

Indonesia-Malaysia Political Relations: The Relationship between Economic, Idiosyncratic, Ideological and Territorial Factors

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This article discusses the relationship between the economic, idiosyncratic, ideological and territorial factors influencing political relations between Indonesia and Malaysia during the period 1961-1971 at three levels of analysis; domestic, regional and systemic. Analysis of this period showed a mutual relationship between the four factors, whereby changes to one factor affected and changed the others. There were close relationships between the various factors and situations at all three levels of analysis, but the most dominant factors influencing political relations between Indonesia and Malaysia before and after 1965 were the changes to the systemic (hegemonic power role in Indonesian domestic politics) and domestic political situation in 1965. Hegemonic powers and domestic elements were the two key driving forces behind changes to Indonesia-Malaysia political relations after 1965. Hegemonic powers also had great influence upon the Indonesian domestic changes in 1965. Hegemonic power greatly influenced changes to the economic and political situation and relations between both countries. However, without the domestic political element, hegemonic power would have been unable to create changes to political relations.

Key words: *Hegemonic Power, idiosyncratic, ideological, economic, territorial factors, domestic, regional and systemic level of analysis.*

Introduction

This article discusses and analyses the relationship between economic, idiosyncratic, ideological and territorial factors in influencing political relations between Indonesia and Malaysia during the period 1961-1971 at three levels of analysis; domestic, regional and systemic. It will first discuss how these three levels influenced each of the four factors in

shaping political relations during the period before and after 1965. Secondly, it will examine how the theory of hegemonic stability, the Developmental State and radical politics is useful in explaining the influence of hegemonic powers in the domestic situation and the political relations between Indonesia and Malaysia. Finally, the study will answer three questions: 1) Why did relations between Indonesia and Malaysia change dramatically after 1965? 2) What was the dominant factor, or combination of factors, that contributed to such kind of bilateral relations? 3) How important was the role played by hegemonic powers in shaping and influencing the economic and political affairs of both states?

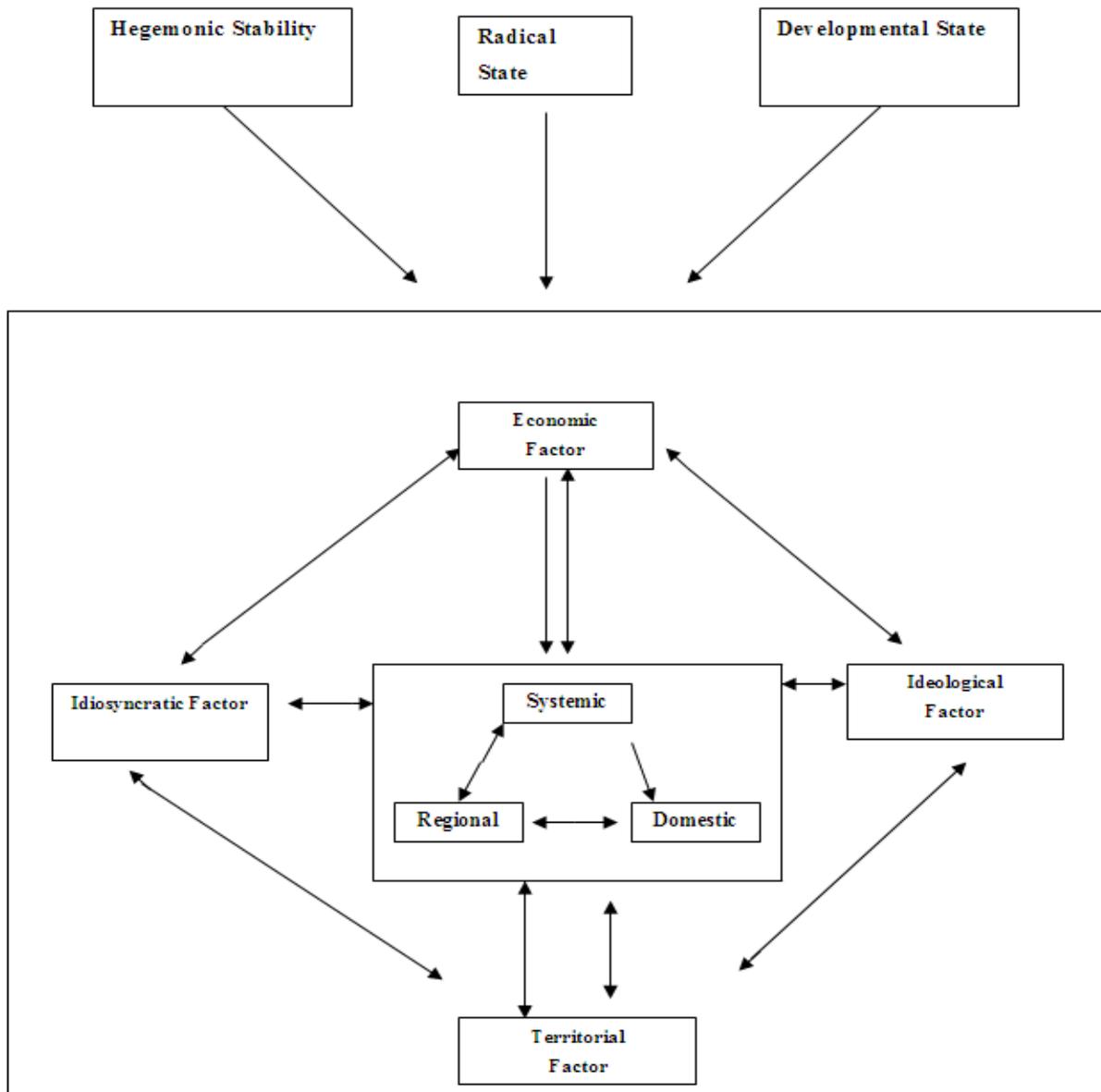
Method

The discussion in this article is illustrated in Table 1 and Diagram 1 below. Table I explains the relationship between hegemonic stability, hegemonic instability, developmental state and the radical political state in Indonesia and Malaysia during the periods before and after 1965. Indonesia and Malaysia were two different types of states during the two periods. Malaysia was a developmental state during the periods before and after 1965, whereas Indonesia was not a developmental state before 1965. Indonesia before 1965 was a radical/political state under President Sukarno. Indonesia became a developmental state after 1965 with the emergence of a new order government under President Suharto's leadership. Hegemonic power failed to create stability during the period before 1965, when the relations of both states were unstable, with conflict and hostility. Indonesia and Malaysia both became developmental states after 1965. Hegemonic power created stability and harmonious political relations from this time.

Table 1: Hegemonic Stability, Hegemonic Instability, Developmental State, Radical/Political State (of Indonesia and Malaysia before and after 1965)

	Developmental State	Radical/Political State
Hegemonic Stability	Malaysia and Indonesia (After 1965)	
Hegemonic Instability	Malaysia (Before 1965)	Indonesia (Before 1965)

Diagram 1: The Relationship between the Economic, Ideological, Territorial and Idiosyncratic Factors in Indonesia-Malaysia Political Relations



The relationship of the four factors (idiosyncratic, economic, ideological and territorial) were influenced by hegemonic stability, the developmental state and radical politics (as illustrated in Diagram 1). There were inter-relationships between the four factors. The situation at the domestic, regional and systemic levels influenced the four factors. The relationship between the three levels and the four factors are illustrated in Diagram 1 and Table 2. The degree of significance of each factor was different at different levels. At the domestic level, the economic and idiosyncratic factors were more significant. At the regional level, the ideological and territorial factors played a greater role, and at the systemic level the economic and ideological factors had the most impact.

Materials and Discussion

Economic, Idiosyncratic, Ideological and Territorial Factors at the Three Levels of Analysis (Domestic, Regional and Systemic)

Economic, idiosyncratic, ideological and territorial factors are the four factors that contributed to the character of political relations between Indonesia and Malaysia during the period 1961-1971. The four factors played different degrees of significance at each level of analysis. At the domestic level the economic and idiosyncratic factors were most significant. At the regional level, it was the ideological and territorial factors, and at the systemic level, the economic and ideological factors. The different situations at the three levels influenced the four factors. The discussion in this part is based on the three levels of analysis, i.e. the domestic, regional and systemic situations shown in Table 2, below.

Table 2: The Three Levels (Domestic, Regional and Systemic) and Four Factors (Economic, Ideological, Idiosyncratic and Territorial Factors)

Domestic Level <u>Economic*</u>, <u>Ideological</u>, <u>Idiosyncratic*</u> and Territorial Factors.
Regional Level Economic, <u>Ideological*</u>, Idiosyncratic and <u>Territorial*</u> Factors.
Systemic Level <u>Economic*</u>, <u>Ideological*</u>, Idiosyncratic and Territorial Factors.

The factors marked with an asterisk (*) are the most important factors at each level.

Domestic Level

At the domestic level the economic and idiosyncratic factors were the most important factors in influencing the political relations of both countries.

Sukarno's character played an important role in influencing the political relations between Indonesia and Malaysia. The clash of personality between President Sukarno and the Prime Minister of Malaysia greatly shaped the political relations between both states. Tunku Abdul Rahman was very pro-West, especially pro-British. President Sukarno, by contrast, was anti-West, and in particular, anti-British and anti-American.

The political philosophy and economic policies of the Indonesian government under Sukarno during the period before 1965 influenced domestic conditions during that period. Sukarno's government and his policy were to build military strength to become one of the world powers

in the non-alignment group. Economic development and social welfare were not emphasised by Sukarno.

Sukarno's regime opposed all the economic suggestions from the Indonesian developmental minded group in improving Indonesian economic development. Among the important figures in Indonesian Developmental minded were Sumitro and political leaders in Masjumi such as Sjarifudin Prawigara, Mohamad Natsir Harahap, as well as other Masjumi leaders. Sukarno rejected the economic policies and other development suggestions from the Masjumi political group. Sukarno sacked Masjumi political leaders from the cabinet and banned that opposition party. Masjumi and PSI (Partai Sosialis Indonesia/Indonesian Socialist Party) was officially banned in August 1960. It contributed to the break of the coalition government of PNI-Masjumi-Nahdatul Ulama in 1956. In solving the domestic political problem and strengthening the position of Sukarno, he cooperated with the PKI (Partai Komunis Indonesia=Indonesian Communist Party) to form a new alliance in his government after 1956. The 'developmental minded' and the Masjumi supporters opposed Sukarno's political philosophy and his economic policy. The Masjumi and developmental political group rejected Sukarno's political alliance with the Indonesian Communist Party. The split between PNI and Masjumi worsened the economic and domestic political instability in Indonesia.

The Sukarno government's alliance with the Indonesian Communist Party impacted domestic political instability and the level and condition of economic development. Sukarno's alliance with the communists affected Indonesian domestic political stability. Indonesian politics became more unstable after the split of the PNI coalition following the 1955 general elections. Masjumi was one of the strong political parties in Indonesia where it gained 20% of votes in the 1955 general election. Most of the main Masjumi leaders were professionals and experts in various fields, especially in economic development, business and public administration. The sacking of Masjumi leaders and professionals from government negatively impacted political stability in Indonesia. Developmental process became very slow after 1956. Indonesian macro-economy was unstable. The Sumatran rebellion and Parmesta in Celebes in 1958 contributed to the collapse of the coalition in 1956, which led to Mohd Hatta's resignation. Mohd Hatta was the vice-president, and indirectly, a strong supporter of Masjumi. The struggle between the radical politician Sukarno and Masjumi developmental minded, created serious political instability in Indonesia.

The Sukarno government coalition influenced changes in the domestic political system, when in 1958 Sukarno introduced 'guided democracy'. Guided democracy was seen as the end of parliamentary democracy in Indonesia. The economic, social, political and administration process during the period 1958 to 1965 contributed to the social instability and economic catastrophe in mid-1965. All of these situations influenced the systemic situation and relations with the hegemony power.

Sukarno's government alliance with the communist party affected the economic development process. With Sukarno's economic policy, most of the national capital and wealth were not channelled towards development, increasing the standard of living or improving mass population welfare. The military and defence programme spent about 70% of the national budget. The great burden for defence expenditure was the opportunity cost to the development programme and to improving the standard of living. Sukarno had to implement such defence to cope with the internal rebellion, changes in foreign policy and new relations with major world powers.

The Sukarno alliance government with PKI also affected Indonesian foreign policy and relations with American hegemony power. In coalition with the communist party, the Indonesian foreign policy slowly evolved to become more aligned with communist countries. After 1956, relations with China and the Soviet Union rapidly improved (Nadesan, 1979). The improved relations with communist countries aggravated relations with America and other Western powers. The Indonesian economic and trade relations were badly affected with changes in external policy. The Indonesian foreign policy affected its economic position. All of these Indonesian domestic situations influenced political relations between Indonesia and Malaysia.

Changes in idiosyncratic factors after 1965 influenced political relations between Indonesia and Malaysia. Although Tunku Abdul Rahman still held the position as prime minister, Tun Abdul Razak and Tan Sri Ghazali Shafie played more significant roles in Malaysian politics and foreign policy decisions after 1966. Domestic political process in Indonesia gave advantage for General Suharto. President Sukarno slowly lost political power after September 1965. Finally, in 1967, President Suharto gained full control of Indonesian politics. Radical leaders like Subandrio, Aidit and Nyoto were replaced by liberal developmental leaders such as Adam Malik and Sultan Huwangku Buwono. The new liberal leaders improved relations between Indonesia and Malaysia after 1965.

On the Malaysian side, the leader was also replaced by new pragmatic leaders such as Tun Abdul Razak and Tan Sri Ghazali Shafie. Tunku Abdul Rahman still held the position as Prime Minister. The defence, military-security and foreign relations were actively played by Tun Abdul Razak and Tan Sri Ghazali Shafie. Tun Abdul Razak was Deputy Prime Minister and Minister of Defence, Tan Sri Ghazali Shafie was Permanent Secretary of Foreign Affairs. Besides their similar political ideologies, both sides of leaders also found themselves from one 'rumpun' (origin) based on 'Melayu' (Malay) and Islam. Adam Malik was born in Perak, Malaysia and migrated to Sumatra when he was eight years old. Ghazali's wife was originally from Sumatra, Indonesia. Tun Abdul Razak also had connections with Indonesia. The idiosyncratic and cultural-religious factors were tied together in the new order Indonesia.

After 1965, the idiosyncratic factor was totally different from the period before 1965. Tunku Abdul Rahman was very pro-West, but Sukarno was anti-West (Dalton, 1967). The different ideologies between the two leaders influenced political relations between Indonesia and Malaysia.

The domestic political changes had a significant impact on improved political relations between both countries. The new Indonesian leaders paved the way to the formation of a stable and effective regional association in 1967, under American supervision. Indonesia played a vital role in the Southeast Asian regional association after 1967. The hegemonic power changed his perception towards Indonesia under the new regime. A new era of foreign economic relations began in the years after 1965. Economic development process, foreign investment and the Indonesian economy rapidly improved after 1967. The dominant pro-America political party under Suharto stabilised and improved economic conditions with support from America and other western countries.

The stable domestic economic conditions were important for the new regime (New Order) to convince the mass population of Indonesia that the 'new order' government had the ability to manage the country and bring more prosperity compared to the 'old order' under President Sukarno. The American hegemony gave her support to the 'new order' government in Indonesia in order to strengthen and stabilise the new government under Suharto.

The stable political position of the 'new order' government and close cooperation between Indonesia and America supported the American political position in the Southeast Asian region. Indonesia, as the biggest country in Southeast Asia, had great potential to be a stabiliser and leader in Southeast Asian politics. Indonesian cooperation with American hegemonic power became the democratic-capitalist leader in the Southeast Asian region after 1965. The stable, pro-Western, democratic government in Indonesia was also important in supporting and strengthening America in its communist struggle in Vietnam.

Better relations with the hegemonic power had improved the Indonesian economic development. After the changes of Indonesian domestic political ideology from communist and nationalist to democracy-capitalist under President Suharto in 1966, the economic development of Indonesia improved. As the international economy was controlled by the American hegemonic power, the changes to domestic political ideology in Indonesia opened the way for new developmental process. The domestic political development in the period after 1965 encouraged the American hegemony and its Western allies to invest and penetrate their capital into the Indonesian economy. The developmental minded in Indonesia's economic policy provided and encouraged foreign investment attraction. The closer economic cooperation with the hegemonic power had a positive effect on the Indonesian economic condition.

Regional Level

At the regional level, territorial and ideological factors were the most important factors. President Sukarno considered only four major powers in Asia; China, India, Japan and Indonesia. In Sukarno's view, there was only one political power in the Southeast Asian region (i.e. Indonesia). Hence, he believed that the whole of the Southeast Asian region should be under Indonesian control. In seeking to achieve his vision, he tried to expand their national boundary based on the traditional kingdom that had existed prior to the arrival of European powers in the Malay region. He built up defence and the military for a better position in achieving the level as a regional major power in that region. Most of the national budget went to military and defence expenditure. Indonesia was the strongest military power in the Southeast Asian region. Sukarno's defence policy threatened the neighbouring states, especially Malaysia, because he claimed that Malaysia's territory was part of Indonesia.

The regional cooperation in Southeast Asia, such as ASA and Maphilindo, which was formed in the early 1960s, was not performed with the Indonesian interpretation of the national boundary and the political ideology of Indonesia. Sukarno's policy did not fully support the regional cooperation because he had different territorial planning for the Southeast Asian region (Roesnadi,1973). Indonesia did not recognise the independence of the Federation of Malaya. For Sukarno, the Federation of Malaya (and then Malaysia in 1963) was a neo-colonialism. Malaysian leaders like Tunku Abdul Rahman were considered British puppets. Hence, Indonesia's responsibility was to free the people from Western powers and give them 'real' independence under Indonesian protection.

Sukarno's political agenda went beyond the regional level. He was not keen to cooperate with states that were pro-West (such Malaya, Thailand and the Philippines) and those under American hegemonic control. Indonesian support was a vital factor in the success of the Southeast Asian regional organisation because Indonesia was the biggest and strongest country in the region. The importance of the Indonesian role in the Southeast Asian regional organisation was similar to the significance of the American role in the League of Nations in the 1920s. Sukarno would not give any support to the cooperation that would strengthen the position of the American hegemonic or pro-American countries. For this reason Sukarno did not join ASA and was not keen to cooperate in Maphilindo.

The territorial conflict was settled when the new order Indonesian leader (under President Suharto) recognised the Malaysian territory and other nation's state systems and the boundary that was formed after 1945. The formation of a regional association in Southeast Asia can be seen as recognition of Malaysia's territory. ASEAN improved the territorial claim, and closer political relations between Indonesia and Malaysia began. They needed closer and more stable relations with each other in order to attack external enemies, especially communist

China and Vietnam. ASEAN contributed to the regional stability after 1965. American hegemonic power was behind the formation of ASEAN in 1967 (Yazid, 2007). Regional cooperation worked better with the formation of ASEAN.

Territorial problems between both countries became secure as they cooperated with each other in strengthening their position against the external enemy, i.e. communist threats, both internal and external. The same political ideology and philosophy, i.e. democratic-capitalist, would settled the territorial problems between the two countries. The ASEAN formation brought the countries closer.

Systemic Level

At the systemic level, economic and ideological factors were the most important in influencing political relations between Malaysia and Indonesia. The systemic situation, i.e. the role played by hegemonic powers, played a significant role in the political relations between Indonesia and Malaysia during the period 1961-1971. The different ideologies between the American hegemonic power and the Soviet Union as counter-hegemonic power, and economic interest on Indonesia for both sides had influenced and determined the conflict between the two countries.

The position of Indonesia in the non-alignment group and close relations with China, Soviet Union, other communist countries (especially in Eastern Europe) and close relations with 'neutral countries' such as India Jawaharlal Nehru, President Tito of Yugoslavia, Jamal Abdel Nasser of Egypt, influenced the foreign policy and external relations of America and other Western countries towards Indonesia (Hindley, 1963). (With the support from the 'liberal group' in Indonesia, i.e. the army, American hegemony gave its support and played a vital role in replacing the new regime in Indonesia in 1965.

The political situation in Indonesia since the early 1960s until the end of 1965 was dangerous for American political stability and its economic interest in Southeast Asia. Indonesian ideological factors and economic policy threatened the American position. The withdrawal of Indonesia from the United Nations in 1964 and the withdrawal of Singapore in August 1965 from the Federation of Malaysia, as well as the strength of the communist party under Aidit as chairman, influenced American decisions in Indonesia in September 1965 (Yazid, 2007). The probability that Indonesia would become a communist state was great in the mid-1960s (Hindley, 1962). Indonesian domestic changes after 1965 played a significant role in American political design in the Southeast Asian region.

The pattern of relationship among the four factors was different during the period before and after 1965 (Yazid, 2014). It was influenced by the changes in the systemic, regional and

domestic situations. The Indonesian Coup in 1965 was a very important event in domestic politics explaining the relationship between the changes in domestic politics and the roles played by the hegemonic powers. The Indonesian Coup of 1965 changed the domestic politics of Indonesia. The changes in domestic politics of Indonesia influenced Indonesia-Malaysia political relations after 1965. American hegemonic power played an important role in the upheaval of Indonesian domestic politics in the mid-1960s (Scott, 1985). The factors behind the American decision were ideological and economic interests.

The domestic, regional and systemic levels influenced the economic, idiosyncratic, ideological and territorial factors in terms of shaping the political relations between Indonesia and Malaysia both before and after 1965. The changes in all three levels influenced the four factors. At the domestic, the idiosyncratic and economic factors were the most significant factor; at the regional level, the ideological and territorial factors, and; at the systemic level, the economic and ideological were the most significant factors. The degree of significance of the four factors were different at the different levels.

The relationship between domestic, regional and systemic levels is clear in Indonesia-Malaysia political relations between 1961 and 1971. All three levels were vital in explaining the changes to Indonesia-Malaysia political relations during the period before and after 1965. The differences in domestic politics between Indonesia and Malaysia before 1965 were the causality of the political relations between two countries. The changes in the domestic situation pushed the systemic situation, i.e. the role played by the hegemonic power in relation with Indonesia. The changes in Indonesian political philosophy, leadership character, economic policy and foreign relations after 1965 were greatly influenced by the hegemonic power. The improved political relations after 1965 were dominated by a similar style of leadership, political philosophy and similar economic interests. The role played by the hegemonic power was important in changing the leadership, ideological philosophy and economic situation.

The systemic level and the hegemonic powers had a great impact upon the economic, idiosyncratic and leadership decision-making, ideological and territorial factors. All four factors influenced political relations between Indonesia and Malaysia. In the period after 1965, the American hegemonic power played a more effective role in influencing the economic, idiosyncratic, ideological and territorial factors in Indonesia. The changes in the role played by the Americans influenced the economic and political situation in Indonesia. The hegemonic powers' influence in Indonesian politics after 1965 prompted changes to Indonesian foreign policy regarding Malaysia. Better economic conditions (in general) had a positive impact on the relations between the states. The developmental state economic policies under President Suharto after 1965 had a positive impact on Indonesian economic development. A better and more stable economic situation resulted in Indonesia after 1965

due to the changes and different character of idiosyncratic and ideological factors in Indonesia, influenced by political relations with Malaysia.

There was a close relationship between the economic, idiosyncratic, ideological and territorial factors in explaining Indonesia-Malaysia political relations. The most important element was the international element (the systemic level, i.e. the role played by hegemonic powers). The changes in domestic politics and Indonesian economy after 1965 was strongly influenced by the systemic level (international situation), i.e. the role played by the American hegemonic power. The hegemonic power would influence the domestic politics of Indonesia and the regional situation. As illustrated in Diagram 8.1, above, the small box dominated by the systemic situation had a direct impact upon the economic, idiosyncratic, ideological and territorial factors. Although the situation at the domestic, regional and systemic levels are inter-related, the systemic level (international) was the most important element. The changes in the roles played by the hegemonic power and cooperation with the domestic political level after 1965 revolutionised the regional, economic, ideological, territorial and idiosyncratic factors.

Hegemonic powers played important roles in managing and influencing the running of the four factors in the domestic, regional and systemic levels. Hegemonic power's influence could create stability or instability in domestic politics and economy. The domestic situation and cooperation with the hegemonic power was important in determining the effectiveness of the hegemonic powers' influence in Indonesia and its political relation with Malaysia.

Results and Analysis

The Hegemonic Stability and the Developmental State

Hegemonic powers and their roles is one of the vital factors in explaining the changes of Indonesia-Malaysia political relations during the period after 1965. The theory of hegemonic stability would be useful in supporting the explanation of the regional political relations and the relations with the hegemonic powers and systemic situation. Hegemonic theory argued that a hegemonic power is required in creating a stable condition in the international structure. Without a hegemonic power, the international structure would be unstable. In the case of Indonesia-Malaysia political relations, we can see that the American hegemonic power played its role for the two periods before and after 1965. America had already been involved in the 1958 rebellion in Sumatra and the Parmesta rebellion in Celebes, but in fact had failed to create a stable situation. America failed to provide support and formed the PRRI government in Padang Sumatra in 1958.

As discussed earlier, the central idea of the theory of hegemonic stability is that the stability of the international political and economic system requires a single dominant state to

exemplify, articulate and enforce the rules of interaction among the members of the system. Clearly, in its extreme form, the theory is difficult to accept because there are always a number of states that aspire to be powerful hegemonic states. The international political system is not like a pure market monopoly but rather an oligopoly where a number of states share the characteristics of a hegemon. However, if the number of dominant powers is 'large' there is a tendency for the creation of instability. Again, the similarity with markets is clear; many firms create instability while a duopoly is usually characterised by an equilibrium. Economists call such a situation a Nash equilibrium where each participant in the strategic interaction (called a 'game') does the best given the optimum strategy of the others. The Nash equilibrium is usually stable since none of the participants wish to deviate from it. Bi-polarity is a classic example of a Nash equilibrium where the United States and the Soviet Union agreed to have a stable equilibrium within the international system and yet acted as a single hegemony in their own respective spheres of influence.

To be a hegemony, a state must have three attributes: The technological, military and economic capability to enforce the rules of the system; The domestic political will to do so, and; An international commitment to a system which is perceived as mutually beneficial to itself and the other major states in its sphere of influence.

The 'capability' of a hegemonic state rests upon three factors: A large, growing economy with the ability to help other states within its sphere of influence through, for example, foreign aid or technology transfer; Dominance in a leading technological or economic sector, and; Political and ideological power, backed by aggressive military intentions and force.

It is important to ask what a hegemony does and why does it want to do so? The international system is a collective good, based on principles and values. They have the characteristics of a public good, i.e. they are non-rival in use. The hegemony tries to deliver such collective or public goods. However, since they are non-rival, the use of such a 'good' by one country does not diminish the use by other countries. The United States attempted to produce democracy, capitalism and rapid economic growth using the instruments of human rights, free trade and liberalisation of markets. The Soviet Union, on the other hand, attempted to provide collective ownership, socialism and income equality and social justice.

By its very nature, the presence of non-rivalness implies that the system will be plagued by the so-called "free rider" problem. Lesser members of the bloc will wish to free ride, i.e. get the advantages of the system without paying its true price or cost of maintaining such a system. Thus, the hegemony must induce or coerce other states to support the system.

Over time, there is an uneven growth of power within the system as new technologies and methods are developed. An unstable system will result if economic, technological, and other



changes erode the international hierarchy and undermine the position of the two dominant states. Pretenders to hegemonic control will emerge if the benefits of the system are viewed as unacceptably unfair or if other states are asked to pay higher costs for maintaining the system. Hegemonic power could erode and the system begin to look like an oligopolistic market structure with the possibility of states breaking away from the hegemony and refusing to accept collusive agreements.

For example, the United States, in producing economic growth for all its bloc members, must support free trade and currency stability. Other countries, such as smaller European ones, will try to enjoy the benefits of these institutions, but will try to avoid paying the costs of producing them. Thus, the US must remain committed to free trade and a stable dollar, even if its major trading partners erect barriers to trade or engage in competitive devaluations. Once the United States erects its own protectionist barriers, or removes the dollar from the fixed parity to gold, the system will collapse. In the same way, the Soviet Union must help developing countries to attain income equality or social justice even though this is achieved at the cost of lower economic growth. Thus, it must help its client states to achieve economic development through massive transfers of technology and to give foreign aid. This is what it did to Eastern Europe after the war and to developing countries like China and India during the 1960s. However, once it fails to do so, either because its own technological powers are diminishing or because it wishes to exploit its satellite states through restrictive trade blocs (Warsaw Treaty Organisation), or because it can't sustain its excessively high military burden, then the system it propagates will fail.

The 1950s and 1960s were classic example of bi-polarity and hegemonic stability of two powers (the 'duopoly model') which each had its own system to protect and propagate. Malaysia and Indonesia essentially played a client state role in this international system and both managed to exploit the system to their own advantage by being 'free riders'. Since Malaysia had adopted the developmental state model, and Indonesia had adopted the radical state model, they were naturally members of the United States and Soviet Union hegemonic spheres or blocs.

The author does not oppose that the hegemonic power is important in the international structure stability, but solely with the theory of hegemonic stability we failed to solve and analyse everything at regional, national level, for political and economic stability. Hegemonic powers are free to play a role in creating political and economic stability. In the case of Indonesia, American hegemonic power could create stability and instability with the cooperation with Indonesian leaders. The instability created before 1965 was without cooperation with Indonesian national leaders and the economic and political stability after 1965 was when the hegemonic power cooperated with Indonesian leaders. The domestic situation (in Indonesia) was important in influencing the hegemonic powers' success or

failure in creating stability. The hegemonic power was successful in creating stability after 1965 with the cooperation of the army (under General Suharto) and in influencing and dominating the domestic level in Indonesia. Hence the systemic factor (the role of hegemonic power) was required to cooperate with the domestic political level in creating stability and to secure its influence at a national level.

The differences within and between the state and region would also give a different answer to the effectiveness of the hegemonic powers in implementing their vision and political policy. In the case of Indonesia-Malaysia political relations in the 1960s and early 1970s, the domestic structure and level of economic development played an important role in the effectiveness of hegemonic power policy.

The role played by the new Indonesian regime after 1965 is significant in explaining the changes to political relations between both states. The importance of the economic factor and effectiveness of the state's role (especially in the economic aspect) as explained in the theory of developmental state would assist in explaining the changes of political relations between Malaysia and Indonesia. Indonesian's 'new order' regime designed the economic policy to strengthen their position. In managing the economy, it required experts in the economic field and strong support from the world economic power, i.e. the US. The 'new order' government, under Minister of Economic Affairs, appointed five economists (three were PhD holders from the University of California, Berkeley, and the other two also graduated from American universities) as advisers in managing and developing the Indonesian catastrophic economy after the Indonesian coup in 1965. The 'Berkeley Mafia' economic advisers administered the Indonesian economic policy after 1965. The state gave full support to the Berkeley Group. Improved economic development led to social and political stability.

Regional cooperation was highly considered under the Indonesian 'new order' economic policy. The cooperation between the neighbouring Indonesian states was required to improve the level of economic development and to gain support from the hegemonic powers. The political relationship with Malaysia was significant in terms of economic and regionalism factors. Improved relations with Malaysia were significant in several aspects. Firstly, rapid and improved economic development required political stability and cooperation from Southeast Asian countries (especially pro-Western countries like Malaysia, Singapore, the Philippines and Thailand), and Malaysia gained strong support from Western and Commonwealth countries. Secondly, for gaining the economic and financial support from America, Indonesia needed to improve its relations with Malaysia. Malaysia was an important factor in improving Indonesia's relations with America and other Western Countries, especially Great Britain, because of the special political, military and economic relations between Great Britain and Malaysia.

In analysing these complex relations, the Southeast Asian geo-political situation and regionalism are useful to examine. The cooperation between the states is easier once the states are in the same defence/security organisation. The member in a defence–security organisation has a similar political and economic philosophy and normally faces similar external threats. America, Great Britain, the Philippines, Thailand were among the SEATO members. Although Malaysia was not one of the SEATO members, but the special military relationship with Great Britain made Malaysia an important state in Indonesian policy in the Southeast Asian community. Indonesia found it easier to get economic aid from Western Countries when relations with Malaysia improved. The cooperation between the five capitalist states in the Asian region was strongly supported by the SEATO members for their security. Although the formation of ASEAN did not mention the security and defence issues, indirectly, the security and communist containment was one of the vital issues. The hegemonic power in the case of Southeast Asian structure relations also required cooperation with the strongest regional state (regional hegemony power, Indonesia) in implementing and achieving its economic and political interest policy in Southeast Asia.

The theory of hegemonic stability, theory of developmental state and radical state are significant in examining and analysing the complex political, economic and security relations in the Southeast Asian region. It is insufficient to rely on only one theory, so we need all three theories, i.e. Theory of Developmental State, Hegemonic Stability Theory and radical state concept in explaining and analysing the complex economic and security process in Southeast Asia. All three theories are important in analysing the Malaysia-Indonesia political relations.

Why did the Indonesia-Malaysia Political Relations Change after 1965?

The Indonesia-Malaysia political relationship was different during the period before and after 1965 because of changes in the four factors during that period, at the three levels discussed. The changes of leadership in the external policy of Indonesia led to the changes at the regional level in terms of economic and political cooperation. The changes to political and economic relations between the regional hegemonic power (Indonesia) and the American hegemonic power influenced changes in domestic politics. There was a mutual relationship between the factors in influencing and shaping these changes. The idiosyncratic and leadership factors, regional cooperation and the relations with the hegemonic power were inter-related. All of the four factors affected each other but the most important changes were the systemic and domestic situations. The role played by American hegemony and the changes to the domestic situation in Indonesia after 1965 were the most important influences to changes in the other factors. There would not have been any changes to the Indonesian domestic politics without the role played by the American hegemonic power towards Indonesian politics in September 1965.



Conclusion

There was found to be a mutual relationship between the four factors (the idiosyncratic, economic, ideological and territorial factors) in the Indonesia-Malaysia political relations during the periods before and after 1965. The discussion is viewed from the domestic, regional and systemic levels. The changes to one factor affected and changed the others. There were close relations between the various factors and situations at the three levels but the most dominant factor influencing political relations between Indonesia and Malaysia before and after 1965 were the changes to the systemic (the role of the hegemonic power in Indonesian domestic politics) and domestic political situation in 1965. Hegemonic powers and domestic elements were the two key influences and driving forces behind changes to Indonesia-Malaysia political relations after 1965. Hegemonic powers had great influence upon domestic changes in 1965. The hegemonic power's role influenced the domestic changes in Indonesia. The hegemonic power greatly influenced the changes to the economic and political situation and the relations between both countries. Solely, the hegemonic power (without the domestic political element) could not have created these changes to political relations.



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