Center-Periphery Relation in Southeast Asian Maritime World: Java – Singapore Rivalry During the Post Colonial Period

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A. Introduction
For centuries Java became the center of the Indonesian archipelago. Even until now this most populous islands in the world is still occupying an exceptional place as a center of modern Indonesia. But geographical character of the archipelago provided the precondition in which some islands were more integrated into other center of trade of the archipelago situated in the mainland of Southeast Asia (Malacca and than Penang and Singapore). In this connection, Singapore became the magnet of the Outer Islands in term of shipping and trade. The Outer Islands, therefore, became the contesting periphery between Singapore and Java. Rivalry between the two, therefore, became a latent factor in the process of economic integration in Indonesian archipelago. This paper aims to analyze the rivalry during the post independence when finally Java bent the knees in the shadow of Singapore.

B. The Dawn of Independence
Any economic problems stemming from the impact of the 1930s great depression in the Netherlands Indies could have not been overcome by the Dutch colonial government, when the Japanese military forces invaded into Indonesia. Without any bloodshed, the Dutch surrendered to the Japanese on 8 March 1942. The Japanese military government plugged the so-called “great East Asian prosperity” lead by Dai Nippon. For this holy plan, natural and human resources had to be mobilized for fulfilling the need for logistics of the Japanese military. But, the propaganda was becoming repression, when the Allied Forces could defeat the Japanese military forces almost in every combat area (Post, 1991; Graeff, 1945)).

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In the end of the war, the Japanese military government imposed the self-sufficient economy in practice. It was caused by the sea blockades of the Allied Forces who had reached glories on the sea. Connection among islands and between Indonesia and Japan were interrupted. Japanese-occupied regions had to stand on their feet in combating against the Allied Forces. This policy became the basis of the Japanese military government in the occupied regions to impose the people for doing everything, as they wanted. The people were forced to deliver logistics resources and to recruit labor. It gave rise severe impacts to the economic life of the people in occupied regions. For Indonesian people, economic burden that had to be borne in the Japanese era was harder than any economic crisis’s in the Dutch colonial era.

The hard suffering in the Japanese occupation era was not mainly caused by the decrease of food production of Indonesian people, but it was caused by the policy to impose the people for delivering rice to the government. People had to eat secondary foods such as maize, cassava, and even they had to eat foods that were normally eaten by animal such as bonggol pisang, ilé-îlé (small tuber), etc. (Nagazumi, 1988). The decrease of food productions just really happened in 1944 when many labors were recruited for military and defense objectives. The worst condition emerged when many young people were recruited for romansha that caused rice fields were neglected and the food productions were decreased. In 1944 the rice product dropped to 20% comparing to period 1937-1941, and 41%, 33%, 71%, 44%, 64% for maize, tapioca, potato, peanut, soybean respectively (ERI, No. 1, 1947: 10). This condition caused famines and high mortality especially in Java. Only in the Japanese era, did the population of Java decrease for the first time in the history (ERI, No. 1, 1947: 18).

In the Japanese occupation, the Indonesian shipping and trade were also collapse. Before leaving Indonesia, the Dutch took the scorched-earth policy into practice. Vital installations were burned such as oil depots, bridge, warehouses, port facilities, etc. (ARA: KPM, Inv. No. 251). In the beginning, it was aimed to hamper the movement of the Japanese-troops invader. But this effort did not support the Dutch to extend their presence in the Indonesian archipelago. The scorched-earth policy mainly eradicated the infrastructure of economy in the next periods (ARA: NHM, Inv. No. 5113).

During the Japanese period, the inter-islands shipping were dominated by the Japanese warships. The KPM, that dominated the domestic shipping in Indonesian archipelago during the Dutch colonial era, had been evacuated from the Archipelago. Foreign private shipping companies, which had opened their businesses in Indonesia during the Dutch colonial era were not interested in doing their business any more. Even Chinese-Singapore based fleet, which had been the competitor of the KPM during the Dutch colonial era, did not appear on the Indonesian waters during the Japanese period. The destiny of the indigenous pra-
hu was not much different. They were afraid of voyaging their fleet. Many of them were seized by the Japanese military government. It can be concluded that the Japanese period was the dark period of the history of inter-islands shipping in Indonesia.

Sea blockade of the Allied Forces aggravated the deterioration of shipping and trade world of Indonesia. Global shipping networks that had been established centuries before were cut off. Internally, inter-islands were also collapse as well. At the same time, foreign business actors had gone, while the indigenous actors did not immediately emerge. Chinese businessmen were just waiting for a better situation while doing clandestine. Shipping was dominated by the Japanese for benefiting their own interests (ERI, No. 4, 1947). It completed the deterioration of shipping world of Indonesia.

The economic deterioration did not only occur in the shipping world but also in trade. Because of war and sea blockade, the Indonesian trade was also collapse. Trading and sending goods were done by Japanese warships and Japanese private shipping companies, which had been existed before the war such as Suihaku Kogyo Bengkai in Batavia, Noyan Kameri Kyoku in East Sumatra, Kyodo Tobacco Co. Ltd. and Benet Sango in Deli, etc. (ERI, No. 4, 1947). Many plantations companies and mining from the Dutch legacies were directed to fulfill the interest of Japanese at war. At the beginning of the Pacific War, much plantation products and oil were shipped to Japan. But it had been immediately stopped when the Japanese navy got defeats in the Pacific areas. It caused the connection between Indonesia and Japan was interrupted. Import of Indonesia was also collapse during this period, not only those from Japan but also from other countries. The people did not only experience food shortage but also lack of textile. Since the explosion of the war, need for textiles were fulfilled by the Japanese textiles, but sea blockade of the Allied Force caused this trade was interrupted (ARA: Menterie van Kolonien, Inv. No. 2243).

During the Japanese occupation (especially for period 1942-1944), sort of commodities that were shipped to Japan included rubber, thee, coconut oil, pine nut, tobacco, sugar, quinine, etc. (ERI, No. 4, 1947: 54-56). These commodities originated particularly from Java and Sumatra. A research sponsored by the Dutch in 1946 showed that the Japanese military government succeeded to ship 15,945 metric tons of rubber (pre-war stock). It was done by Suihaku Kogyo Bengkai in Batavia guarded by the Japanese navy. Pre-war rubber stock from East Sumatra was also shipped to Japan during the occupation. It amounted some more 21,529 metric tons (ERI, No. 4, 1947: 55). Exporting plantation products from Sumatra to Singapore was also occurred during the Japanese occupation (ERI, No. 4, 1947: 56). It was enabled by the fact that the Japanese also occupied Singapore. But the Japanese army did not destroy this “city state”. It still remained the trading center of surrounding regions.
C. Independence War and Separation: Blessing in Disguise

Only by armed revolution, Indonesian people could reach independence from foreign powers in 17 August 1945. But at that time, the independence still meant politically rather than economically. Politically, Indonesia was free from being colonized by other nations, but economically it still depended on former mother country. During the revolution, about 25% of Indonesian GDP and 16% of important position in modern economic sectors were still controlled by the Dutch. Even in 1950, senior position in banks, portation companies, trade companies, etc. were still occupied by more than 6,000 Dutch people (The Kian Wie, 1995: 2). But for the political freedom, the newly Indonesian government had to pay expensively. Armed revolution did not only hinder economic recovery program of the Republic but also gave destructive impacts to the economy of the people. Again, just as done by the Dutch during the invasion of Japanese, the Indonesian guerrillas put the scorched-earth policy into practice. Many important economic and social installations were burnt or destroyed. Much of it was located in the cities such as Batavia, Semarang, Surabaya, etc. It completed the destruction of the economy of Indonesia. Until the mid of 1947, the destruction of social and economic facilities valued about 4,000 million guilders. Destruction in shipping sector was 185 million guilders, while those in port facilities were 110 million guilders. This detriment was higher than that of during the Japanese occupation, i.e. 2,500 million guilders (ERI, No. 8, 1947: 117). Besides because of the scorched-earth tactic, the damages were also caused by the lack of maintenance budget. It was reported by the KPM agency in Balikpapan that the pier condition were very bad and almost could not be used (ARA: KPM/ KJI-CPL, Inv. No. 201).

The economy of Indonesia was getting worse when the Dutch implemented policy to blockade Indonesia from the sea. It meant that one of the main pillars of Indonesian economic, i.e. export and import trades, were gagged. One of the alternatives to solve this problem was to do smuggling to and from Singapore and Malaysia (ARA: NHM, Inv. No. 5152). This blockade was aimed to deactivate Indonesian economy and to prevent the ammunition and firearms entering Indonesia. In this connection, Singapore became more and more important for Indonesia. Singapore became the main destination of smuggling from Indonesia. It can be said that foreign trade of Indonesian almost totally depended on Singapore. This period witnessed Indonesian ports including Java stated to be the orbit of Singapore. Indonesian ports became the feeder ports of Singapore.

Deterioration was not only suffered by the economic potential in general but also in the field of shipping network. A week after the defeat of Japan, the KPM tried to reactivate their agencies, which were spread out throughout Indonesia. But, disastrous effects of the Japanese occupation caused the pre-war conditions could not be recovered easily. The collapse of inter-islands shipping
and trade during the Japanese occupation caused 51 ships of KPM with capacity 165,000 tons were immediately put into service, but they did not afford to encourage shipping and trade in short time as pre-war condition (Sutter, 1959: 607). Just before the war, the KPM opened 98 routes for domestic shipping, but in after the Indonesian independence they only opened 11 routes serviced by 11 ships (ANRI: Algemeen Secretarie, Inv. No. 113). It is strange that the KPM route to Singapore was very limited, i.e. only one route (Line A) from Jakarta to Singapore via Billiton and Bangka. It was served by as "Reynst" every three weeks. in 1929 for example, the KPM served no less than 19 routes involving Singapore. While, route of Batavia was lively, i.e. 5 of 11 routes in 1946, although this figure was very low compared to condition in 1929 i.e. 26 routes (Sulistiyono, 1998: 34). Based on those data, the decrease of domestic shipping during the Japanese occupation and independence war period were clearly seen. But, it is important to note that Singapore-based fleet owned by Chinese dominated lines to Singapore. By benefiting British flag, they could voyage more freely to break through the Dutch blockade on Indonesian waters. That is why most of smuggling was done by that fleet. The KPM had to compete hardly with that fleet if they wanted to entice Singapore routes.

If in the Japanese era, the domestic shipping was completely dominated by the Japanese military forces, but during the armed revolution it was dominated by KPM fleet. It is easily understood that the indigenous fleet could not recover immediately after being completely suffered by the Japanese occupation. The KPM, which evacuated to Australia during the Japanese occupation, could easily return to Indonesian waters (KPM: Ministerie van Koloniën, Inv. No. 96-09). Only a week after the Japanese surrendered to the Allied Forces, they came back to Indonesia. During 1947 they transported more than 1.5 million tons of cargoes for inter-island shipping. This figure increased to 2.5 million tons in 1949 (ERI, No. 2, 1948: 12).

The new Indonesian government had tried to lessen its dependence to the KPM services in term of inter-islands shipping. Immediately after reaching independence, the existing shipping institutions as the legacy of the Japanese were indonesianized. Sehatub Djawa Kowo Kaisyo that was established by Japanese in 1943 renamed to be Kongsi Pelajaran Indonesia (Indonesian Shipping Association) and then changed to be Perusahaan Pelajaran Indonesia (Indonesian Shipping Companies). In Sunarang, a seamen association was established with the name Roekoen Pelaoet Indonesia (Seaman Association of Indonesia). It was founded by Haji Abdullah, the former of General Manager of ROEPRELN (Roekoen Pelajaran Indonesia) in Surabaya. One of the aims of this organization was to challenge foreign power that wanted to dominate Indonesian shipping as those done by the KPM. Officers of private shipping companies also nationalized the Djawa Unkoo Kaisyo and changed it to be Serikat Pelayaran Indonesia (Sutter,
1958: 294). Nevertheless, lack of fleet became the major problem to develop shipping sector in Indonesia. It was related to the fact that no ship was bequeathed by the Japanese military government.

The success of the KPM as the main transporter in inter-islands shipping in the Indonesian archipelago during the armed revolution made the Indonesian government worried. It was reasonable when the Indonesian government witnessed the Netherlands Indies Civil Administration (NICA) showing its power to blockade Indonesian seas for paralyzing the economy of Indonesia. In this case, Indonesian could not do much except smuggling in their own country. At that time, there were not much Indonesian people who had experience in inter-islands shipping industry by operating steamships just like Western companies. It was impossible to compete the KPM directly. In this period, indigenous sailing ships were more and more eyed by the Indonesian government. But these fleets were also suffered from the war during the armed revolution. More than 60% until 90% of indigenous sailing ships were damaged during the revolution (ERI, No. 1, 1947: 7). In this connection, the Indonesian government stimulated traditional shipping industries especially in Eastern Indonesia (such as Makassar and Banca). But it went slowly. In 1947, these regions could produce only about one hundred sailing ships of medium size (ERI, No. 1, 1947: 7).

The indigenous fleet also had to face the "double pressure". In one hand they had to concede the greatness of the KPM and on the other hand they had to compete the Singapore-based fleet that were encouraged by the war because they freely flight the British flag on Indonesian waters. This flag guaranteed the fleets save from the Dutch sea-blockade for voyaging freely on Indonesian waters. On the contrary, the indigenous sailing ships had to face the Dutch’s blockade (ANRI: Algemeene Secretarie, Inv. No. 1115). Again, unlike Indonesian fleet, the Singapore-based fleet did not deteriorate by the revolution, even they got "blessing in disguise" from Indonesian war. One of the most important implication of this condition was that the trade of Indonesia was directed into Singapore. It was the first time Singapore completely dominated Indonesia’s export. It can be seen on the graph 1.

Illegal import and export (smuggling) were also flourishing because they were legalised by the central government for fighting Dutch blockade. That was why guerrillas groups and Indonesian armies did much smuggling. It could be used for financing the local army and guerrilla. It can be understood since they did not get fund or salaries from the central government (Mochnar, 1992). They had to finance their own unit. "Smuggling for struggle" was one of the means of justification for legitimising this illicit activity. The value of export from Indonesia to Singapore and Malay Federations from January to October 1946 was $ 178,000,000 but more than 88% ($156,000,000) was illegal export (smuggling) and $16,000,000 of it was stolen commodities from Western plantations (ERI,
No. 3, 1947: 37). That was why the Dutch used the international law reasons for fighting this "criminal actions". Whatever the reasons were the smuggling activities had placed Singapore as the nodal point of Indonesian trade. The destruction of Indonesian trade cities during the war raised Singapore as the unchallenged port in Southeast Asia.

Graph I.
The direction of Indonesia's export, February 1948 (kg gross weight)


It was hoped that the smuggling would come into an end after the acknowledgment of sovereignty from the Dutch in 1949. But in fact the "smuggling tradition" with Singapore could not be stopped easily because it had given much advantage to the local elite groups even it became a kind of legal activities. Lack of attention from the central government (Jakarta) became the strong reason for doing so. It was very clear when in the end of the 1950s the separatist movement (PRRI/ Perserikatan Revolusioner Republik Indonesia or Revolutionary Government of Republic of Indonesia and Perjuangan Rakyat Semesta or All People Struggle) used smuggling for financing their revolts. They accused that Java had impoverished the Outer Islands (Harvey, 1999: 8-14). Java had exhausted the wealth of the Outer Islands (Harvey, 1977: Leiriza, 1991).

It seems that for the Outer Islands, relationship with Singapore was more advantageous than that of with Jakarta. Of course, smuggling activities had risen distrest, if it is not jealous, of the central government. Even in the end of the 1950s, the central government frustrated to the smuggling with Singapore because it did not only relate with the economic problem but also the politics. It became more serious when the Sukarno stirred up the spirit of anti neo-colonialism addressed to the United States, the Great Britain and other European countries. It seems that Sukarno had detected that smuggling was used by those countries to
infiltrate their influence to the revolt. In this case Singapore was utilized as the gate for Western infiltration into Indonesia. That is why when the PSI revolt exploded, the central government immediately sent the military forces to regions where the smuggling with Singapore was carried out. The central government wanted to break off this smuggling connection with Singapore. Finally, it was proven that the United States and Britain stood behind this separatism movement. They supplied firearms and ammunition via Singapore (Marzuki, 1995: 12). This bitter experience rose the Sukarno’s aversion to the Western countries with their “neo-colonial projects”, i.e. Singapore, Malaya, Sabah and Sarawak.

It seems that the acknowledgement of sovereignty from the Dutch did not influence to the pattern of shipping and trade that had been already functioned during the war. The role of Singapore as the center of trade of the Outer Islands did not change. Even, the trade of the Outer Islands with Singapore tended to increase because of free from Dutch sea-blockade. The trade with Singapore became popular in particular for plantation regions such as those in Sumatra, Kalimantan, and part of South Sulawesi. In this case, again market mechanism directed the flow of shipping and trade in Indonesia. In this period Singapore strengthened itself to be the bright market place for the trade of the Outer Islands. In the mean time, the commercial network of Java that had been shredded during the war seemed to have no energy anymore for continuing rivalry with Singapore. It meant that the well functioned shipping and trade network that had already existed in the late colonial state was not able to encounter the bright market mechanism after the war.

The Indonesian government actually had started to regulate the pattern of shipping by using Stoomvaart system in 1953 (Diek, 1989: 12). Just as in the Dutch colonial time, the Indonesian government promoted several ports to be the major ports such as Jakarta, Semarang, Surabaya, Makassar, Banjarmasin, Belawan and Padang. KPM and PELNI were ready to be the “central zeevervoer apparaat” (the main sea transporter), while private companies were functioning as a feeder fleet. But in fact they preferred to voyage to Singapore and Penang than those to javanese ports and the major ports. Because of that, the competition in Singapore lanes became very hard. The PELNI (Pelayaran Nasional Indonesia), KPM and many private shipping companies operated their fleet in Singapore lanes (ARA: Ministerie van Koloniën, Inv. No. 2291). It did not include Singapore-based fleet. The trade with Singapore, therefore, became more efficient. Even they often reduced rate for getting many customers. It caused the emergence of the tariff war among them. But the implication was very clear; Singapore was a more and more interesting for the periphery region of the Outer Islands than that of Java. It is clear that if economic integration is imposed and causes to inflict local interests, the political integration tends to be sacrificed.
is also important to stress that war and political instability had given a “blessing in disguise” to Singapore.

D. Confrontation with Malaysia: The Peak of Rivalry

Sukarno was very angry when the British declared the establishment of the Federation of Malay States in 1963 without previously negotiating with Indonesia. Spontaneously, Sukarno commandeered Kampung Malaysia (Crash Malaysian). It was viewed as the project of neo-colonialism and would be the threat of Indonesia. At that time Singapore was much more developed as the trade center of surrounding regions (Hardstone: 11). Thus, the era of “Confrontation with Malaysia” began, an era that placed Singapore from friend to enemy.

Confrontation with Malaysia caused the great impact to the direction of Indonesian shipping and trade. Realizing that share of shipping and trade of Indonesia in Singapore was very important, Sukarno commanded to boycott the trade with Malaysia including these with Singapore. Certainly, this policy hit the trade with Singapore and of course many Indonesian trading and shipping companies. Value of import of Indonesia from Singapore sharply decreased from Rp 591,200,000.00 in 1962 to Rp 215,708,000.00 in 1963 and completely dropped to Rp 9,000,000.00 in 1964 (BPS: passim). The same decrease also happened in export trade. In 1960 export of Indonesia reached Rp 8,749,800,000.00 but it dropped to Rp 127,600,000.00 in 1964 (BPS: passim).

Graph 2.
Import of Indonesia from Singapore (1000 rupiah)

While export trade of Indonesia with Singapore can be seen on the following graph:

**Graph 3.**
Export of Indonesia to Singapore 1940-1967 (1000 rupiah)


Those figures show that Indonesian trade, both export and import were severely hit by confrontation policy toward Malaysia. After booming period in and followed by the first three years of 1960's, the trade with Singapore collapsed dramatically. In 1964, when the confrontation was in the peak, the value of Indonesian trade with Singapore was lower than that of in 1940. This development deteriorated trade and shipping pattern that had developed since the end of revolution following its collapse during the war (1942-1949).

It has been known that since the revolution, there had been a new dichotomy in the pattern of inter-islands shipping in Indonesia. It did not mainly refer to the polarization between Java and the Outer Islands but those between Eastern and Western Indonesia. At that time the KPM still dominated shipping routes in Eastern Indonesia, while many Indonesian shipping companies including PELNI preferred to operate their fleet in Western Indonesia especially in the Singapore routes that were economically more advantageous. But after the expulsion of the KPM of the KPM, the shipping world of Eastern Indonesia was left unattended. Its impact was very clear. Shipping and trade in eastern part of the archipelago became more and more desolate and on the contrary those in western part of Indonisia became more lively and advantageous. Shipping routes to eastern part of Indonesia were viewed as thin routes, while those to western part as thick routes. By confronting with Malaysia and prohibiting trade with it (including Singa-


Sukarno wanted the role of Singapore to be replaced by Bangkok (Sihanoukville port) in the transshipment shipping between Indonesia and Europe. In the previous period, Singapore functioned as the transshipment point of goods and passengers. It meant that the tension of Singapore-Indonesia relationship brought about a blessing in disguise to the role of Sihanoukville port. For handling this changing situation, the Indonesian government established the Biplindo (Soncriaputra, 1994: 65). It was used by the Indonesian government for expelling Singapore from Indonesian maritime world. In December 1965, Bipalinko formally launched regulation to prohibit Singapore at the transshipment port in the trade between Indonesia and Europe. This regulation also obligated to use Sihanoukville as the transshipment port for Indonesian shipping for replacing Singapore. This regulation required all of shipping companies involved in the transshipment of Indonesian export/import to guarantee that the Indonesian cargoes would not be diverted to Singapore or any Malaysian ports (ARA: KPM/ KJCIPL, Inv. No. 823). This policy accelerated the collapse of trade between Indonesia and Singapore that had never been experienced before.

E. The New Order: From Center to Periphery

The transfer of authority from Sukarno to Suharto (from the Old Order to the New Order) also provided changes in policies over the relationship between Indonesia and Singapore. Policies concerning Singapore that were made by the New Order were totally different from those by its predecessor. Even when the “Ganayang Malaysia” command was still burning the enthusiasm of the Indonesian people, some officers of the Indonesian Army who apparently became the architect of the New Order sabotaged this program. They provided special contacts with Tengku Abdul Razak. This conspiracy aimed to end the conflict. Whatever concessions they obtained, both sides wanted to change the policy from conflict to cooperation (Crouch, 1986: 228-229).

It is clear that the rival policy between Jakarta and Singapore that had persisted as long the history of Singapore would be ended. But this policy seemed to inflict Java. Period of war and political instability had put Java in a weak position. Java had lost their competitive energy such as technology, fleet, network, information center, etc. against Singapore. In this connection the position of Java shifted from competitor to be a subordinate of Singapore. It meant that Singapore had won the long-run fight against Java. Even Java started to be the satellite of Singapore in connection with both global and local shipping network. Besides, in line with the liberalization process that was encouraged by
the New Order, many foreign shipping companies operated their fleet not only in the field of international shipping but also in inter-islands one.

The process of liberalization in inter-islands shipping had actually occurred in the Old Order period, just after the expulsion of the KPM from Indonesian waters. For overcoming the possible excess that would be emerged from this policy, the government gave as ease to establish new shipping companies without obligation to have own ship. They could hire foreign ships for inter-islands shipping. Even the government agreed to give subsidy to the companies that were viewed as the partner of the government. This period, therefore, witnessed the mushroom of shipping companies although some of there existed only on the paper. The last mentioned kinds of companies merely aimed to clear the subsidy. In 1963 for example, there were 98 inter-islands shipping companies and 63 international one that had licenses (Dick, 1989: 25).

In 1964, Ali Sadikin, the minister of Sea Communication, immediately put shipping companies in order by launching Peraturan Pemerintah No. 3, 1964. It regulated that Perusahaan Pelautan Nusantara (Nusantara Shipping Company) and Perusahaan Pelautan Pialang (Coastal Shipping Company) had to have at least two ships total tonnage 1,200 gross tons and working capital 72 million rupiahs. Each of shipping companies had to merge with cargo handling company where their ships were based. But the responsibility was in hand of shipping company. In 1965, there were 66 inter-islands shipping companies (including PELNI) that had licenses to continue their operation (Dick, 1989: 50). Just after the fall of the New Order government, new policies were put into practice. Shipping and trade connection with Singapore was reopened. Relaxing of regulation made by the Old Order government was introduced. Again, many shipping companies were granted licenses easily. For supporting this program, the government urged import of second-hand ships from Japan and the Netherlands. But, because of loss of control, inter-islands shipping faced over tonnage (Dick, 1989: 51). Besides, liberalization also gave a broader opportunity for shipping companies for operating their fleet in western part of Indonesia that was more advantageous economically. Although in 1968 the New Order had the NSTI (Netherlands Shipping Team for Indonesia) arrived to Indonesia for assisting the Indonesian government to arrange the shipping pattern in Indonesia as the KPM did 38 years before (centered on the Java Sea ports), but the government was not able to restrain this pattern. The impact was easily predicted. The western part of Indonesia with its main ports amongst others Batavia, Palembang, Belawan, Singapore, Banjarmasin, Sarabaya, etc. became the busy ports, while the eastern part of Indonesia had been left behind in shipping and trade. In 1961, share of Eastern Indonesia in inter-islands trade was Rp 18,102,280,000, while that of Western Indonesia was Rp 587,290,000. It meant that share of Western Indonesia in inter-islands trade was more than fourfold those of Eastern
Indonesia (BPS, 1962: 146). The important role of Western Indonesia also occurred in export trade. In the first quarter of 1969 for example, share of Sumatra reached 6,739,801 tons, Kalimantan 629,960 tons, Java and Madura 299,651 tons, Sulawesi 55,024 tons, Maluku 14,646 tons and Nusa Tenggara 5,678 tons (WIM, 3 October 1969).

In 1969, the volume of inter-islands trade was 5,015,000 tons, 32% (1,880,000 tons) of it was the trade with Singapore and Malaysia. From this figure (1,880,000 tons), the share of Singapore was 95% and the rest was Malay sia. 5% of the trade with Singapore originated from and destined to Sumatra, 30% with Java, 12.5% with Kalimattan and with the eastern part of Indonesia was only 2.5% (IBRD, 1971: annex 4). At that time, the PELNI served 55 routes. These routes were divided into 7 categories: i.e. 18 main routes, 15 feeder routes and 19 routes to Singapore (SK Dinjen Hubi 9/33-1/1969). Nevertheless, direct trade between Indonesia and Singapore was actually not so significant. Most of the trade with this city-state was transshipment cargo.

The role of Singapore was not only determined by its advanced global shipping network but also by its facilities for sorting and processing commodities before being exported to other countries. Any Indonesian ports did not own the facilities. The impacts were clear; Singapore was benefited by receiving extra cost for re-sorting and processing exported commodities. The role of Singapore as the center of trade in Southeast Asia was also beneficial to its fleet because Singapore-flagged ships served more than 50% of its trade. They had good access with Indonesian ports. It was enabled by the fact that shipping companies of Singapore had fast cooperative network with trading companies not only in Singapore itself but also in surrounding countries such as Indonesia so that Singapore fleet were hardly ever lack of cargoes in every their voyage. It was very difficult for foreign ships to pierce this network. Of course, this development inflicted a lost of inter-islands shipping fleet of Indonesia. Even it weakened ports and international shipping fleet of Indonesia because of its function as a transshipment port (IBRD, 1971: annex 4).

Gravitational force of Singapore for Indonesian territory was also related with the function of Singapore as the center of smuggling for Indonesia since the colonial period. It was still going on when the New Order came into power. In 1967, there was estimation that 25% of export value for non-mineral commodities was illegal trade or unrecorded trade (smuggling). Most of it was smuggling with Singapore and Malaysia. It was reported that the Indonesian navy and customs did not have enthusiasm and were not able to stop it. It was also closely linked with the tide trade-policy but with high degree of inefficiency (IBRD, 1971, annex 4). During the first semester of 1969 for example, there were 656 cases of smuggling in import and 39 cases of export and 299 cases of inter-islands trade (WEM, 21 October 1969).
Having been surpassed technologically, Java was not able to accommodate the dramatic shifting global patterns of shipping and finally it was left behind comparing with Singapore. This dramatic change was already felt in the mid-1960s, when a new type of cargo, the "unitized" cargo appeared (Teknologi Maritim, No. 4, 1998: 12-23). The push for the introduction of this new type of sea-borne cargo resulted from the increasing cost of labor and the slow rate of break bulk cargo handling. The role of container in transporting commodities became more and more important. At the same time, there was evidence that more and more bulk trade was containerized. This radical change in technology and global shipping network were well anticipated early by Singapore. It enabled Singapore to be calling port of container ships of round the world services via Suez and Panama Canals. And the port of Singapore itself functioned as the center of regional feeder services in connection with any ports in Asia.

The impact is very easy to be predicted. Share of Indonesian fleets in international shipping for Indonesian trade decreased drastically. In 1983 share of Indonesian fleets in transporting Indonesian export and import was only 17.9%. It dropped to 8,0% in 1986 and dramatically collapsed in 1995 i.e. only 2,15%. It meant that Indonesian fleet did not have capability to hold liner services to Europe and America. Several of them only voyaged to Hong Kong, Taiwan, Korea and Japan (Transmedia, No. 2, 1995: 22). It caused the increasing of deficit in balance of trade with foreign countries especially in sea transport service. In this case, again Singapore was advantaged by its strategic position. This port has become the port of call of "round the world shipping network" serviced by giant container ships. In this connection, the position of ports both in Java and the Outer Islands increasingly became marginal in the global trade. Indonesia would be the peripheral region of Singapore in global shipping.

By seeing the global shipping pattern, the only hope for Indonesia was being the master at its own house, i.e. in domestic shipping. The Indonesian fleet must have been the main server of inter-islands shipping. It should be able to do feeding service from and to Singapore (from container ships). But in fact it could not compete well to Singapore not only in technology but also in capacity and network. If in 1971 the total tonnage of Indonesian fleet was higher than that of Singapore, i.e. 619,000 GRT (Gross Register Tons) compared to 582,000 GRT, but in 1976 this figure changed ironically, i.e. 900,000 GRT compared to 7,342,000 GRT. It meant that the fleet of Singapore increased more than 1100% during 1971-1976 (220% per annum), while Indonesian fleet increased only 45% (or 9% per annum) (Breeze, 1987: 85). In the heyday of the KPM in the colonial period more than 95% of inter-islands shipping was handled by the Dutch companies. But in 1983 for example, share of Indonesian fleet domestic shipping only 65,3% and this figure increasingly decreased to be 56,9% in 1990 (Dirjen Hubla). In connection with the competition between Java and Singapore in con-
testing the peripheral regions (the Outer Islands), it can be stated that Java be-
came increasingly lost in this struggle. Even finally Java itself became one the
peripheral regions of Singapore both in international and interregional shipping.

F. Conclusion
The end of the Dutch colonial government in Indonesian archipelago witnessed
the embryo of "Indonesian economic-integration" was threatened to collapse.
This period witnessed Singapore became more and more interesting for the pe-
ripheral region of the Outer Islands than that of Java. It closely linked with the
collapse of shipping and trade network during the war. But this condition exactly
benefited Singapore that had not been destroyed during the Pacific War. It is also
important to stress here that war and political instability had given a "blessing in
disguise" to Singapore. This city-state became the only center of trade and smug-
gling of the Archipelago. The role of Java toward the Outer Islands was also
challenged internally by the emergence of separatism movements. It is clear that
if the economic integration is imposed and causes to inflict local economic inte-
rests, the political integration tends to be sacrificed.

The rivalry between Singapore and Java was reaching the crest when Su-
karno (the first President of Indonesia) launched what the so-called "Ganayang
Malaysia " command. In line with the development of Indonesian politic (that
tended to be an anti-western attitude), the founding of the Federation of Malay
States that included Malaya peninsul, Singapore and the North Borneo were used
by Sukarno to blockade Singapore and any Malaysian ports. It seems that this
blockade was also stimulated by Sukarno's irritation toward Singapore that be-
came the center for the United State and British to supply firearms for the PRRI
and Permei rebellions. Besides, Sukarno was also jealous to Singapore that had
become the main key to Indonesian economy since the revolution period and
sucked up the trade of the Outer Islands. It means that Singapore threatened Java
as a center of the Outer Islands.

The transfer of authority from Sukarno to Suharto (from the Old Order
to the New Order) also provided changes in policies concerning the relationship
between Indonesia and Singapore. The rival policy that had persisted along
history of Singapore would be ended. But this policy inflicted Java. Period of
war and political instability had put Java in a weak position. Java had lost their
competitive energy such as technology, fleet, network, information center, etc.
against Singapore. In this connection the position of Java shifted from com-
petitor to be subordinate of Singapore. It meant that Singapore had won the long-
run fight against Java in contesting the peripheral regions (the Outer Islands).
Even Java itself started to be the satellite of Singapore and became one of the pe-
ripheral regions of Singapore both in global and interregional shipping.
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