

**INDONESIA'S DECISION FOR NORMALISATION
WITH CHINA IN 1990**

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by

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SYNOPSIS

The Major Indonesia's foreign policy event during 1990 was the restoration in August of diplomatic relations with People's Republic China (PRC). Relations had been suspended by Indonesia in 1967. Jakarta accused China involved in an abortive coup of Indonesian Communist Party.

Indonesia's decision can be explained at three level of analysis, Firstly, Jakarta decided to normalise its relations with Beijing was influenced by changing regional environment. The demise of communism in Eastern Europe was likely to have profound impact on the Asian communist's states including China. Moreover, since the death of Mao Zedong in 1976, China has entered a new era in its foreign relations. Beijing has adopted a broad-based policy of peaceful coexistence. Indonesia also assessed that China more cooperative I dealing with Cambodia.

At the second level analysis, Indonesia's national interest was considered as significant in normalisation process. Jakarta 's intention to restore the ties were influenced by an effort of the government to implement the face and active foreign policy; seeking leadership in the Non-Aligned Movement; to solve problem of overseas Chinese; and to enhance benefit from direct trade.

Finally, Jakarta decision was taken by result of the Soeharto government calculation on cost and benefit of normalisation with China. Even tough a certain military leaders and Muslim leaders were not agreeing in an early normalisation, Soeharto decide to restore wth China in 1990.

CHAPTER 1

INTRODUCTION

In 1990 Indonesia's most important affairs were foreign. Chief among these was the normalisation of relations with the People's Republic of China (PRC), including visits to each other's capital by the two heads of government, Prime Minister Li Peng and President Soeharto in August and November, respectively. Not since 1964 had an Indonesian president been to Beijing.

Indonesia established diplomatic relations with communist China in 1950. During the early 1960s relations flourished as the late President Sukarno commenced on a policy of extreme nationalism and of confrontation with Western and colonial powers. Relations soured after the abortive coup attempt of September 1965 which heralded Sukarno's eventual downfall and the rise of the current President, Soeharto

According to Soeharto and his right wing military supporters their rival, the Indonesian Communist Party (Partai Komunis Indonesia,PKI), with heavy Chinese backing , had been the driving force behind the failed coup. Soeharto's New Order regime eventually suspended diplomatic relations with China in October 1967.

Relations between two countries improved in 1985 when the Chinese Foreign Minister Qian Qichen visited Indonesia for the commemorative Afro-Asian Conference in Bandung. Later that year a memorandum of

understanding on the resumption of direct trade links was signed. A breakthrough occurred at the funeral of Japanese Emperor Hirohito in February 1989 when Soeharto held talks with Qian Qichen. The two countries' respective the United Nations mission as a consequences began normalisation talks. It was agreed that new relationship would be based on Five Principles of Peaceful Coexistence and the Ten Principles of the Bandung Afro-Asian Conference. Therefore, it has taken 23 years for Indonesia to reopen its diplomatic relations with China.

Jakarta considered those principles were very important to ensure that communist movement would not raise again in Indonesia. The Five Principles of Peaceful Coexistence are (a) mutual respect for each other's territorial integrity and sovereignty; (b) non-aggression; (c) non-interference in each other other's internal affairs; (d) equality and mutual benefits and (e) peaceful coexistence. Meanwhile the Ten Principles of the Bandung Afro-Asian Conference include state independence, respect for other countries' interest and non-aggression.

Taking account of this background, the purpose of this paper is to discuss why Indonesia decided to normalise its relationship with China in 1990. The paper will explore the objectives and considerations underlying Indonesia's decision to resume full diplomatic relations with China. The central event addressed in this study, Indonesia-China normalisation, is an example of the phenomenon of great power and less power realignment. Understanding the motivations of various national leaderships when they decide to embark on such a relationship is, therefore critical for explaining the normalisation.

One of the explanations of particular decisions may be developed at different level of analysis. The considerations guiding Indonesia's leaders as they made this decision are divided into three levels of analysis. Firstly, Indonesia is considered as one member of a global system and of the Asian regional system made up of individual national components of the system. Secondly, Indonesia is regarded as a unitary, self-determined national actor pursuing its own interests. Finally, the process of governmental and elite politics within Indonesia through various individuals, religious groups, military factions, parties-based factions examined policy options and finally decided in support of a specific policy program. So, explanations of Indonesia's decision will be formulated at each level of analysis.

In order to explain the analysis, this dissertation will be divided into five chapters. Chapter one is the introduction and will provide the historical events in Beijing-Jakarta ties until normalisation. Chapter two explains Jakarta's decision at the level of international and regional system. In this section, the impact of the communist decline in Eastern Europe and the development of Chinese foreign policy will be examined. Moreover, the changing regional situation which encouraged Indonesia's decision will be considered.

At the second level of analysis, the prime objectives influencing Indonesia's normalisation decision were those associated with political and economic reasons to enhance Indonesia's foreign policy performance in order to implement a free and active foreign policy. This policy was also intended to seek Indonesia's leadership in the Non-Aligned Movement (NAM). Jakarta is also eager to solve the problem of overseas Chinese status in Indonesia. The economy's interests behind normalisation were Jakarta's effort to develop foreign market and to increase direct trade volume.

Chapter four deals with dynamics of Indonesia's domestic politics regarding the policy of opening a new relationship with Beijing. It was not easy task for the government because there were objections from military officers and Muslim groups. So there was not agreement among Indonesia's decision makers and from religious and interest groups regarding the appropriate decision to normalise its relationship with Beijing.

The last part will conclude the three levels of analysis with various underlying factors. Some of the most important of these considerations were those associated 10/16/96 with trade and economic development and with the accomplishment of Indonesia's long standing goal of securing regional environment and status. These are seen to have broader motivations in Indonesia's decision.

CHAPTER 2

THE CHANGING REGIONAL ENVIRONMENT

Perhaps the appropriate explanation of Jakarta's decision to resume relations with Beijing is one elaborated in terms of international and regional developments respectively. There were three major trends in the regional environment that Jakarta saw before normalisation took place as an opportunity to enhance Indonesia's diplomatic effort. One was the collapse of the communist regimes in Eastern Europe and its influence to Asian communists. Secondly were the development in China's foreign policy particularly after Tiananmen tragedy. Finally, China's change attitude toward Cambodia peace process was an important consideration.

A. The impact of communist's decline in Eastern Europe toward Asia

The demise of communism in Eastern Europe is likely to have a profound impact on the world communism including Asian communist nations. The decline of communist regime in the Europe gave rise to a view that to certain degree communist regimes in Asia would face the same fate. Student demonstration in Beijing in 1989 showed that there was a demand from Chinese people to begin political reformation.

The second view says that Asian communism has its own character so that it differs from Eastern European communism. Hamish McDonald observed that Asian communists states differ from East European ones in that their communist revolutions were largely home-made. In contrast East

European communism was imposed from outside after the Soviet army occupied the area at the end of World War II.

Another obvious difference between Asia and Europe is that Asian communist states and Europe is that Asian communist states have had virtually no experience of elected regimes, whereas some countries in Eastern Europe had brief experience of parliamentary government after emerging from Russia and Austro-Hungarian empires. In addition, Asia's communist's leaders proclaim that reformation shall be restricted principally to the economic area, with the vital political foundation will be protected at all cost.

Indonesia saw much broader regional implications of communist declined in Eastern Europe. The Communist block in the world seemed decline and for Jakarta it means no longer become primary external threat from communism. Furthermore Asian communists were likely to encounter challenges from their society.

The transformation in Eastern Europe were likely to influence Asian communists such as Vietnam, North Korea and China both in domestic and foreign policy areas. Jakarta believed a new communist structure in Asia emerging that would unlikely to threat on regional stability. It is true that among communist countries such as China, Vietnam and North Korea there are co-operation in certain areas. However, they tend more peaceful than before in dealing with neighbours.

At the domestic level, Jakarta might consider that the communist's threat to political stability may decline for certain time. Indonesia's military leaders have for a long time regarded China as their country's principal long term threat. This perception has no doubt been intensified by the important

economic roles played inside Indonesia by its local Chinese population, which is variously estimated as being between 3 and 5 million altogether.

Therefore, in the military observation the communist movement in Indonesia - because of Chinese long time support - are regarded by the military as potential dangers for stability and development. However, after a significant change of threat perception within the leadership the new possibility of opening relations with China was considered.

B. Developments in Chinese Foreign Policy

Since the death of Mao Zedong in 1976, China has entered a new era in its foreign relations. Chinese leaders increasingly acknowledge the durability and legitimacy of the international order. They have greatly extended their support for revolutionary movements in the Third World and now take an increasingly active and constructive role in virtually every major international organisation. In order to dedicate the greatest possible attention to the task of modernisation and reform, Beijing has adopted a broad-based policy of peaceful coexistence, featuring a reduction of tensions with virtually all its former rivals and adversaries.

In short, there is growing pragmatism and flexibility in China's foreign relations. Beijing has quietly abandoned the ideological principles that were once the hallmark of its foreign policy, dealing with issues on a pragmatic, case-by-case basis. These trends reflect not only the open-mindedness of China's current leadership, but also the growing professionalisation and institutionalisation of the foreign policy-making process in Beijing. Suryadinata has stated that China was no longer exporting revolution. Indeed, China's support for the ASEAN (Association of South East Asian Nations) communist parties significantly decreased after Deng Xiaoping assumed power.

In the late 1970s and early 1980s, China severed almost all its links with insurgent communist parties in South East Asia, with the notable exception of the Khmer Rouge in Cambodia. In non-communist South East Asia it did so to improve links with the governments of countries it saw as considerable strategic and economic importance. Among the ASEAN countries, a *de facto* alliance with Thailand in supporting the Cambodian resistance movement made relations with Bangkok especially close. But in February 1989, China also managed to win over Indonesian President Soeharto to pledge talks to end the twenty-two-year freeze in relations.

After the Tiananmen tragedy in 1989, China faced difficulties in foreign relations. The leadership's damage control campaign faced perhaps its toughest challenges in the foreign policy domain. Faced with universal condemnation for Tiananmen massacre and economic sanction imposed by the European Community (EC) and Group of Seven industrialised nations, the Chinese leadership worked hard during the year to improve its image in the West and shore up ties with the Soviet Union and the Third World nations. These efforts were somewhat compromised by

the events in Eastern Europe as the regime was further isolated in the rapidly shrinking socialist world

Meanwhile there was significant development in the region environment. Sino-Soviet relations developed during 1990. Premier Li Peng paid a state visit to Moscow in April, reciprocating Gorbachev's historic visit to Beijing during the height of Tiananmen crisis. Li was given a unenthusiastic official reception and was greeted by hostile demonstrators, but the trip nonetheless renewed the bilateral normalisation process. Agreements were signed to expand economic, technical, scientific and military co-operation. Exchanges between the two military establishments picked up immediately, and mutual force reduction talk along the 4,500 miles frontier commenced in September 1990. At this point it can be said that Jakarta believe if its relations with Beijing were not restored, Jakarta might be left behind in the international affairs.

It was difficult to deny that Tiananmen incident influenced Chinese behaviour toward Western countries and the Third World. Even though Chinese motives were complex Among these was appreciation for Saudi Arabia's normalisation of relations with Beijing earlier 1990, substantial Kuwaiti investment in China in the 1980s, attention to US and Soviet co-operation on the Gulf crisis, and the widespread support for the UN resolutions by Third World countries of importance to China. Moreover, Beijing had spent considerable effort during 1990 building the image of peaceful China totally opposed to the use of force to resolve international disputes. This can be seen from Li Peng's visit to every Asian country with which China had relations.

The policy toward South East Asia was marked by an improvement in relations with Vietnam. There was considerable diplomatic traffic between Beijing and Hanoi during 1990, the full significance of which was not at all clear at year's

end. Both sides seemed at least cautiously interested in ending the cold war that has existed between them since the late 1970s, but neither appeared willing to sacrifice much in the name of better relations. There were several formal high-level meetings during 1990. Party Secretary Van Dong was believed to have made a secret trip to Beijing in early September. However, Vietnam Foreign Ministry officials decline to confirm the report, indicating that the visit did in fact take place but that there was a tacit agreement by both sides not to acknowledge it officially.

Indonesia responded to the internal development and foreign policy of China with more caution. On the one side, Jakarta look at more carefully on ideological issues. The policy from Beijing not to export communism and to guarantee peaceful coexistence raised hopes. Jakarta also may utilise China's open policy for investment and trade. In short, the economic potential of China might give benefit for the Indonesian economy.

On the other side, however, Chinese ambivalence to certain issues such as Chinese overseas and party-to-party relations may raise security problem. Takashi Tajima stated that as a socialist country, China is controlled by the Chinese Communist Party whose ultimate objective is the achievement of communism not only within the country but world-wide. This is clear from the Constitution of the People's Republic of China and from the Constitution of the Chinese Communist Party. China seems to be trying to handle ideological matters on a party-to-party level rather than state-to-state. When Chinese leaders are questioned about their attitude towards this apparent policy, the reply is usually that this is not a matter of government concern but a matter of party concern. Indeed Simon has argued that Beijing adopted the separation of party and government in Chinese diplomacy long before it became manifested throughout the 1980s.

However, it seems that Jakarta was more favourable towards a problem of developing normal relations because of changes in the domestic situation in China. In this context, it seems that Soeharto assessed China as a mean to enhance Indonesia's economic and political interests abroad. Indonesia at that time was seeking foreign markets for non oil export and to gain foreign exchanges. China was considered as a potential market. In addition, Soeharto possibly thinks that normalisation would give Jakarta much benefit in diplomatic and economic terms.

C. Cambodia Peace Process

Indonesia paid more attention toward the conflict in Cambodia. Jakarta believed that the South East Asia's stability depend on peaceful settlement in Cambodia. Indonesia's view on Cambodia is centred on two problems (1) how to secure regional peace and stability which will allow the South East Asia nations to concentrate fully on economic development and create prosperity; (2) which is the greater threat to South East Asia ? Vietnam or China ? Jakarta considered China as the main threat to regional stability.

It was also believed that behind the Cambodian conflict stood great powers interests such as China, the Soviet Union and the US. China has main interest because it regards the region as strategic land. The Cambodian problem in Beijing eyes was created by Vietnamese invasion in 1978. However, Indonesia's concern is with China rather than the Soviet Union. Within this frame Vietnam is considered a viable buffer state that should be prevented from being used against the ASEAN. Therefore, Vietnam should not be pushed further into the Soviet camp.

The development of relations between China and Vietnam to some extent reduced tension in Cambodia. The Chinese as the main supporter of the Khmer Rouge may consider to restrain its action in order to improve relations with Vietnam. In this sense, Indonesia saw the Chinese intention to resolve long conflict

in Cambodia and reducing its support to the Khmer Rouge as a positive attitude of Beijing leaders. Jakarta may view it as good will from Beijing to respect Indonesian efforts to bring peace in Cambodia through political settlement rather than military solution. Indonesia hope that China will use its influence to persuade the Khmer Rouge to avoid military means. Wanandi argued that Indonesia with the ASEAN will be able to initiate certain diplomatic moves to solve Cambodia's issue only after Indonesia has re-established its relations with China.

It was Adam Malik who related the normalisation of Jakarta-Beijing relations with settlement of Cambodian problem. On March 8, 1984, Indonesia's then Vice President and long-time Foreign Minister Adam Malik called for his government to resume relations with China as soon as possible in order to provide Jakarta with greater leverage in its mediation efforts to solve the Cambodian issue. His reasons were that China was a permanent member of the UN Security Council as well as a big trade partner.

CHAPTER 3

INDONESIA'S NATIONAL INTEREST

Chapter 2 shows that the international environment to certain extent influenced Jakarta's policy to resume full diplomatic relations with Beijing. In this section, this contribution of Indonesia's national interests to the Soeharto government's decision in rapprochement with China is considered.

Indonesia's intention to restore relations with China was based certain interests and cost-benefit consideration. Generally it can be classified into two large interests: economic and politics. It seems to me that its political interests were much bigger than in the economic field. However, those two interests can not be considered separately. They have interconnections which existed between these components.

The government realised that normalisation posed certain threats to political stability such as to stimulate the communist movement in Indonesia. However, Jakarta seemed to ignore some objections from the military side on security matters and the Muslim community concerning the danger of communist movement. Economic interests played a significant role in the early policy for normalisation. But in fact, Indonesia's benefit in economic terms may not be significant.

The decision to normalise relations with China, frozen since the start of the New Order, was a difficult one for Indonesia. It was announced only after President's Soeharto meeting with the Chinese Foreign Minister in Tokyo following Emperor Hirohito's funeral in February. Indonesia continues to accuse China of having supported the communist coup attempt in 1965, and has repeatedly

demanded assurances from Beijing, as a precondition to normalisation, that it will refrain from meddling in Indonesia's internal affairs in the future.

In this context, the Chinese government's turn toward a hard line position and its brutal crackdown on the democracy movement in June 1989 only served to heighten Indonesian concerns - especially within the military rank- that China has not yet abandoned its earlier subversive and expansionist tendencies and that normalisation should thus proceed gradually and cautiously. But the Indonesian government's official position is that the normalisation process will move ahead regardless of internal developments in China.

A. Political Interests

1. Implementation of the free and active policy

Indonesian policy makers have always contended that principles guiding their management of foreign affairs are independence or anti-colonialism and anti-imperialism, non-alignment and everlasting peace. They asserted a "free and active foreign policy. "Active" emphasised that Indonesia would show concern or take a position on international problems, including those involving more powerful nations. Said differently, they would not act in a passive or reactive manner, but rather take initiatives to solve international problems with other nations.

As defined by Mohammad Hatta, Indonesia carries out a free and active foreign policy that does not take side in the Cold War and actively works for world peace. Indonesia's leftward drift steadily pushed it toward the communist camp and has halted by the failure of the September 30 coup in 1965. The policy of the New World Order, under Soeharto, centred on economic development and co-operation with the West, including Japan. The New Order only rectified the leftist deviations of the old order, but did not deviate from Indonesia's basic free and active foreign policy.

Indonesia's adherence to its free and active foreign policy orientation was manifested in its one-China policy. For instance, following the anti-Communist wave, particularly the anti-Chinese wave that swept the country after 1965, many thought that Indonesia would join the SEATO and recognise Taiwan. However, this did not take place, even though Indonesia-China relations were frozen.

It can be argued here that Indonesia's move to normalise diplomatic relations with China is a policy to achieve its free and active policy in foreign relations. Jakarta considered that the implementation of this policy will be appreciated both in the domestic and international community particularly the Third World. In this sense, the aim of the Indonesian foreign ministry to enhance Indonesia's profile in the international forum will be continued.

2. Seeking leadership in the Non-Aligned Movement (NAM)

Indonesia regards the NAM as an ideal forum for the implementation of its free and active foreign policy. Sukarno had a significant role in establishing the NAM alongside Jawaharlal Nehru of India and Josif Broz Tito of Yugoslavia. However, since the New Order emerged in 1965, Jakarta has not been an opportunity to be a chairman of the NAM.

One can argue that to resume relations with China in 1990 was a move of Jakarta's campaign to seek a position as chairman in the NAM. In this sense, Indonesia asserts that China has a unique position before the member's view. The normalisation, can be said as a means to establish Indonesia's free and active policy. Indonesia is often said to be close to West as a consequence of economic policy. As stated by Juwono Sudarsono, an academic specialist in international relations at the University of Indonesia, "We have suffered too long from the image of being a client of the US and Japan."

Moreover in the NAM, Indonesia was not perceived as non-aligned enough by those countries who had friendly relations with either China or the Soviet Union. Therefore, establishing new ties with China was regarded as a balance in foreign affairs. Jakarta hope this policy would push a support from certain Third World countries. In short, normalising ties with China would project the image that Indonesia really is non-aligned.

It was also not coincidental that President Soeharto was scheduled to visit Moscow, showing Jakarta could move closer to the Soviet Union if normalisation with China did not go smoothly. It is likely that one of the purposes of Soeharto's visit was also to gain support from the Soviet bloc in the NAM.

Jakarta believes that China as both an emerging world power and developing country has a unique global role. It is at once a nuclear, major factor in the great power triangle (the United States, the Soviet Union, China) and a resource-rich less developed nation. Moreover, China's role as an actor in the global institutionalised framework has been welcomed as providing a much needed impetus to the Third World political and economical agenda in the context of the NAM issue. It may be admitted that Indonesia's effort to approach China as a part of her policy to pursue the NAM leadership.

The years before normalisation with China, Indonesia continued to raise its profile within the NAM, of which it was a founding member in 1961. President Soeharto attended the summit in Belgrade in September 1989, where Indonesia continued its campaign for the NAM chairmanship begun at the previous summit in Harare. Once again Indonesia's major competitor for the chairmanship was Nicaragua and once again the summit did not reach a conclusion in support of either

candidate because of the strong regional and ideological loyalties of the 102 member states.

Still, Indonesia has always viewed the movement as an important aspects of its "independent and active" foreign policy, and its new diplomatic overtures to the Soviet Union and China, as well as its decision during the year to allow the opening of an embassy in Jakarta by new State of Palestine, will serve to enhance its non-aligned credentials in the future.

It seems that the decision on normalisation was closely connected with Soeharto's desire to play a major role in world politics in general. Indonesia's hosting of the 30th anniversary of the Bandung conference in 1985, for example, showed the world that it was again ready to play a more active role in international politics. Sponsorship of the anniversary was also intended to pave the way for Indonesian candidacy to host the Non-Aligned Movement conference in 1992. In fact, since 1986 Jakarta has made public its strong interest to becoming chairman of the NAM.

3. To settle overseas Chinese

The problem of overseas Chinese is a sensitive issue in South East Asia. Although their number is small, they often hold strong position in which they reside. They also often form special communities organised into groups of origin or occupation.

The Chinese government's policy on overseas Chinese is ambivalent. On the one hand, the overseas Chinese in South East Asia provide a channel through which to pass favourable propaganda and the remittances of overseas Chinese provide a useful influx of foreign currency. On the other hand, overseas Chinese can be a liability as a source of friction (as with Vietnam) or in hindering the promotion of friendly relations between China and the rest of South East Asia.

Barnett has argued Communist China has conducted a large scale propaganda effort directed at the overseas Chinese through every possible channel, including personal contacts, the written word and radio. In this it obtains invaluable help from a few leading overseas Chinese businessmen who have become fellow travellers. Indeed China has experience with overseas through two important bodies such as the United Front Department of the Communist Party and Central Committee and Overseas Chinese Affairs Commission.

Because so many overseas Chinese either retained dual nationality or remained stateless, the nationality question came to the fore as soon as contacts between China and South East Asian countries began. In Indonesia, a large number of Chinese had held dual nationality throughout the days of the Dutch-controlled East Indies.

In order to eliminate the status of dual nationality, China and Indonesia signed the Dual Nationality Treaty in 1955. This was ratified in 1960, and thousand of Overseas Chinese then left Indonesia to return to China. Some arrived in China only to be refused entry and others were unable to adjust themselves to the new society in China. The signing of the Treaty had not solved the problem. Moreover, political change in Indonesia in 1965 and the Cultural Revolution in China added to the complexities and difficulties. After the 1965 coup, the Soeharto government had abrogated the treaty altogether and had applied strong pressure on Indonesian Chinese to fully assimilate.

The so-called overseas Chinese problem that was often viewed as one of the major obstacles for normal Sino-Indonesian relations had been brought under control. In the 1970s, at least one million Chinese in Indonesia were either China citizens or stateless. According to Chinese law Overseas Chinese who stayed in

Indonesia were China citizen. The presence of a large number foreign Chinese would be detrimental to the Indonesian national interest because Beijing could intervene in Indonesia's domestic affairs through these ethnic Chinese.

Not surprisingly, Indonesia quickly introduced a mass naturalisation scheme for the Chinese and many of them took the opportunity to become Indonesian citizens. According to official figure in 1986 there were 350.000 foreigners in Indonesia, of whom 250.000 were China citizens. In 1987 the number was up slightly to 273.000 due to births and other factors. It seemed that overseas Chinese has been settled for a moment. However, Indonesia seeks overall solution to this matter through normalisation so that can co-ordinate with Beijing authorities. It may lead to reduce a number of illegal overseas Chinese. As stated by Lie Tek Tjeng in the mass daily *Kompas* that "for Indonesia, relations with China cannot be separated from the ethnic Chinese issue".

It is interesting to note here a view from A.. Dahana, an Indonesian sinologist. He insisted that the problem of the stateless Chinese need to be solved in advance. He added that the Malaysian formula could be adopted i.e. let the older Chinese follow their natural course and grant citizenship to the younger ones.

On the question of Chinese citizens, Beijing agreed to accept those who wish to live in China while those who want to stay in Indonesia would be give passports. However, Beijing wanted to verify the numbers of these matter because it was considered an internal Indonesian problem.

B. The economic interests

Economic factors reinforced Jakarta to restore diplomatic relations with China in 1990. In the 1980s Indonesia began to look for alternative markets for its export because fear protectionism in the West. One of the target is China.

Since the freezing of diplomatic ties in 1967, Sino-Indonesian trade had been conducted mainly through middlemen in Singapore and Hongkong, a process that made the goods of both countries unnecessarily expensive and particularly excluded Indonesia from participating more profitably in the Deng Xiaoping era in China's economy.

Even though difficult to examine precisely, the value of even indirect Jakarta-Beijing trade had been rising and was not insignificant. In 1974, Indonesia's exports to China were valued at only \$ 0.6 million, though Chinese imports into Indonesia were estimated to be at least \$ 120 million. In 1981, these figures had risen to \$ 8.3 million and \$ 253.5 million, respectively and in 1983 to \$ 26.9 million and \$ 240 million. Estimates for 1984 are at least \$ 36 million and \$ 250 million.

China obtains from Indonesia mainly rubber, coffee and plywood, while Jakarta buys a broad range of Chinese manufactures, including small machinery and building equipment as well as cotton and consumer goods - from pens to electric appliances.

Adam Malik was viewed as a leader who endorsed normalisation. After he died in 1984, President Soeharto reportedly began discussion in his cabinet circles and with Indonesian military and business community leaders on definite resumption of direct trade between Indonesia and China. This in itself was a fairly bold move, because the idea of resuming direct trade had been mooted in 1976 and again in 1977 during discussions in China by visiting Indonesian trade delegations.

The idea had not been well received back in Jakarta. It was not much heard from again until Soeharto himself informally raised the issue in private discussions in September 1984. But it was not until July 1985 that resumption was formalised,

and the process itself, like that of diplomatic normalisation, was surrounded by cautious suggestion and qualification and, at one point, even by a total repudiation.

Indonesia's move to begin new ties with China can be understood partly from Indonesian trade during the 1980s. Indonesia began to make some concessions to China in the early 1980s during the decline of oil prices. At that time oil constituted 60 % of state revenues and Indonesia badly needed to promote non-oil exports. Not surprisingly, the Soeharto government moved to expand its export markets, especially non oil commodities and it proposed to enter the markets of the socialist states, including China, in addition to those of the West and Japan.

Although direct trade was not smooth, the volume grew. According to Indonesian statistic, export to China increased from US\$ 110 million in 1985 to \$ 361 million in 1987 while imports from China increased from \$ 72 million in 1985 to \$ 250 million in 1987. But according to the same source, if imports from Hongkong were also included, Chinese export to Indonesia would have surpassed Indonesian exports to China. Therefore, Beijing may obtain more benefit from direct trade than Indonesia.

One of the explanation of Indonesia's low trade to China is that the economic of China and Indonesia as so much alike. Their respective comparative advantage are in products that are substitutes for one another, rather than complements to one another. Exports are traditional commodity items and natural resources and imports are modern capital goods. Moreover, facilities for direct trade had not been well developed.

Beside the trade's interest, in economic term Jakarta also want to solve its debt problem to Beijing. Indonesia's debt to China is another problem that may halt normalisation. It is Chinese interest to obtain Jakarta's debt as a condition for

resumption diplomatic ties. However, Jakarta itself has own interests to settle this issue.

The World Bank estimated that by the end of 1988, the Indonesian debt to China was \$65 million. *Kompas* estimated that the debt was US\$15 million in 1965 and had become \$46,5 by 1977.

Jakarta and Beijing signed an agreements on what had been the toughest problem, setting Indonesia's debt to China in 1990. In an effort to reach a settlements, China effectively wrote off almost US\$ 25 million which it claimed was owned to it by Jakarta. The two sides settled on a sum (including interest) of US\$ 84 million, which Jakarta will repay with a combination of cash and commodities.

CHAPTER 4

THE CHANGING DOMESTIC PERCEPTION

Chapter 3 describes Jakarta's interest in process of normalisation with Beijing both politics and economic. Those interests produced considerable policy that encourage Indonesia to restore the ties with China. In this section, it will be shown that there were debates within in political elite concerning the communist threat and benefit of the normalisation. As observed by Frankel that decision makers in foreign policy are much more intimately connected with their domestic than with their foreign environment.

The decision to resume normal relations with China involved certain power centres within Indonesia's politics. Many analysts on Indonesia consider that at least there are two significant power that influence foreign policy: military and Muslim groups. Since the emergence of the New Order in 1965, military leaders replaced civilian politician in running the government. The Armed Forces has applied the dual function (*dwifungsi*) doctrine. It means that the military is not limited to a defence-and-security function, but has an obligation to participate in all fields of national life, including the government. Therefore they has held various key positions within government until now. However, it can be seen later that the military as a political unit has its own interests that may differ from government policy under Soeharto.

Muslim interests to some extent may be expressed by a Muslim party, the United Development Party (Partai Persatuan Pembangunan, PPP). It should be noted here that under the leadership of General Soeharto, special care was taken not to involve Indonesia in international issues which might lend encouragement to

Muslim political ambitions. Furthermore, the government have sought to avoid foreign policy being determined by Islamic factor.

Regarding the restoration of diplomatic relations, China through its Foreign Minister, Wu Xueqian had indicated that normalisation depends on the determination on the part of the Indonesian side but that there still was objection from various Indonesian groups. To a certain extent Wu's statement during his visits to Bandung in 1985 expressed the situation prelude normalisation.

It appears that the Indonesian objection had crystallised into two conditions so formidable as to prelude any normalisation. The first condition concerned China's relations with South East Asia communist parties. Secondly, China's alleged involvement in the 1965 Indonesian coup. On neither of these two points did Beijing appear able or willing to satisfy the Indonesian.

On the first point, China's assertions seemed to Jakarta officials, particularly military leaders to be ambivalent. On Indonesia's side, the important guarantee from China before resuming normalisation is to reject any intervention including party-party relations. It is widely believe that China has been using communist movement to fight against non communist governments in South East Asia.

Therefore, the ambivalent China's statement restrain Indonesia's in approaching China. Regarding party-party relations, Wu said that China did maintain "moral relations" with other communist parties, though it did not use these connections to interfere in other's domestic affairs.

More revealing was Wu's report on the Second Bandung Conference to the Beijing periodical *Shije Zhishi* shortly after his return from Indonesia. Asked what he thought of the demand by Indonesian leader that China openly declare that it no

longer supports the PKI , Wu said that "it is normal" for a political party of one country to maintain relations with parties of similar ideology in other countries. He stated that this is the "general practice" in international affairs. He added that these relations were merely moral in nature and that in accordance with the provisions of the Twelfth National Congress of the Chinese Communist Party (CCP), relations with fraternal parties could not involve interference in domestic affairs.

Referring to earlier remarks on the same subject by Chinese Party General Secretary Hu Yaobang, Wu further declared that the CCP "has maintained no relations with the PKI for 18 years". Considering that a number of Indonesian party veterans associates resided in China for at least a decade after 1965 coup, Wu's assertion strained the credulity of some Indonesian observers.

All these attempts at assurances on Wu's part seemed to make little impressions on the Indonesian. Their positions on China's involvement with the Indonesia's communist tended to whom the same scepticism before and after the Second Bandung Conference.

In fact, Indonesian leaders were divided on their views on Sino-Indonesian relations, a division that became more conspicuous after the rise of Deng Xiaoping. According to Suryadinata, the pro normalisation group included businessmen and officials in the Ministry of Foreign Affairs, especially Adam Malik and Mochtar Kusumaatmadja. Businessmen felt normalisation would encourage more export to China, which would stimulate business in Indonesia. The Ministry of Foreign Affairs felt that normalisation would project Indonesia image overseas as a non-aligned nation, at the same time making it easier to talk directly with the Chinese on a number of international problems such as Cambodia and South China Sea.

The anti normalisation group was much larger and stronger, consisting of the military, Islamic group and Taiwan lobby in Indonesia. Suryadinata named Soeharto as anti normalisation. However, it seems to me that too simple to classified Soeharto as an anti normalisation camp. Soeharto likely suspect to China's strategy in using diplomatic relations as a mean to support communist parties elsewhere. At same time he advocates normalisation for political and economic reasons. For instance, he willing to obtain foreign currency. Furthermore he was eager to play major role in foreign affairs particularly Indonesia's interest in the NAM.

A. The Military Views

Although a quarter of a century has passed since the attempted coup, the communist issue is sensitive. Indonesian military and security circles remain extremely wary of Peking. For instance, in August 1989 Maj-Gen Soebijakto governor of Indonesia's National Defence Institute, urged the government not to accelerate the process of normalisation. He pointed to the hard-line taken by the Chinese leadership following the Peking massacre, and warned: "Do not forget, China will never abandoned its efforts to lead global communist movements".

Similar statement was declared by a military officer before Soebijakto. General Yoga Sugama, chief of Indonesia's principal state intelligence co-ordinating body (Badan Koordinasi Intelijen Negara, BAKIN), declared in parliamentary committee hearing in Jakarta on May 22, 1985, that resumption of direct trade with China and the resulting "passage of ship, goods and people between Indonesia and China could create an opening for Communist activities". Sugama pointed out that precautions in his office would have take to watch the crews of Chinese ships and the activities of Chinese traders in Indonesia.

Moreover, according to Sugama, Indonesia and China had different objectives in the resumption of direct trade relations: Indonesia was only looking

for additional sources of foreign exchange income but China which could already obtain Indonesian goods through entreport centres like Singapore and Hongkong, would turn trade relations into normalisation of diplomatic relations.

Soeharto's own opinion on the export of Chinese communism may have been changed by influential businessmen who wish to expand trade and business link with China. Already much of the trade is organised through companies with close link to the president.

Van der Kroef argued that Sugama's argument that Indonesia had primarily an economic interest, but that China had a political interest, in restoring direct trade was echoed in others quarter, particularly military. For example, retired Army Staff Chief General Widodo, a member of Indonesia's Supreme Advisory Council (Dewan Pertimbangan Agung,DPA), a government consultative body of senior national leaders urged that the "political aspect" of Sino-Indonesian normalisation be settled first, before other (presumably direct trade) relations were implemented. Widodo too expressed concern that unless the "political aspect" was settled first, Chinese "political interest" would enter Indonesia through "non-political channels".

The military's demand was even more stringent. As late as 1984, the army newspaper, *Angkatan Bersenjata*, demanded that China sever ties with the PKI and acknowledge and apologise for its involvement in the 1965 coup, conditions that would be impossible to fulfil. According to Suryadinata, that statement showed that the military group was not yet ready for normalisation.

However all such objections were ignored since the Soeharto's government had clearly determined to resume direct trade relations. The Soeharto government was also ready to deal with what its officials often call the still "latent danger" of

Communism in Indonesia, was now heard again in order to counter the concerns of Sugama, Widodo and others.

Moreover, some military officers saw that normalisation did not pose a danger for political stability. For instance, Armed Forces Commander General Murdani, in a statement to the Indonesian parliament, said that resumption of direct trade which eventually lead to normalisation would not be a threat to Indonesia's political, cultural and economic system. He seemed to agree, declaring that the military "stood ready" to "provide security to direct trade relations" and also to maintain domestic "order". Murdani's statement presumably was meant to reassure those who feared that threats of subversion might be enhanced if direct trade was resumed.

This view may be seen in diplomatic terms that it reflects the military establishment's preoccupation with the internal security. According to one civilian politician, there is still opposition to normalisation within some areas of the military. "The intelligence authorities gave only reluctant assent to the policy," he said.

To sum up, the Indonesian military's fear of China as a long-term strategic threat to Indonesia and South East Asia. Pointing to the alleged threat of Chinese domestic subversion in Indonesia typically serves that convergence, for it simultaneously calls into question the loyalty of the Chinese Indonesians and, at the same time, accentuates Indonesia's uncertain future and that of its region in the shadow of rapidly modernising, resurgent China.

However, there appeared to be a difference between Soeharto and the military in their conditions for normalisation although both were concerned with the problem of security as posed by the PKI. It seems that since 1984 Soeharto has

adopted a more liberal policy toward the PRC due to economics pressure and also his desire to play major role in foreign affairs.

It may be said here that Soeharto still powerful to decide crucial issue. As Lyon said although there have been rumours of factionalism and much manoeuvring for political advantage within the armed forces, especially in the hierarchy just below the president, outwardly the armed forces have maintained a clear corporate identify, and apparent solidarity and loyalty to Soeharto.

B. The Muslim Objections

Indonesia Government have taken care not to allow foreign policy to be dictated by Islamic considerations. They have sought to avoid incautious engagement in international issues which might be exploded either to advocate claims presented by Muslim groups or to enhance the political standing of Islam in the Republic.

In the case of normalisation, Islamic aspiration to certain extent may be viewed from the Muslim Unity Development Party (Partai Persatuan Pembangunan, PPP) policy. PPP is one of the three major parties in parliament, has held that there is no need to re-established diplomatic ties with the PRC.

It can be argued here that even the orthodox Islamic community in Indonesia, fed by its own business interest, has a long history of opposition to the alleged dominance of the Chinese in trade and the professions. Normalisation and eventually direct trade would give Chinese businesses interest more chance to enhance their interest. The business factor here could be the real interest for the Muslim community to prevent government to accelerate normalisation and direct trade.

In short, the Islamic group, which was basically anti communist, was worried that China would again support the left-wing movement in Indonesia once it had normal ties with Jakarta. However, the Muslims, who are active in business, were also concerned with changing the position of the overseas Chinese. Once Jakarta-Beijing relations were normalised, Jakarta would grant citizenship to alien Chinese in order to avoid Beijing's intervention in the internal affairs of Indonesia. Granting citizenship to the alien Chinese was perceived to be at the expense of the indigenous Indonesian business group.

Even after decision to normalise relations has been taken, PPP expressed some reservations. H.J. Naro, the deputy speaker who represents the Muslim PPP, put forward a view regarding the benefits of Sino-Indonesian normalisation. More over he added that the PRC should allow Indonesia to examine those PKI members who have been hiding in China. Although ageing, they still had to be watched. He further noted that there was still a problem of Chinese illegal immigrants that should be considered before normalised relations were restored. Last but not least, he demanded that "DPR should be involved in the process of normalisation".

The chairman of the DPR's foreign relations committee, H. Imron Rosyadi (also from the PPP), said there was no need to hurry in normalising ties because trade relations had been reactivated. He suggested that the decision in Tokyo should be elaborated and made into a formal agreements. Noting that there are still problems to be solved, he singled out the ethnic Chinese status in Indonesia as still requiring clarification.

From explanation above it possibly clear there were certain people in Indonesia who still opposed "early normalisation". Some were concerned with security issues and other had vested interest in not having normal. However, Soeharto was able manage the opposition from various groups including military.

It is interesting here to note that when Soeharto decided to talk with Qian Qichen in Tokyo it was believed he did not consult to the Foreign Ministry.

As chairman of the co-ordinating body set up by presidential decree after the trade agreement in 1985, Indonesian State Secretary Murdiono was the only senior official closely involved in the Tokyo negotiations. Foreign Minister Ali Alatas was engaged elsewhere and not present in Tokyo. In fact, negotiations with the Chinese through the UN since 1985 have been handled exclusively by the State Secretariat, a source of frustration in the Foreign Ministry.

The rational explanations in Chapter 2 and 3 seems convincing explanations of Jakarta's decision to begin new relations with China. This chapter has also shown that generally Indonesia's military and Muslim party were opposed to normalisation. The question is why Indonesia decided to resumption ties with China ? One can argue that Soeharto's role in decision to accelerate normalisation is significant. As King has pointed out Soeharto plays a dominant role in foreign policy decision making. Hermann called this case as a decision that taken by a predominant leader, a single individual whose the power to make the choice for the government.

In this case, Soeharto's decision to trigger the process of normalisation as an example of his finely honed political intuition. The past year has seen the president adopt a more active, approach to international relations. On his return from Moscow in September 1989, Soeharto suggested that with the country on a more secure economic footing, it was possible to conduct a more assertive foreign policy.

CHAPTER 5

CONCLUSION

Convincing explanation of Indonesia's normalisation decision may be formulated at three level analysis: the changing regional environment, Indonesia's interest and the changing Indonesia's perception. This does not mean that each explanation is equally satisfactory. One may consider that economic interests were very important so that encouraged Indonesia to restore ties with China. It seems that political motivations were also significant to accelerate Jakarta's decision in resumption relations with Beijing.

This dissertation has also analysed the external and internal factors that help explain the realisation and timing of the Sino-Indonesia normalisation. Indonesia's decision to establish diplomatic relations with China is the result of a long run, cost-benefit calculation. Jakarta's policy toward Beijing developed according to the changing regional environment - crisis in communism, developments in China's foreign policy and progress in Cambodia peace process - encompassing the opposition toward normalisation.

The changing nature of regional politics together with the practical requirements of Indonesia's economic development have caused Indonesia's foreign policy to shift from national security concerns to economic considerations. It may also be said a shift from ideological emphasis to pragmatic consideration and from rigid foreign policy to flexible multidirectional policy. Viewed in this context of dynamic interaction among various variables - political, economic, external and internal, global and regional - the Sino-Indonesia normalisation emerges as both a well-timed and rapid move on the part of Jakarta, perhaps, of Beijing as well.

In addition, it is likely that Jakarta's rising self confidence, receding perceived vulnerability, and an interest in mutually beneficial trade motivated conciliation. Indeed since his victory in the 1983 presidential election, Soeharto has become more assertive in foreign policy. In this context, normalisation with China was applied as a tool to pursue national interests such as implementation of free and active foreign policy, to obtain leadership in the NAM, to solve problem of overseas Chinese in Indonesia and to settle debt's problem with China. It may be said that Soeharto played significant role in timing when normalisation should be decided.

More importantly, Indonesia normalisation with China to some extent brought about regional implication. Sino-Indonesia resumption of ties encouraged Singapore and Brunei to establish relations. Bert argued that Singapore waited for Indonesia to go first in normalisation with Beijing. China established diplomatic relations with Singapore in October 1990 and Brunei in September 1991. Other ASEAN countries - Thailand, Malaysia and Philippines - have normal diplomatic relations.

It may be said that the conclusion of formal links with these ASEAN countries will speed up China's economic integration with the region. As a consequence it would sharpen its potential as a competitor. In addition, China's programme of bridge-building with all the ASEAN formed, then, part of a much larger plan aimed at the diplomatic and economic isolation of Vietnam. However, this does not mean that Indonesia would encourage China to dominate South East Asian and to reduce its relations with Vietnam. It is likely that Jakarta maintain close relations with Hanoi and in the same time building co-operation with Beijing.

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GLOSSARY

ABRI -- Angkatan Bersenjata Republik Indonesia (Armed Forces of the Republic Indonesia)

ASEAN - Association of South East Asian Nations

Bakin -- Badan Koordinasi Intelijen Negara (State Intelligence Coordination Body)

DPA -- Dewan Pertimbangan Agung (Supreme Advisory Council)

DPR -- Dewan Perwakilan Rakyat (People's Representative Council, Parliament)

Dwifungsi -- Dual function. Doctrine which states that the Armed Forces has both a defense and Socio-political role.

EC-- European Community

NAM -- Non-Aligned Movement

NU -- Nahdhatul Ulama (Muslim Scholars Party)

Pancasila-- Five principles state philosophy formulated by Sukarno in 1945

PDI -- Partai Demokrasi Indonesia (Indonesian Democratic Party)

PKI -- Partai Komunis Indonesia (Indonesian Communist Party)

PPP -- Partai Persatuan Pembangunan (United Development Party)

PSII -- Partai Syarikat Islam Indonesia (Indonesian Islamic Union Party)

PRC -- People's Republic of China

SEATO -- South East Asia Treaty Organisation

APPENDICES

Appendix 1

Ten Principles of the Bandung Afro-Asian Conference

1. Respect for fundamental human rights and from the purposes and principles of the Charter of the United Nations
2. Respect for the sovereignty and territorial integrity of all nations
- 3 Recognition of the equality of all races and of the equality of all nations large and small
4. Abstention from intervention or interference in the internal affairs of another country
5. Respect for the right of each nation to defend itself singly or collectively, in conformity with the Charter of the United Nations
6. (a) Abstention from the use of arrangements of collective defence to serve the particular interests of any of the big powers
(b) Abstention by any country from exerting pressure on other countries
7. Refraining from acts or threats of aggression or the use of force against the territorial integrity or political independence of any country
8. Settlement of all international disputes by peaceful means, such as negotiation, conciliation, arbitration or judicial settlement as well as other peaceful means of the parties' own choice, in conformity with the Charter of the United Nations.
9. Promotion of mutual interests and co-operation
10. Respect for justice and international obligations

Source:

Philippe Braillard and Mohammad Reza Djalili, The Third World and International Relations, London, Frances Pinter, 1984, pp. 66-67.

Appendix 2

Indonesia' Trade with China
US \$ Million

Exports

1981	1982	1983	1984	1985	1986	1987	1988	1989
8	14	27	8	84	139	343	492	534

Imports

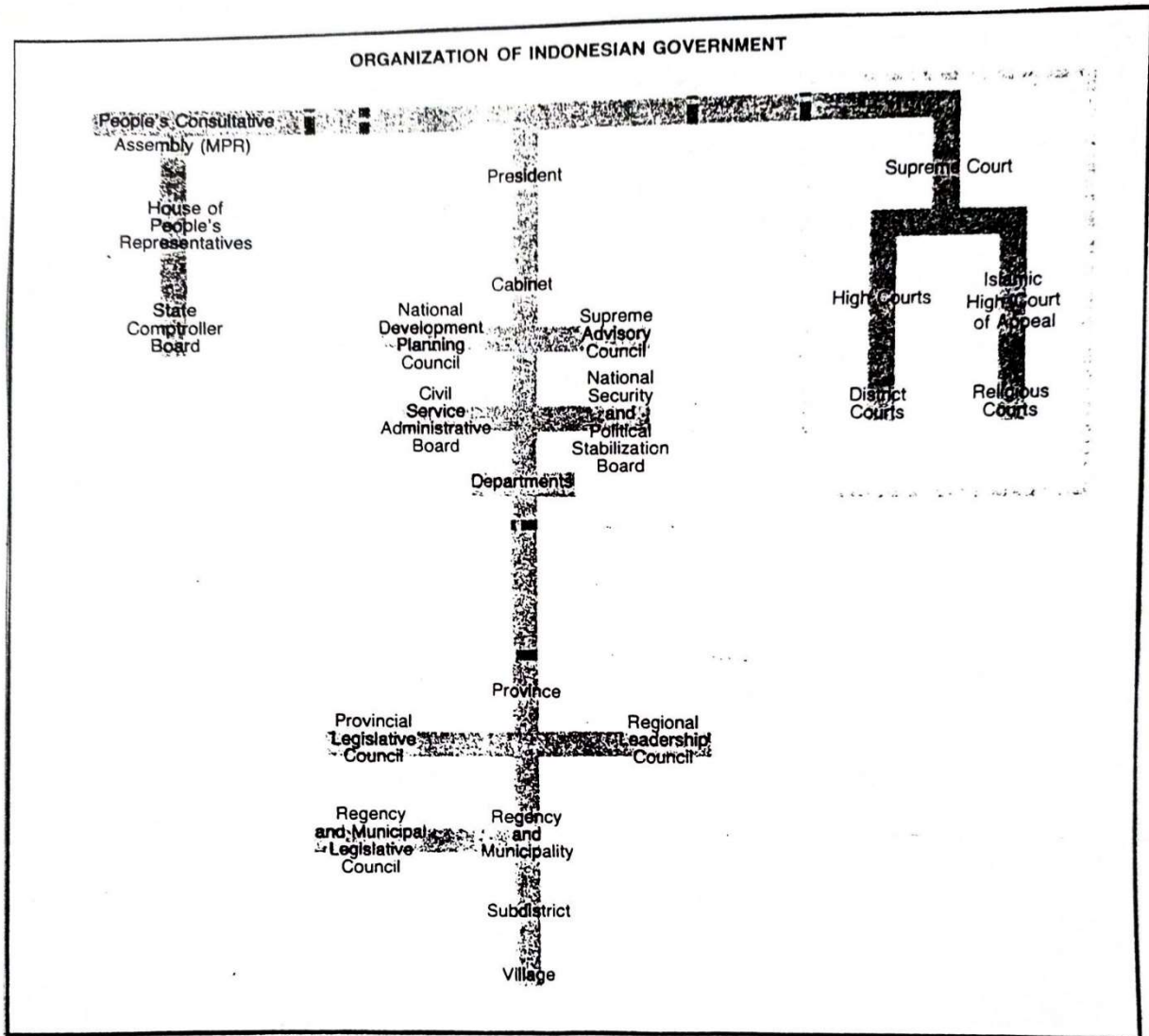
1981	1982	1983	1984	1985	1986	1987	1988	1989
254	231	204	224	244	337	408	410	537

Source:

International Monetary Fund, Direction of Trade Statistics Yearbook 1985 and 1990.

Appendix 3

Organization of Indonesian Government



Source: George Thomas Kurian, *Encyclopaedia of the Third World Vol. II*, New York, Facts on File, Inc., 1987, p. 913.