that instead of benefiting from an increase in intra-ASEAN trade, it could only suffer economic losses as a consequence. Therefore, to the Indonesian Government, in particular, the most important function of ASEAN cooperation was to strengthen its negotiating position in extra-regional trade. In general, the reluctance of one ASEAN country to allow other member countries to derive greater benefits than itself from any ASEAN projects hindered the progress of ASEAN economic cooperation, thus confined most of ASEAN's activities to small-scale projects upon which all members could agree. In later years, when the economies of the member countries have prospered to the extent that the disparity is not too wide, the countries decided to form a free trade area. The idea of the establishment of an ASEAN Free Trade Area (AFTA) and the Common Effective Preferential Tariff (CEPT) Scheme, will help to reach a target of regional free trade in reducing tariffs from 15 to 0 per cent within a time frame of 15 years as of 1 January 1993.

ASEAN's growing interest and emphasis on politico-security cooperation are indicated in its debates on the ZOPFAN and SEANWFZ doctrines. Concerning the formation of ARF, Indonesia is sensitive to major powers' military bases in Southeast Asia. It has been reluctant to accept any United States military bases in the region. Four extra-regional powers are members of ARF, namely USA, Russia, China, and Japan. Hence, to Indonesian foreign policy analysts, the ARF may run into problems if it develops into a security organization. Though ASEAN is shifting towards political and

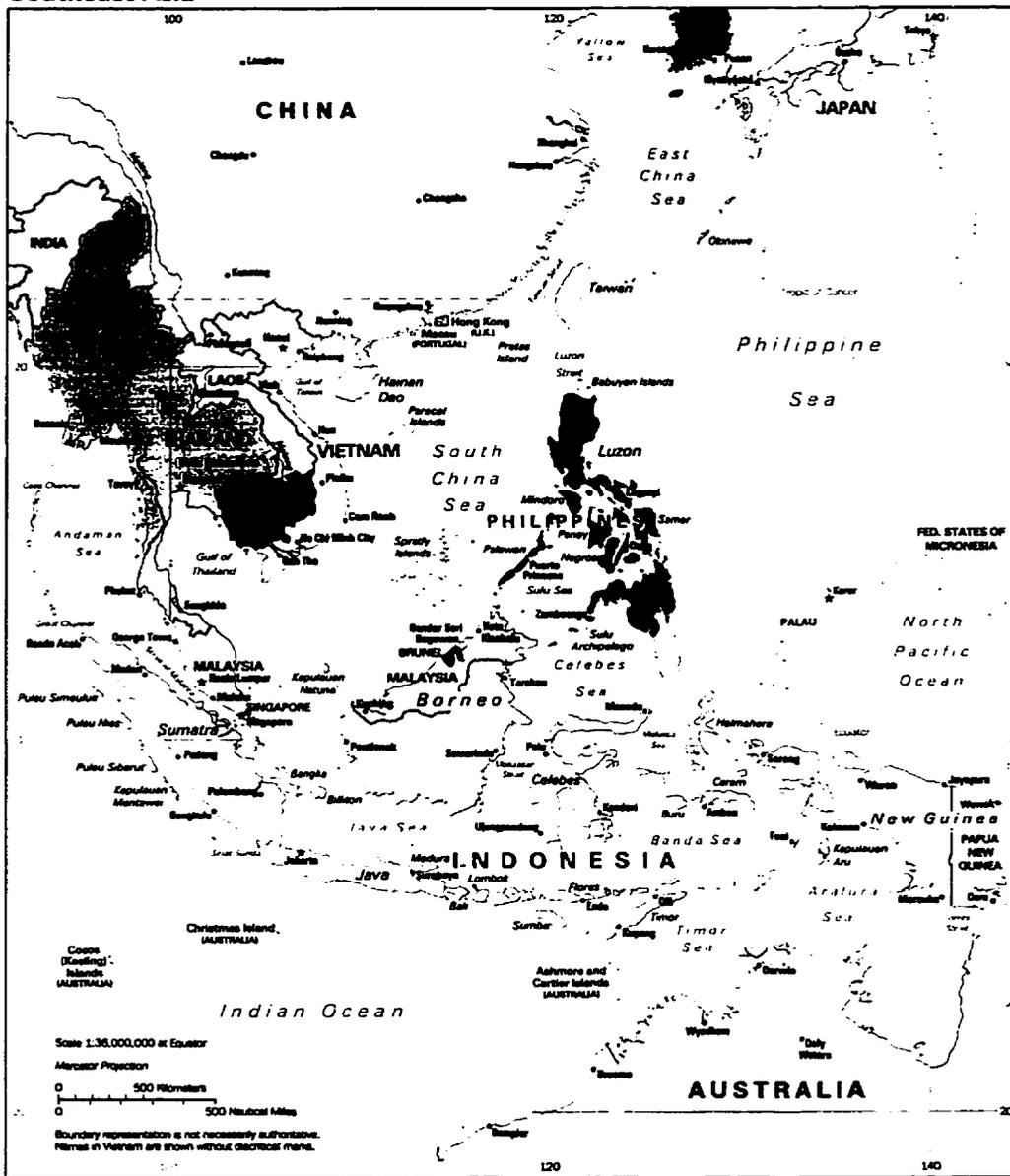
security cooperation, Indonesia's foreign policy on this issue is that it prefers to avoid the establishment of a security organization which may be dominated by foreign powers.

In conclusion, ASEAN cooperation is tilting towards a politico-security orientation. Indonesia's foreign policy pertaining to this concern is that the establishment of the various concepts in this field of regional cooperation are not utilized as a means to resolve security-oriented regional or international problems. Those concepts are meant to serve as a consultative forum in the field of politics and security, so that the countries involved can acquire a better understanding of each other's perspectives on political and security affairs. This thesis argues that ASEAN's economic, social, cultural and diplomatic cooperation can provide more of a lasting common bond than the security ties of a formal military pact.

APPENDIX #1

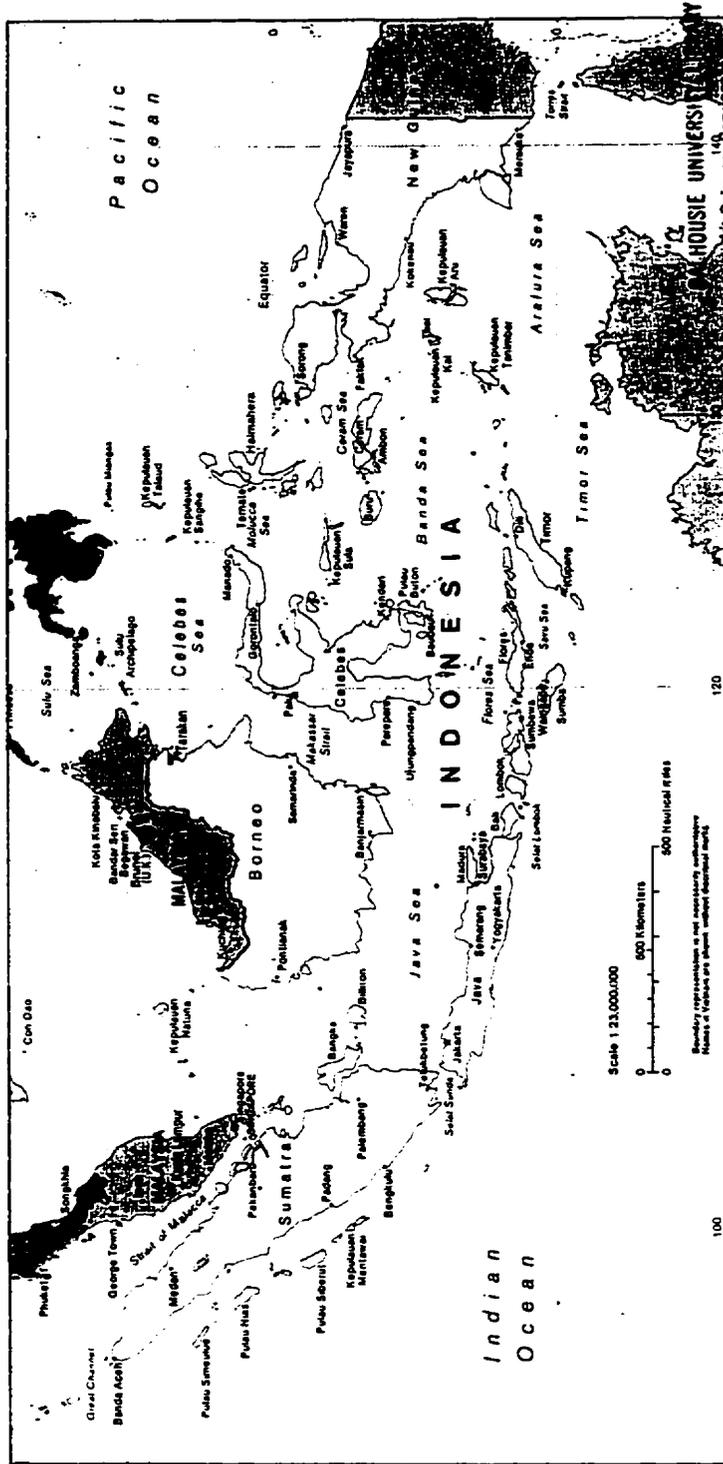
Map of Southeast Asia

Southeast Asia



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Map of Indonesia



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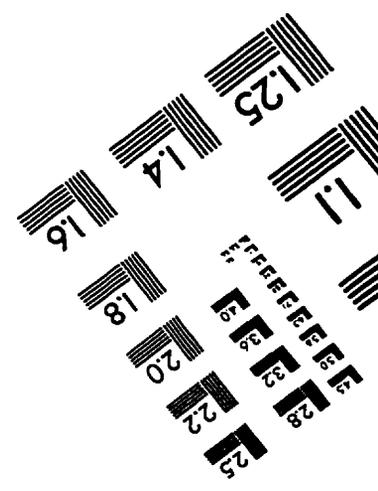
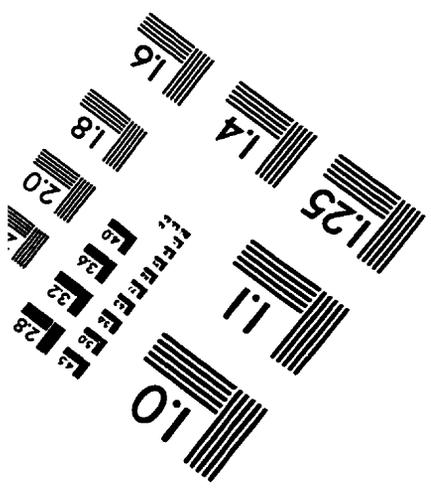
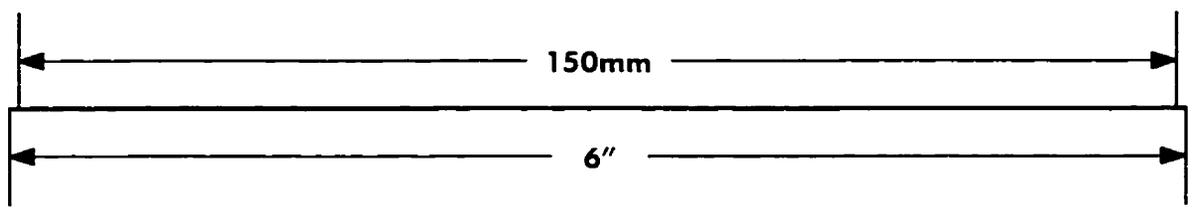
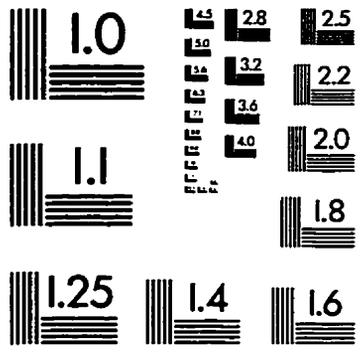
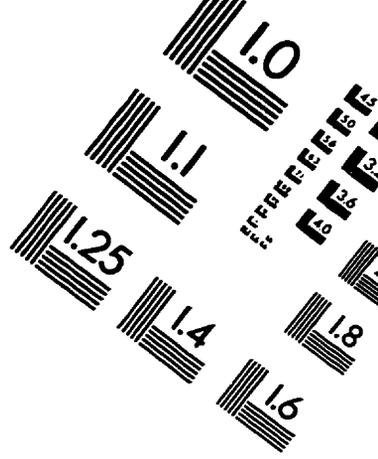
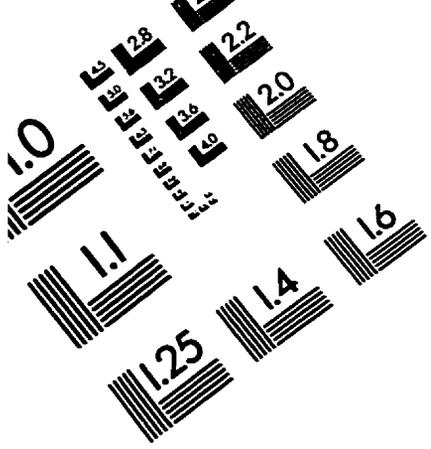
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APPLIED IMAGE, Inc
1653 East Main Street
Rochester, NY 14609 USA
Phone: 716/482-0300
Fax: 716/288-5989

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