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Palembang in the 1950s: The Making and Unmaking of a
Region

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Abstract

Palembang in the 1950s: The Making and Unmaking of a Region

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My dissertation examines complex socioeconomic issues surrounding the postcolonial transition in Indonesia by focusing on the history of Palembang and the discourse of the “region” in 1950s’ Indonesia. By examining these issues, this dissertation shows that Palembang in the 1950s was volatile and indicative of a more complex local and transnational context, and that the history of the regions outside Java cannot be confined within state boundaries or the logic of regionalism. It also discusses how the central government’s efforts to integrate regions into a state were initially challenged and then eventually accepted throughout the decade. Chapter one conceptualizes the “region” in geographical, philosophical, and political senses by suggesting the dual meaning of the region. It also introduces the early histories and cityscapes of Palembang and the importance of the city in the relationship between the “center” (Jakarta) and the region in the 1950s. Chapter two highlights the international economic orientations of Palembang in the 1950s, by analyzing rubber smuggling to Singapore. The blurry line between legal and illegal trade, the role of Chinese traders, and the ethnicization of smuggling will be discussed. Chapter

three explores the petroleum industry and its influence on the society, with a focus on labor movements. The relationship between labor union and political parties, between union and companies, and between regional branches and the headquarters in Jakarta show that the 1950s were not just a period of diversity, but also a period of increasing state control and centralization. Chapter four explores the politics of building roads and the Musi Bridge in Palembang as symbols of modernization and development in the late 1950s and 1960s. The concluding chapter, chapter five, discusses the discourse and the process of “regional development” and the making of regional identities, and examines how they reflect the state’s hegemony and the complex integration of the regional into the national.

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Chapter 1 Introduction: The Disappearing Region in the 1950s

In an editorial column of a local newspaper of Palembang¹ in July 1957, the columnist denounced the anti-government rebellion in West Sumatra led by Simbolon² and discouraged all activities that would do harm to the national economy, especially “barter” trade and smuggling between the rebels and Singapore. The writer stated that the region should be part of the nation, declaring, “national development means regional development.”³ In another editorial column of the same newspaper in December 1956, however, the writer had criticized the central government in Jakarta for not understanding the situation of the region, for not appreciating the economic contribution of (South) Sumatra to the nation, and for discriminating against the region by prioritizing the Center⁴ or Jakarta and the Javanese. The writer even argued that it was not the region, but the central government that was responsible for the discontent and the rebellious movements of other regions.⁵

Such contrasting sentiments about the nation and the central government were prevalent in Indonesian regions outside Java, and they capture the heterogeneous characteristics of the

¹ Today in Indonesia, the name “Palembang” means the city of Palembang. However, in the colonial period, it was also used to designate the Residency of Palembang, today’s South Sumatra Province. In this dissertation, the term is mainly used for the city of Palembang, unless specified otherwise.

² Colonel Maludin Simbolon was one of the main leaders of the PRRI (Pemerintah Revolusioner Republik Indonesia) Rebellion that broke out in the mid-1950s in Sumatra. As the North Sumatra Commander in Medan, he launched a coup on December 22, 1956, which kept pace with another military coup in Bukittinggi, West Sumatra, led by Ahmad Husein. Simbolon declared that his military district would dissociate from the central government in Jakarta and that he would take over the governor’s authority. For information on Simbolon and rebel leaders, see Audrey R. Kahin and George McT. Kahin, *Subversion as Foreign Policy: The Secret Eisenhower and Dulles Debacle in Indonesia* (Seattle: University of Washington Press, 1997), 233-236. The PRRI rebellion is discussed in chapters two, three and four.

³ “Tadjuk: Membangun Negara Berarti Membangun Daerah,” *Suara Rakjat*, July 24, 1957.

⁴ In this dissertation, I use “center” as a theoretical concept. “Center” is used to refer to Jakarta or Batavia.

⁵ “Tadjuk: Kalau Pusat tidak Mau Mengerti, Kita Terpaksa Mengerdjakan,” *Suara Rakjat*, December 24, 1956.

“regions” and their complex relationships with the “Center” in Indonesia in the 1950s.

Throughout the decade, many regions outside Java desired an increase in regional autonomy, and fierce anti-government or anti-Javanese sentiment arose in some parts of the “Outer Islands,”⁶ some of which eventually culminated with the outbreak of regional rebellions in the mid-1950s. The voices for regionalism and regional autonomy definitely had resonance in local societies. At the same time, however, the zeal to be a part of the nation and its national development program also existed among the people in the regions, and, from the second half of the decade on, regionalist voices were gradually overpowered by the nationalist ideology, or mysteriously coexisted with the idea of national development propagated by the central government.

This situation frames questions to be asked and analyzed in this dissertation. What was the relationship between the regions and the Center like in Indonesian in the 1950s? Why did the “regions” and regionalism matter in Indonesia in the 1950s? For the people living in the regions outside Java, what did the nation (or “Center”) and the “region” mean, and how was regional development different from national development? What political, economic and social elements constituted the region, and how were those elements maintained or transformed in the 1950s? How were those elements represented in the regions or by the central government? And what was the significance of Palembang in particular in analyses of the region and its relationship with the Center in the specific context of the 1950s?

⁶ This term has been used to denote islands other than Java in the Indonesian Archipelago. The term itself contains a nuance to dichotomize Java and other islands, prioritizing Java over “others.” In this dissertation, the term is used just to refer to islands other than Java. Some scholars problematized the use of the term by comparing the economic role of Java and other islands. See J. Thomas Lindblad, “Between Singapore and Batavia. The Outer Islands in the Southeast Asian Economy in the Nineteenth Century,” in *Kapitaal, Ondernemerschap en beleid: Studies over Economie en Politiek in Nederland, Europe en Azie van 150 tot Heden*, ed. C. A. Davids et al (Amsterdam: NEHA, 1996), 529-548.

In 1950s' Indonesia, the word *daerah* (region) often connoted a politically defined space contrasting a center or the capital of the nation, from the provinces defying the authority of the central government. In scholarship on the regions and the Center, the region was most often viewed from a politically-oriented angle, and the studies on regions and regionalism in the 1950s have mainly focused on processes and impacts of political systems or regional rebellions.⁷ In addition to political meaning, however, the regions must also be understood as a social space that is produced by the socioeconomic activities of their members. Palembang, a rising economic center of the decade, will testify to both characters of the regions.

In his article "The Indies and the World," Eric Tagliacozzo analyzes the historical meaning of the year of 1910. Around 1910, Dutch colonial power seemed to be at its apex and to have established strong state power all over the Indonesian archipelago. At the same time, however, it was at this point that the seeds of the decline of the colonial regime and the rise of Indonesian nationalist movements were sown. Moreover, the construction of the Dutch colonial regime in the 1910s involved long-term transnational characteristics as a part of "European" colonies. In such a context, mentioning Ray Huang's book, *1587: A Year of no Significance*,⁸ Tagliacozzo argues that examining a short time period, or even a single year, can say something interesting and unexpected on the long-term trends of a specific place.⁹

⁷ For the multiple connotations of the term *daerah* in 1950s' Indonesia, see Gusti Asnan, David Henley, Diks Pasande, Remco Raben, and Esther Velthoen, "Nation, Region and the Ambiguities of Modernity in Indonesia in the 1950s," in *Indonesian Transitions*, ed. Henk Schulte Nordholt et al. (Yogyakarta: Pustaka Pelajar, 2007), 115-116.

⁸ Ray Huang, *1587: A Year of No Significance: The Ming Dynasty in Decline* (New Haven: Yale University Press, 1982).

⁹ Eric Tagliacozzo, "The Indies and the World: State Building, Promise, and Decay at a Transnational Moment, 1910," *Bijdragen tot de Taal-, Land- en Volkenkunde* 166, no.23 (2010): 270-271.

I argue that the 1950s are also a period that can say many things about long-term trends in Indonesian history, and that Palembang is an exemplary case to analyze. The socioeconomic situations of the 1950s were closely tied to the periods before and after it. First, the period shows that Indonesian regions outside Java had maintained their transnational socioeconomic character, established in either the precolonial or colonial period. As I will show in chapter two, transnational economic networks among Palembang and Singapore and the Malay Peninsula had been one of the most crucial factors that constituted the economy of the region, and remained so into the 1950s. Second, Palembang society in this decade, especially its second half, was filled with signs of the increase of state power and its intervention in local societies and economies, mostly in the name of national (or regional) development which was often synonymous with modernization. Thus, the 1950s was a period when the symptoms and influences of the preceding decades and of the new decades were complicated and varied. By looking at the case of Palembang, this dissertation explores new aspects of studying “regions,” especially in the peculiar context of the 1950s’ Indonesia. Ethnic and class divisions, the openness and insularity of Palembang society, and social mobility are undercurrents of the whole dissertation.

The 1950s: The Reemerging Decade?

The 1950s was not a major focus in the historiography of modern Indonesia until the 1990s. Scholars of modern Indonesian history had concentrated more on the coercion and the exploitation of the Dutch colonial regime, anticolonial and nationalist movements, the struggle

against the Dutch during the Revolutionary period (1945-1949),¹⁰ and the dictatorship of Suharto's New Order. As for the 1950s, scholars have paid more attention to Guided Democracy after 1958; this is especially true of political scientists. The so-called "short 1950s," or the Parliamentary Democracy period (1950-1957), had been regarded as a period of failed opportunity and finally as an "aberration," in the course of history toward a stable state, or a "unified" Indonesia.¹¹ Avoided as a research topic during much of the New Order, the 1950s was even called "the disappearing decade."¹² Certain scholars emphasized the similarities between

¹⁰ Following the defeat of Japan in the Pacific War, Sukarno and Hatta declared Indonesian independence on August 17, 1945. However, the Dutch returned to the Indonesian archipelago to restore its colonial territories. This situation led to armed conflicts and battles between the Dutch and Indonesians, which ended in December 1949 when the Dutch withdrew its troops and the independence of Indonesia was officially proclaimed. The Indonesian struggle against the Dutch during these four years is called the "Revolution (*Revolusi*). After independence, the Revolution became a symbol of nationalist ideology and national development, and has been "fetishized" by the state through the construction of monuments and monumental architectures. For the fetishization of the Indonesian Revolution, see James Siegel, *Fetish, Recognition, Revolution* (Princeton: Princeton University Press, 1997), especially the introduction and chapter nine.

¹¹ For the studies on the political system of the 1950s, see Hebert Feith, *The Decline of Constitutional Democracy in Indonesia* (Ithaca: Cornell University Press, 1962); Daniel Lev, *The Transition to Guided Democracy: Indonesian Politics, 1957-1959* (Ithaca: Modern Indonesia Project, Southeast Asia Program, Cornell University, 1966). Christine Drake analyzes the modern Indonesian society, including the 1950s, within the national integration frame. See Drake, *National Integration in Indonesia: Patterns and Policies* (Honolulu: University of Hawaii Press, 1989).

For the case studies of the regional rebellions in the 1950s, see Barbara Harvey, *Permesta: Half a Rebellion* (Ithaca: Modern Indonesia Project, Southeast Asian Program, Cornell University, 1977); C. van Dijk, *Rebellion under the Banner of Islam* (The Hague: Martinus Nijhoff, 1981); R. Z. Leirissa, *PRRI Permesta. Strategi Membangun Indonesia tanpa Komunis* (Jakarta: Pustaka Utama Grafiti, 1997); Nazaruddin Sjamsuddin, *The Republican Revolt: A Study of the Acehnese Rebellion* (Singapore: ISEAS, 1985).

¹² Ruth T. McVey, "The Case of the Disappearing Decade," in *Democracy in Indonesia 1950s and 1990s*, ed. David Bouchier and John Legge (Clayton: Center for Southeast Asia, Monash University, 1994), 3-15.

the colonial period and the New Order regime, bridging the “discontinuities” between the two periods.¹³

Obsessed with the goal of national unity and political stability, until the 1990s, most of the studies on the 1950s had focused on the issue of state formation, parliamentary politics, or regional rebellions that were seen to threaten the political unity of the state.¹⁴ This perspective often framed the analysis in a closed system locating Java at its center and other regions at the periphery (“Outer” Islands). Therefore, these works have discussed the subject of the “region” primarily within the nationalist framework of political conflicts between the central government and regions, and have seen the socioeconomic circumstances of the regions as the “background” to explain political turmoil.¹⁵

In the 1990s, influenced by the contemporaneous political transformations, scholarly interest in the 1950s began to appear as the New Order weakened. The first wave was in the mid-1990s. The anti-Suharto and democratic movements in Indonesia sparked renewed interest and discussions arose regarding the decade as quite similar to the 1990s. Seeing the intensification of regionalist movements and efforts for political reformation in the 1990s, scholars were

¹³ See, for example, John Pemberton, *On the Subject of “Java”* (Ithaca: Cornell University Press, 1994), 26. The lack of research on the 1950s in Pemberton’s book may have been due to the specific political atmosphere in the 1980s (when he conducted his research) and basically during the whole New Order period until the 1990s, when it was dangerous for anyone to ask about the 1950s.

¹⁴ See footnote 9 above. This also may have been due to difficulties in getting research clearance for projects on the 1950s. At the University of Washington, for example, the late Professor Dan Lev had data on the 1950s and 1960s from his research in Indonesia in the early 1960s. He subsequently donated most of this material to the University of Washington Libraries or the PSHK, the Indonesian Center for Law and Policy Studies, in Jakarta. He also began to encourage his graduate students to work on the 1950s in the 1990s. Personal communication from Laurie Sears, July 24, 2012.

¹⁵ Howard Dick, “The Indonesian Economy in the 1950s: Multiple Exchange Rates and Business Networks and Centre-Region Relations,” in *Indonesia in Transition: Rethinking ‘Civil Society,’ ‘Region,’ and ‘Crisis,’* ed. Hanneman Samuel and Henk Schulte Nordholt (Yogyakarta: Pustaka Pelajar, 2004), 176.

disillusioned with the myth of a strong, unified Indonesia that had been propagated by the New Order government, especially as the state began to weaken. Now the 1950s was given credit as a period filled with democratic experiments and the freedom to express political ideas. The negative image of the 1950s as a period of confusion and turmoil was replaced by more positive connotations as the harbinger of democracy in Indonesia, which began to blossom in the late 1990s.¹⁶

The fall of Suharto in 1998 and the subsequent political transformation in Indonesia expedited the development of new scholarship on the 1950s. The increase of the request for regional autonomy after 1998 brought about a steep increase of scholarly interest in the 1950s, and the topics of the region and regionalism generated interest too. Now the decade was seen as a period when local, regional, and national identities were created, transformed or disrupted, often in competition each other. The new trend of scholarship in the 2000s, led by scholars in Indonesia, Australia, and the Netherlands, tried to diversify its research foci by exploring cultural, social and economic aspects of Indonesia's regions, as well as its political situation.¹⁷ These scholars have challenged the conventional approach to the 1950s by focusing on local voices and representations, using interdisciplinary methods and avoiding conventional politico-centric approaches. For example, by investigating maps and history books produced in West Sumatra,

¹⁶ See the articles in David Bouchier and John Legge (eds), *Democracy in Indonesia 1950s and 1990s* (Clayton: Center for Southeast Asia, Monash University, 1994).

¹⁷ A series of articles and books on the 1950s, with a strong focus on the region and regionalism, were published in the Netherlands and Indonesia. For example, Henk Schulte Nordholt and Irwan Abdullah (eds), *Indonesia in Search of Transition* (Yogyakarta: Pustaka Pelajar, 2002), especially chapter three: Heather Sutherland, Remco Raben and Elsbeth Locher-Scholten, "Rethinking Regionalism: Changing Horizons in Indonesia 1950s-2000s," 47-65; Hanneman Samuel and Henk Schulte Nordholt (eds), *Indonesia in Transition: Rethinking 'Civil Society,' 'Region,' and 'Crisis'* (Yogyakarta: Pustaka Pelajar, 2004); Henk Schulte Nordholt and Ireen Hoogenboom (eds), *Indonesian Transitions* (Yogyakarta: Pustaka Pelajar, 2006).

Indonesian scholar Gusti Asnan analyzes how the Minangkabau society formed a new regional identity in the 1950s.¹⁸

However, this new scholarship is still in need of new approaches and further research. First, the main case studies of these publications, with a few exceptions, were still mainly concentrated on West Sumatra and South Sulawesi, the two most “rebellious” regions that had strong military and political antipathy against Jakarta in the 1950s.¹⁹ Despite efforts for the diversification of angles and disciplines for the research, other “peaceful” regions with less obvious regionalist voices and no apparent challenges to the central government still remain understudied, even though they may have been quite significant in other aspects. Moreover, in this new scholarship produced in the post-Suharto era, political movements and the regional rebellions still remain the main areas of analysis. These studies are certainly valuable in that they provide new approaches in understanding the political and historical background of the regionalism in those politically disorganized areas. However, the scholarship of 1950s’ Indonesia still lacks research on what local societies experienced in terms of social and economic life, and what impacts the experiences had on the formation or deconstruction of regional identities,

¹⁸ Gusti Asnan, “Geography, Historiography and Regional Identity: West Sumatra in the 1950s,” in *Indonesia in Transition: Rethinking ‘Civil Society,’ ‘Region,’ and ‘Crisis,’* ed. Hanneman Samuel and Henk Schulte Nordholt (Yogyakarta: Pustaka Pelajar, 2004), 129-146.

¹⁹ For the case studies of West Sumatra, see Gusti Asnan’s works: *Memikir Ulang Regionalisme. Sumatera Barat Tahun 1950-an* (Jakarta: Yayasan Obor Indonesia, 2007); *Pemerintahan Sumatera Barat dari VOC hingga Reformasi* (Yogyakarta: Citra Pustaka, 2006). For South Sulawesi, see Esther Velthoen’s articles: “Mapping Sulawesi in the 1950s,” in *Indonesian Transitions: Work in Progress*, ed. Henk Schulte Nordholt and Gusti Asnan (Yogyakarta: Pustaka Pelajar, 2003); “Hutan and Kota: Contested Visions of the Nation-State in Southern Sulawesi in the 1950s,” in *Indonesia in Transition: Rethinking ‘Civil Society,’ ‘Region,’ and ‘Crisis,’* ed. by Hanneman Samuel and Henk Schulte Nordholt (Yogyakarta: Pustaka Pelajar, 2004). Except for these two regions, Gerry van Klinken’s works on Kalimantan are most notable. See, for example, van Klinken, “Colonizing Borneo: State-Building and Ethnicity in Central Kalimantan,” *Indonesia* no. 81 (2006): 23-30.

especially in the regions relatively far removed from the epicenter of the two rebellions. In this context, Palembang, a region seemingly peaceful in politics, while dynamic in terms of socioeconomic aspects, is a good alternative.

Palembang: A Disappearing Region?

Known, since Coedès' major discovery in 1918, as the capital of the Srivijaya kingdom,²⁰ Palembang has been an important trading center in maritime Southeast Asia for more than a millennium. As I discuss in more detail below, the kingdom flourished by controlling the international trade through the Malacca Straits from the seventh to thirteenth century, establishing hegemony over polities in Sumatra and the Malay Peninsula. Sanskrit inscriptions and Chinese travelogues report that the kingdom prospered as an intermediary in the international trade between China and India. Because of the Monsoon, or biannual seasonal wind, after getting to Srivijaya, traders from China (or India) had to stay there for several months waiting the direction of the wind changes, or had to go back to China (or India). Thus, Srivijaya grew to be the biggest international trade center, and not only the market, but also infrastructures for traders such as lodging and entertainment also developed. It functioned as a cultural center as well. Yijing, a Chinese Buddhist pilgrim who stayed in today's Palembang and Jambi in 671, recorded that there were more than a thousand Buddhist monks and learned scholars, sponsored

²⁰ George Coedès is known as the first scholar who mentioned the existence and the origin of Srivijaya. See Coedès, "Le Royaume de Çrīvijaya," *Bulletin de l'Ecole Française d'Extrême-Orient* 18, no. 6 (1918): 1-36.

by the kingdom to study religion in Palembang.²¹ He also recorded that there were many “states” under the kingdom called Srivijaya (*Shili Foshi*).

Despite the lack of evidences and historical sources, Old Malay inscriptions show that Srivijaya enjoyed its heydays until the tenth century, spreading its influence in Java and other islands in the archipelago. Srivijaya weakened from the eleventh century with the attack of Chonla, and finally declined with the military expedition by Javanese kingdoms in the thirteenth century.²² In Chinese or Sanskrit records, the name Srivijaya was often interchangeably used with the term Melayu. As seen in the story of the founder of Malacca (a prince from Palembang), the history and tradition of the Srivijaya kingdom is often seen as one of the crucial factors that constitute the so-called “Malay World,” or the Malay identity.²³

After the thirteenth century, Srivijaya fell into decline and came under the control of Javanese kingdoms such as Banten and Demak. As in other parts of Sumatra, the rulers of Palembang and surrounding areas adopted Islam as their religion, and Islamic Sultanates had ruled this area thereafter. The Sultanate of Palembang thrived during the seventeenth and eighteenth century, especially under the entrepreneurship of Sultan Mahmud Badaruddin (1742-

²¹ Peter J. M. Nas, “Palembang: The Venice of the East,” in *Issues in Urban Development: Case Studies from Indonesia*, ed. Peter J. M. Nas (Leiden: CNWS, 1995), 133-134; Barbara Watson Andaya, *To Live as Brothers: Southeast Sumatra in the Seventeenth and Eighteenth Centuries* (Honolulu: University of Hawaii Press, 1993), 6. Yijing himself learned Sanskrit grammar there, and recommended that Chinese monks should stay in the kingdom to study before going to India. For the record of Yijing, see Leonard Andaya, “The Search for the ‘Origins’ of Melayu,” in *Contesting Malayness: Malay Identity across Boundaries*, ed. Timothy P. Barnard (Singapore: National University of Singapore Press, 2004), 60.

²² Andaya, *ibid.*, 65.

²³ For the origin and the historical construction of Malay identity or Malayness, see Timothy P. Barnard (ed), *Contesting Malayness: Malay Identity across Boundaries* (Singapore: National University of Singapore Press, 2004). For the significance of Srivijaya in Malay identity, see Andaya, *ibid.*

1757).²⁴ However, the Sultanate of Palembang faced challenges with the rise of the Netherlands East India Company (VOC) and the rivalry between the Dutch and the English merchants, and Palembang's economic activities were affected by the emergence of new rivals. In 1821, after the fall of Sultanate to the Dutch forces, Palembang officially became subordinate to the Netherlands East Indies.²⁵

From the late nineteenth century, with the introduction of new export crops by the Dutch companies, Palembang rose again as an economic center. In the 1900s, the development of the petroleum and rubber industries caused unprecedented economic growth, which brought about the influx of migrants, an increase in urbanization, and development of the socioeconomic infrastructure. In the 1930s, the Residency of Palembang was one of the “three giants” in the export economy of the Netherlands East Indies, together with the East Sumatran Plantation Belt and Southeast Kalimantan,²⁶ and the city of Palembang was the most populous urban center

²⁴ See Andaya, *To Live as Brothers*, especially chapter six for Sultan Mahmud Badaruddin. Despite the widespread scholarly theory that the Palembang area was the center of Srivijaya, the location of the center of Srivijaya is still a controversial issue. Not only Palembang, but also Jambi, claims itself as a descendant of the Srivijaya kingdom. Considering the unsettled and shifting locations of political centers, and the radiating political power from those centers in the “Mandala” states in premodern Southeast Asian states, the claim for the single descendant of Srivijaya might be misleading. Rather, the location of Palembang was used in identity politics and the making of the genealogy of postcolonial Indonesia, as will be discussed in chapter five. However, this controversial situation does not refute the existence of the maritime empire that dominated the international trade surrounding the Malacca Straits. For the structure of premodern Southeast Asian kingdoms and the “Mandala,” see Oliver Wolters, *History, Culture and Region in Southeast Asian Perspectives*, revised ed. (Ithaca: Southeast Asia Program, Cornell University, 1999).

²⁵ *Ibid.*, chapter seven. In this period, the Dutch and British traders were mostly interested in the pepper and tin produced in South Sumatra. To compete with the VOC, the English East India Company established a trading post in Bengkulu, a region on the Southwestern coast of the island of Sumatra, in 1685. The British stayed in Bengkulu until 1824, when they left Sumatra following the First Anglo-Dutch Treaty that first divided the “Malay World” into two parts along the Malacca Straits.

²⁶ Jeroen Touwen, *Extremes in the Archipelago: Trade and Economic Development in the Outer Islands of Indonesia, 1900-1942* (Leiden: KITLV Press, 2001), 45. Touwen categorizes these three regions as the only regions in the archipelago that contained the characteristics of the “dual bases,” the coexistence of

outside Java. In the 1950s, Palembang was arguably the most important contributor to the national economy as the leading producer of oil and rubber, to be discussed in chapters two and three.

Despite its economic importance and dynamic social changes in the twentieth century, the modern history of Palembang, especially of the 1950s, has rarely been studied. Instead, the early history of Palembang had been given attention by archaeologists and historians of the pre-modern period, mainly because of the Srivijaya kingdom. In the 1910s, by delving into inscriptions and Chinese sources, George Coedès, as mentioned above, and other western scholars speculated that the Palembang area was the site of the Srivijaya kingdom,²⁷ which is believed to be the first empire in the Indonesian Archipelago, to dominate international maritime trade around the archipelago and the Malay Peninsula. The research of Srivijaya was followed by many other scholars such as Oliver Wolters, Pierre Yves-Manguin, and Jan Wisseman Christie,²⁸

indigenous entrepreneurship such as local rubber cultivators and European capitals such as agricultural estates, coal mining and the oil business.

²⁷ For the analyses of the origin of the kingdom, see Gorges Coedès, *The Indianized States of South-East Asia* (Honolulu: East-West Center Press, 1968), and his *Srivijaya: History, Religion, and Language of an Early Malay Polity: Collected Studies* (Kuala Lumpur, MBRAS, 1992). In the 1930s, an article on Palembang as the site of Srivijaya was published by a Dutch scholar in Palembang. See W. J. W. Wellan, "Ciriwijaya: 1250 Jaren Geleden Gesticht," *Tijdschrift van het Koninklijk Nederlandsch Aardlijkskundig Genootschap* 2, no. 3 (1934): 348-402.

²⁸ Oliver Wolters' *Early Indonesian Commerce: A Study of the Origins of Srivijaya* (Ithaca, New York: Cornell University Press, 1967). For the decline of Srivijaya, see Oliver Wolters, *The Fall of Srivijaya in Malay History* (London: Lund Humphries Publishers Limited, 1970). For archaeological studies on Srivijaya, see Pierre Yves-Manguin, "Palembang and Sriwijaya: An Early Malay Harbour-City Rediscovered," *Journal of the Malaysian Branch of the Royal Asiatic Society* 66, no. 1 (1993): 23-43; Bennett Bronson and Jan Wisseman, "Palembang as Srivijaya: the Lateness of Early Cities in Southeast Asia," *Asian Perspectives: the Bulletin of the Far-Eastern Prehistory Association* 19, no.2 (1976): 221-239. For the archaeological evidences of urbanization of Palembang in the premodern period, see John Miksic, "Urbanization and Social Change: The Case of Sumatra," *Archipel* 37 (1989), 3029.

and still comprises the biggest part of the scholarly literature on the history of Palembang and South Sumatra.

Except for several works on Javanese political and cultural influence on Palembang and on the Islamic Sultanate in Palembang, little research has been done on this area after the rise and fall of Srivijaya.²⁹ Other than the struggle against the Dutch in 1821, the transmigration projects that sent Javanese peasants to South Sumatra in the early twentieth century,³⁰ and the Revolutionary period,³¹ there is only a tiny literature on the modern history of Palembang, while the majority of the research focuses on the colonial period, the Revolution, or the New Order

²⁹ Djohan Hanafiah, a Palembang native historian, had published extensive works on the history of Palembang in and after the Srivijaya, and did research on the long-established relationship between Java and South Sumatra. See Djohan Hanafiah, *Palembang Zaman Bari: Citra Palembang Tempo Doeloe* (Palembang: Humas Pemerintah Kotamadya Daerah Tingkat 2 Palembang, 1988); *Melayu-Jawa: Citra Budaya Dan Sejarah Palembang* (Jakarta: PT Raja Grafindo Persada, Palembang/Pemerintah Daerah tingkat 2 Palembang, 1995). Andaya's *To Live as Brothers* also analyzes the influence of Javanese kingdoms on Palembang and Jambi.

³⁰ The Transmigration project was first coined by the Netherlands East Indies government in the first decade of the twentieth century, in the name of "Kolonisatie," which the Indonesian government inherited. The main purpose was to decrease the population density in Java by sending surplus labor forces to underpopulated islands. From the beginning of the project, South Sumatra was the main destination for the Javanese migrants. The transmigration project tremendously transformed the ethnic and social map of Southern Sumatra, especially today's Lampung Province. The 2010 census shows that sixty two percent of the population of the Province was ethnic Javanese, while the "native" Lampung population took up only ten percent. There are extensive works on the transmigration, especially on South Sumatra. For general information regarding agricultural colonization in Southeast Asia, see Karl Pelzer, *Pioneer Settlements in the Asiatic Tropics: Studies in Land Utilization and Agricultural Colonization in Southeastern Asia* (New York: American Geographical Society, 1945). For historical and sociological analyses of transmigration in Indonesia in general, see Patrice Levang, *Ayo ke Tanah Sabrang: Transmigrasi di Indoneisa* (Jakarta: Kepustakaan Populer Gramedia, 2003). The most extensive work on migration to South Sumatra is Muriel Charras and Marc Pain, *Spontaneous Settlements in Indonesia: Agricultural Pioneers in Southern Sumatra* (Jakarta: Departemen Transmigrasi, 1993).

³¹ For the battle in 1821, see Nanang S. Soetadji and Djohan Hanafiah, *Perang Palembang melawan VOC* (Palembang: Karyasari, 1996); Djohan Hanafiah, *Perang Palembang 1819-1821: Perang Laut Terbesar di Nusantara: Satu Catatan Sejarah* (Palembang: Pariwisata Jasa Utama, 1988). For the Revolutionary period, see Asnawi Mangkualam, *Perang Kota 120 Jam Rakyat Palembang* (Jakarta: Aksara Baru, 1986); Abi Hasan Said, *Pertempuran Lima Hari Lima Malam di Palembang: Perjuangan Rakjat Semesta Sumbagsel* (Jakarta: Forum Komunikasi Sarjana Sriwijaya Pembangunan and Yayasan Bhakti Juang '45 Sriwijaya, 1987).

period. Jeroen Peeters analyzed the transformation of Islam and other social changes in Palembang under Dutch colonial rule.³² For the postcolonial period, there are some remarkable anthropological works on Palembang and South Sumatra. Sandra Taal analyzed the symbolic meaning of urban planning in contemporary Palembang, and Elizabeth Collins's book investigated the "failed development" in South Sumatra in the New Order. The ethnographies of Bart Barendregt and William Collins provide valuable information about the hinterlands of South Sumatra.³³ However, these works are mostly about the New Order period and beyond. There is no work on Palembang and South Sumatra in the 1950s, compared to the scholarship on West Sumatra or South Sulawesi, let alone Java, in the same decade.

This lack of scholarship on Palembang in the 1950s, created, or was created by, the impression that this area was "peaceful" or meaningless in the historiography of the period. The political situation of Palembang, however, was not as calm as it was thought, and there were diverse internal competitions and opposition against the center. For example, in 1948, the South Sumatran State (*Negara Sumatera Selatan*, NSS) was formed, with the support of the Dutch, as a member of the Federation established by the Dutch. It was dissembled in March 1950 with the return of the Republican government, yet in the meantime and afterwards, there were conflicts and competitions between the supporters of the NSS and nationalist leaders. The biggest supports of NSS were local elites from Palembang, while many of nationalist leaders were originally from

³² Jeroen Peeters, *Kaum Tuo-Kaum Mudo: Perubahan Religius di Palembang 1921-1842* (Jakarta: INIS, 1997).

³³ Sandra Taal, "Between Idea and Reality: Images of Palembang" (PhD diss., Leiden University, 2001); Elizabeth Fuller Collins, *Indonesia Betrayed: How Development Fails* (Honolulu: University of Hawaii Press, 2007); Bart Barendregt, "From the Realm of Many Rivers: Memory, Places and Notions of Home in the Southern Sumatran Highlands" (PhD diss., Leiden University, 2005); William Collins, "Besemah Concepts: A Study of the Culture of a People of South Sumatra" (PhD diss., University of California at Berkeley, 1982).

outside Palembang.³⁴ Moreover, even long before the rise of regional rebellions, there were voices for an independent government.³⁵

These internal dynamics and competition, together with ethnic diversity, often hampered Palembang society from making a more unified regional movement; and this caused a lack of loud voices for regional autonomy despite its rich natural resources, both in the 1950s and today. However, behind the apparent tranquility, Palembang society had its own socioeconomic dynamics, which can be understood through the analyses of its international and transnational/transregional characters. Since at least the Srivijaya period, Palembang had been one of the biggest trade centers in the archipelago, attracting diverse group of immigrants, especially Chinese traders. The geographic and historic proximity with the island of Java, together with Javanese Transmigration, created mixed Javanese and Malay characteristics in Palembang society and culture. In addition to this, with the development of rubber planting and petroleum industry since late colonial period, Palembang saw an increasingly diverse influx of people, including Europeans and Americans, and increasing development of the socioeconomic infrastructure.

³⁴ The elites who supported NSS were mostly from the so-called “Raden groups (*kelompok Raden*),” who were notable family members of the Palembang Sultanate. In late 1940s, the Dutch wanted to oust “influence from outside” to get the local elites’ support, and they posed a slogan “South Sumatra for South Sumatrans.” This regionalist instigation was targeted mainly against the most prominent Republican leaders in South Sumatra, such as A. K. Gani and M. Isa, who were originally from West Sumatra. Alian, “Negara Sumatera Selatan dalam Konflik Elite Politik Lokal (1948-1950)” (MA Thesis, Universitas Indonesia, 2000), 110-11. For the formation of the NSS and the Federal Indonesia formed by the Dutch, see Arthur Schiller, *The Formation of Federal Indonesia 1945-1949* (The Hague and Bandung: W. Van Hoeve Ltd, 1955).

³⁵ In July 1950, for example, around Musi River, nine people were arrested for agitating to establish an independent government in Palembang. *Suara Rakjat*, July 3, 1950.

In the 1950s, Palembang was one of the most important economic centers in Indonesia, and arguably the most crucial economic contributor to the national economy, with its rubber and oil production.³⁶ However, its traditional international economic connections, especially with Singapore, were still active in the 1950s, and Western companies remained an indispensable variable in the local economy. Thus, despite the lack of apparent political opposition, the relationship between diverse social and ethnic groups, its geographical and historical connections with Java, and transnational networks all contributed to Palembang as a space of contested ethnic, class, and spatial identities, making it a microcosm of Indonesia.

In this context, recent works by Indonesian scholars are quite significant in understanding the creation of the region and regionalism in Palembang. First, Mestika Zed's comprehensive historiography of the late colonial and the Revolutionary periods gives valuable insights for understanding the broader context of the formation of the region and nation. Although Zed's book does not cover the 1950s, by locating Palembang as a mediator between Java and Singapore and highlighting the role of entrepreneur-politicians, it analyzes how the transnational character of the politics and economy of the region historically developed.³⁷ Another noteworthy work is Dedi Irwanto Santun's book. As the most recent publication on Palembang, Santun covers the period from the 1930s to the 1960s, and explores the construction of the identities of Palembang and the relationship between the region and the Center. This book is arguably the

³⁶ In the mid-1950s, the total amounts of insular trading between South Sumatra and Java (especially West Java) were much higher than trading between other regions. See *Statistical Pocketbook of Indonesia 1958* (Djakarta: Biro Pusat Statistik, 1958).

³⁷ Mestika Zed, *Kepialangan, Politik, dan Revolusi: Palembang 1900-1950* (Jakarta: Pustaka LP3ES Indonesia, 2003). For the Revolutionary period, there is a MA thesis on the South Sumatran State (Negara Sumatera Selatan, NSS). Alian, "Negara Sumatera Selatan." There is another MA thesis on the regional government of South Sumatra up to 1957. Fera Yuliana Dewi, "Pemerintahan Daerah di Sumatera Selatan Tahun 1948-1957," MA thesis (Depok: Universitas Indonesia, 2008).

only work on the city of Palembang allocating a significant portion to the 1950s.³⁸ However, Santun's analyses are mostly based on regional and national politics, and he does not focus on the role of international elements such as Chinese transnationalism, the significance of Western capital, or class issues. While appreciating the accomplishments of these works, my dissertation will put more focus exactly on these transnational and class issues to reveal the unseen characteristics of the 1950s in the region.

Cityscapes of Palembang around 1950

A River Runs through It

As explained above, Palembang has been known as the center of Srivijaya, one of the earliest maritime kingdoms in Southeast Asia. As the center of international trade, the society of Palembang had been dependent on the use of seas and oceans for their socioeconomic life. This harbor city had been one of the trading centers most frequented by the VOC until the eighteenth century, and in the colonial period, the production of coffee and rubber boosted shipments at the Palembang harbor. There were factories in the city to process rubber and coffee, and most of these commodities were transported from hinterlands to the urban area via ships.

Not only international trade, but also internal economic transactions were dependent on water, especially the Musi River that transected the city from West to East. There are many small rivers and branches that originated from the Musi River, not only around the urban areas, but

³⁸ Dedi Irwanto Muhammad Santun, *Venesia dari Timur: Memaknai Produksi dan Reproduksi Simbolik Kota Palembang dari Kolonial sampai Pascakolonial* (Yogyakarta: Penerbit Ombak, 2011). The last part of the book shares similar interests with the chapter four of this dissertation on the issues of regional development and the construction of the Musi Bridge.

also in the hinterlands of South Sumatra. Most of the economic activities in the region were made at the shops and markets along the river, whose ships and small boats were the primary means of transportation. Not only shops, but also the main residential area of the town was developed along the coast of the Musi River. The Musi River's accessibility to the sea enhanced Palembang's trade relations with Singapore, and the city functioned as the economic center encompassing most of South Sumatra.³⁹ In the late 1920s, ocean steamers navigated the Musi River on a regular basis, and the appearance of huge ships in the town on the river was a sign of prosperity.⁴⁰

As will be explained more in chapter four, the northern bank of the Musi River is called the *Ilir* (downstream), while the other is the *Ulu* (upstream). From the precolonial period, the Ilir area had developed as the center of politics, economy and administration, filled with government offices and shops, while the Ulu had been functioning as the provider of natural resources and goods for the Ilir.⁴¹ However, urbanization of the city did not take off until the 1920s, even in the Ilir area. Transportation was still based on ships on the river, although more advanced ships were being introduced. It was only in the 1920s that the use of railroads and cars for transportation reached a substantial level. Before then, roads were in bad condition, and the railway was restricted only to the areas where European business was involved.

³⁹ Touwen, *Extremes in the Archipelago*, 75.

⁴⁰ Tideman, *Memories van Overgave* 212, 1928, ARA. Recited from Touwen, *Extremes in the Archipelago*, 74.

⁴¹ Jeroen Peetes argues that the division of the Ilir and Ulu, although the dichotomy is not without reason, was overemphasized by the Dutch colonial officers who based their administrative center in the Ilir in the nineteenth century. For the detailed explanation on the comparison between the two, Peeters, *Kaum Tuo – Kaum Mudo*, 37-68; Zed, *Kepialangan, Politik dan Revolusi*, 34-47; Andaya, *To Live as Brothers*, 13-20.

In 1907, the Batavia Petroleum Company (Betaafsche Petroleum Maatschappij, BPM) opened oil refineries at Plaju on the coast of the Musi River, and in 1912 the Standard Oil Company (Stanvac) set up a refinery at Sungai Gerong, on the opposite bank of the river. The two refinery complexes were like enclaves, separate urban centers with houses, hospitals, and other cultural facilities built by the Dutch and Americans.⁴² There, at first, the opening of the petroleum industry increased the significance of the waterway along the Musi River. However, with the increase of the production of export crops, oil, and coal produced at Bukit Asam, the colonial government found it necessary to build roads and bridges as alternative routes for public and industrial transportation. The project for transportation reformation did not materialize until the end of the colonial period. However, the contrast between the inland roads and waterways continued, and the project to build roads and bridges was bequeathed to the regional government of Independent Indonesia. The building of infrastructure will become a source of debates and competition surrounding the issue of the regional and national development, as I explain in chapter four and five.

Palembang in the International Context

Even after the fall of Srivijaya and before the colonial period, many outsiders entered Palembang for business, or as the end point of migration. In the seventeenth and eighteenth century, Chinese, Arabic, and European traders actively worked in Palembang. Chinese migration to Palembang was known to begin in the sixteenth century, even earlier than the establishment of the Sultanate in Palembang. Starting from peripheral traders, Chinese soon grew

⁴² Peter Nas, "Palembang: The Venice of the East," 140.

to be a dominant intermediary, especially in pepper and tin trading.⁴³ While the Chinese were mainly engaged in trade sponsored by the Sultan, and not all of them converted to Islam, Arabs, sharing the same religion with the Palembang ruler, mostly worked in the administration of the Sultanate. Most of the Europeans in this period were VOC traders.⁴⁴

The international trade of Palembang society was heightened with the increase of exports in the late colonial period. Owing to the rapid economic growth, Palembang and South Sumatra were even called the “land of fortune (daerah untung).”⁴⁵ The economic boom, especially the launching of the oil refinery at Plaju and the coal mine at Bukit Asam provided people in Palembang and South Sumatra with new industries. More important, the new industry attracted an influx of new people and a subsequent population increase. In 1930, Palembang was the largest city in the archipelago except for Java in population size. Its population was 50,703 in 1905; it reached 109,069, while the population of Makassar and Medan was 86,662 and 74,976, respectively.⁴⁶ It was surpassed only by three larger cities located in Java: Batavia, Surabaya and Semarang.

As mentioned earlier, Palembang society was composed of diverse ethnic groups. The influx of newcomers in the later colonial period brought about unprecedented social

⁴³ Together with rubber and oil, tin has been one of the most important raw materials produced in South Sumatra. This dissertation focuses on socioeconomic situations in the city of Palembang rather than the entire province of South Sumatra, thus it excludes tin, the production and trade of which has been centered on Bangka Island. Bangka has also been known for its rich pepper production. The economy of tin and pepper in Bangka is critical in understanding the history of Chinese coolies and traders in the region. For the analysis of this topic, see Mary F. Somers Heidhues, *Bangka Tin and Mentok Pepper: Chinese Settlement on an Indonesian Island* (Singapore: Institute of Southeast Asian Studies, 1992).

⁴⁴ Zed, *Kepialangan, Politik dan Revolusi*, 37-40.

⁴⁵ Zed, *Ibid.*, 5

⁴⁶ W. J. W. Wellan, “De Stad Palembang in 1935: Tweehonderdvijfen – Zeventig Jaar Geledan, al seen Phoenix uti haar Asch Herrezen,” *Koloniaal Tijdschrift* 24, no. 3 (1935): 232.

transformation in the society. First, there emerged new middle class professional workers, including doctors, lawyers, teachers, and engineers, who were mostly tied up with the Western companies in the petroleum and coal business. The workers in those industries also came from outside, mainly from Java, but sometimes from India or China. The outside influence was not only from the Javanese. In the politics and economy, Minangkabau influence was also apparent. For example, the Sarekat Islam Palembang, established in 1913, had 33,400 members in 1916, and it was the strongest branch outside Java, even more than the branches in West Sumatra and North Sulawesi. However, it was mostly influenced and led by the ethnic Minangkabau leaders.⁴⁷ As will be shown in chapter three, when the Indonesian Republican Party (Partai Republik Indonesia, PARI) was introduced to Palembang, the political “brokers” from Singapore, not from Java or West Sumatra, were critical.⁴⁸

Even in the Revolutionary period, political parties and leaders were deeply involved in the new businesses introduced by the Western entrepreneurs. As chapter three will show, they were involved in petroleum industry, and even in the labor movements of the workers in the industry. Yet politics and economy were more intertwined and more vivid in the transnational trade with Singapore and the Malay Peninsula. The ethnic Chinese businessmen were mainly in charge of the trading by using long-established Chinese networks, and, as the sultans did in the eighteenth century, the indigenous elites cooperated with Chinese businessmen, or even opened their own businesses to enhance profits.

⁴⁷ Audrey Kahin, “Pengantar,” in Zed, *Kepialangan, Politik, dan Revolusi*, xxvi.

⁴⁸ Zed, *Kepialangan, Politik, dan Revolusi*, 170.

As such, this brief history of Palembang shows that the city was at the center of a region of international characteristics in its culture, politics, and, especially, in its economic relations. In the 1950s, such international elements were maintained, or even strengthened with the continuing transactions of Western companies and Chinese transnational networks. However, the rise of national-unity slogans from the mid-twentieth century, together with the rise of hyper nationalism and militarism, the economic nationalization plan, and the subsequent anti-foreign (i. e. Chinese) sentiment, the international trade of the city was suppressed, or replaced by more state- or nation-oriented thoughts and deeds. The openness and the mobility of the former Dutch colonial economy was subdued by the rise of nationalism and the idea of national development, which explains the above-mentioned dual meaning of the “region,” as a socially-constructed space, and as a politically defined space. In the next section, I will briefly explain the differences between the two definitions.

The Dual Meaning of the Region

The dual function or definition of a region is not a new idea in Southeast Asian studies. The administrative or legal territory and the cultural or economic orbit rarely match, and diverse transregional or transnational movements have existed. The discord between them increased with the complex process of colonization and decolonization which, at least in Indonesia, resulted in the emergence of a new nation, composed of newly structured administrative units. The new administrative demarcation of regions, especially of Provinces, in the 1950s, whether they were inherited from the Dutch colonial government or newly produced, did not reflect other definitions or organizations of space. As Heather Sutherland states, there may be many

“overlapping networks of varying scale and content occupying the same physical areas.”⁴⁹ The networks are decided by social relations, and a person may be engaged in several different networks, each one constituting its own version of the region.⁵⁰

This argument is in the same vein with Keith Taylor’s criticism of the nation and the region in his article written in 1998. In his groundbreaking book in 1995, Prasenjit Duara criticized the overused and overpowering concept of nation and nationalism in history, and suggested region and the league of regions be used as a unit for historical analysis.⁵¹ Taylor criticizes Duara’s argument that regionalism and the federation of the region is an alternative to the “nation.” In the article, Taylor criticizes Duara’s “region” as a politically and administratively defined area, which is not quite different from the “nation” that Duara meant to challenge. Instead, Taylor suggests the concept of “surface orientations,” spatial and temporal realms or points free from the political or ideological confines of either the political region or the nation. Taylor raises the concept of “surface” to deny the idea of historical “depth” of a political unit, or a nation. In the historiography of Vietnam, some historical events from the sixteenth century were interpreted as a part of the so-called Nam Tien (南進, Southward Expansion), which symbolized the integration of southern Vietnam by its northern counterpart. By analyzing a series of historical events related to the southward expansion, Taylor argues that there is nothing meaningful to connect those events except the myth or discourse of the unified Vietnam and its

⁴⁹ Heather Sutherland, “The Identification of Regions in Colonial Southeast Asia,” *Itinerario* 9, no. 1 (1985): 132.

⁵⁰ Sutherland, *Ibid.*, 133.

⁵¹ Prasenjit Duara, *Rescuing History from the Nation: Questioning Narratives of Modern China* (Chicago: University of Chicago Press, 1995).

national history.⁵² The “region” I use in this dissertation aligns with Taylor’s concept of surface orientations in that it denotes a space free from political manipulation and demarcation, which further leads us to think about the disparities between the political and socioeconomic realms.

In a philosophical analysis of the concept of space and place, quoting and analyzing Heidegger’s idea of space in *Being and Time*, Edward Casey writes that the term “region” refers to an area that contains factors of practical purpose, movement, range, and the totality of a given group of places.⁵³ While “space” has a connotation of an indefinite space, “place” designates a more practical, sensible space usually with its own stories and histories. Thus, the “region,” as a totality of a given group of places, has heterogeneity in its own definition.⁵⁴ Analyzing Plato’s *Timaeus*, Casey explains that the “region” is an area constituted by the “changing clusterings of sensible qualities,” or an area that never gets homogeneity because of its mobility or movement.⁵⁵ The heterogeneity and the movement, thus, are the main components that build a social space. As such, the region can be understood as a historically- and socially-constructed space constituted through social relations and networks, rather than as a place imagined or created for particular political purposes of the nation-state.

In the case of Palembang and South Sumatra, the internal heterogeneity is well documented by the diverse ethnic and social groups and their contribution to the economy of the

⁵² Keith W. Taylor, “Surface Orientations in Vietnam: Beyond Histories of Nation and Region,” *Journal of Asian Studies* 57, no. 4 (Nov 1998): 949-978.

⁵³ Edward S. Casey, *The Fate of Place: A Philosophical History* (Berkeley: University of California Press, 1997), 248.

⁵⁴ This is the analysis of the term “region” used by Western philosophers. It does not mean that the Indonesian term *daerah* has the same dual meaning. However, it is also true that all regions or spaces inherently have the character of the “region” as indicated by these scholars, as explained by Sutherland above.

⁵⁵ Edward S. Casey, *The Fate of Place: A Philosophical History*, 41.

region, as will be seen in the following chapters. The relationship between South Sumatra and the neighbor provinces also attests to this. One of the examples is Palembang's relation with Jambi in the context of the regional rebellion initiated by the regional leaders in Padang. Although Jambi was included in the Province of Central Sumatra in the 1950s, the local newspapers and political leaders in Palembang argued that Jambi should be incorporated into South Sumatra, emphasizing its close military and economic ties to South Sumatra throughout its history. Jambi actually remained loyal to the central government after it had become a separate province in 1958.⁵⁶ Moreover, sometimes people in Lampung and Bengkulu, then regions in the Province of South Sumatra, argued for their autonomy from Palembang and complained about Palembang's dominant status in the Province. As Gusti Asnan points out, these cases show the discord between the administrative map and the socio-cultural map in understanding the region in postcolonial Indonesia.⁵⁷

The mobility and flexibility of ideas of region have been quite telling throughout the history of Palembang since the Srivijaya period. The above-mentioned elements – transnational Chinese networks, transnational capital, the political influence of international brokers, and interregional and international demographic movements – reveal that the region, Palembang, was not confined to the geographically-, or politically-defined space per se, but connected with other parts of the world. As Jean Taylor states, the history of Indonesia was the story of mobility and the mobile man, who has navigated the waters and lands.⁵⁸ Henri Lefebvre explains that the

⁵⁶ John Legge, *Central Authority and Regional Autonomy in Indonesia: A Study in Local Administration 1950-1960* (Ithaca: Cornell University Press, 1961), 77.

⁵⁷ Asnan, "Geography, Historiography and Regional Identity," 129.

⁵⁸ Jean Gelman Taylor, *Indonesia: Peoples and Histories* (New Haven, Yale University Press, 2003), xix.

“social space” is a space “produced” by the labor and efforts of people, or members of that space.⁵⁹ In the history of Indonesia and Palembang, it was those mobile men and women in land and on water who produced the region.

However, the region as a social space has been challenged and harnessed by the state, which meant to keep the region under its control in the name of national unity. Benedict Anderson criticizes the militarization and the authoritarian control of the state in the New Order period by reminding readers of the old tradition of the state’s suppression and ascendancy over (civil) society from the colonial period.⁶⁰ In this process, the society of the region became more state- or nation-oriented, losing its character of “openness.”⁶¹ This symptom was not limited to the New Order: In the 1950s, the tension and competition between the two different orientations existed in the Indonesian region. While focusing on the openness and the mobility of the region, this dissertation also analyzes the tension between the two. The limits of state and the dialectical relationship between the state and the region will also be discussed, particularly in chapter two.

Chapter Organization

In the rest of the dissertation, I analyze the socioeconomic features of Palembang that highlight the complex restlessness of the region and its relationship with the Center. By

⁵⁹ Henri Lefebvre, *The Production of Space*, translated from *La Production de l'espace* (1974) by Donald Nocholson-Smith (Malden, MA: Blackwell Publishing, 1991), 48. Lefebvre compares the social space with the abstract space and the absolute space, and even with the mental space. Lefebvre criticism on those spaces will be discussed in chapter five.

⁶⁰ Benedict Anderson, “Old State, New Society: Indonesia’s New Order in Comparative Historical Perspective,” *Journal of Asian Studies* 42, no. 3 (May 1983): 477-496.

⁶¹ Heather Sutherland, “Reflections on “Indonesian National History,”” in *Nationalism and Cultural Revival in Southeast Asia: Perspectives from the Centre and the Region*, ed. Sri Kuhnt-Saptodewo, Volker Grabowsky, and Martin Grossheim (Harrassowitz Verlag: Wiesbaden, 1997), 95-96.

exploring rubber smuggling between Palembang and Singapore, chapter two analyzes the tension and competition between the central government and regional elites in Palembang, and between the Indonesian government and Chinese traders in Singapore and Palembang. The smuggling of rubber slabs from Palembang to Singapore became a serious threat to the newly independent Indonesian state, while it worked as a lucrative economic resource for regional elites and Chinese businessmen. Thus, the rubber trade, either legal or illegal, became the site of competition between all the parties involved in it. By examining the realities and the debates on smuggling, this chapter highlights the transnational economic orientation of the Indonesian regions outside Java in the 1950s, which constituted a crucial part in the making of the “region.” The blurry line between legal and illegal trade, the role of Chinese and the ethnicization of smuggling put to use against them, and the tightening of state control in the context of economic nationalization will be discussed.

As stated above by Casey, the creation and development of a region are realized through a combination of geographical and geological conditions and the involvement of human efforts. This set of features was especially apparent in the case of petroleum industry, which I discuss in chapter three. As the most lucrative mineral source in the archipelago, the industry had a huge social and political impact on Palembang society. Unlike rubber trading, the oil industry was still operated by the Dutch and American companies, and, unlike the case of North Sumatra, these companies stayed in Palembang even after the economic nationalization in the mid-1950s. Just as in the case of rubber trading, however, the local and central political leaders were also involved in this industry. The most striking and influential transformation caused by the industry was the rise of labor movements in the region, which was also under the shadow of increasing state

power. The relationship between labor unions and political leaders and parties, between unions and the foreign companies, and between the union's regional branches and the headquarters in Jakarta show the complex and changing relationships between the Center and the region. As in the previous chapter, this chapter also shows the transnational character of the region with the role foreign capital and the influence of outside labor movements. However, the situation around the petroleum industry and the labor union shows the deepening shades of state hegemony and the effects of centralization on local societies in the mid-1950s, even though this impact continued to grow.

Not unrelated with chapter three, chapter four explores the politics of building roads and bridges in Palembang in the 1950s and the 1960s. In Palembang and its areas, the social life and transportation of trade goods and people had been based on the Musi River and its tributaries. Thus the construction of roads and bridges were often regarded as one of the most important symbols of modernization and a crucial indicator of regional development. The construction of inland roads and bridges decisively transformed the socioeconomic structure of the city. Moreover, the discourse of the bridge construction throughout the period attests how much the region had already been incorporated into the national development projects initiated by the central government. However, this process does not necessarily show the state power and capacity in integrating regions into state trajectories. While recognizing the real increase of state power in discourse, this chapter also investigates how and to what extent the regional societies willingly but, at the same time, selectively, opted to be part of the nation and nationalist plans.

In the same way that chapters three and four focus on the increase of state influence, chapter five is concerned with the discourse and the process of the "regional development" and

modernization projects before 1965, and examines how they reflect nationalist hegemony and the complex integration of the regional into the national. Although known as the national motto of the New Order period, “development (*pembangunan*)” was one of the most popular political slogans in the 1950s. In pursuit of development and modernization, often equated with modernity, the interests of the Center and the region were often in conflict, yet sometimes compromise and cooperation between them was successful. Moreover, as John Pemberton points out, development and modernization often involved the revival or creation of regional traditions and certain types of identity attached to the traditions.⁶² In Palembang, with the “development boom” and in pursuit of modernization, the name “Srivijaya” began to be used, and people began to identify themselves as the descendants of the empire. In this last chapter I explore how the rediscovered or invented traditions of the great Srivijayan empire contributed to the creation of new regional identities, and how the idea of “development” was translated within a regional context through new spatial identities. I also analyze the rise of the military as the leader of regional development and the champion of regional identity. As a concluding chapter of the dissertation, this chapter summarizes the making and the unmaking of Palembang as a region that moved from empire, to colony, to somewhat autonomous region, and finally to a province of the postcolonial New Order state.

⁶² John Pemberton, *On the Subject of Java*, 200-204.

Chapter 2 Elastic Confrontation: Rubber Smuggling to Singapore in the 1950s

Introduction

On July 3 of 1952, a Chinese man named Lho Ke Sang, who worked for the trading company Kim Lie, was arrested by police in Palembang. It was reported that he meant to bribe a government official with 10,000 rupiah to smuggle rubber from Palembang to Singapore, and that other importers and exporters in Jakarta who had branches in Palembang and Panjang (Lampung) were also involved.¹ More interrogation on July 26 exposed that Lho Ke Sang meant to smuggle 181.57 tons of rubber to Singapore with his ship, the *Kahwa*. The Indonesian government found more cases of government officials involved in rubber smuggling and announced that those who were involved would be sentenced to fines of 300,000 rupiah or six months' imprisonment.²

Lho Ke Sang's case was not unusual for the 1950s and early 1960s. During this period, smuggling to Singapore was quite widespread in Palembang and other regions of South Sumatra, and a variety of local products were smuggled by ethnic Chinese traders. Rubber counted for the majority of the smuggled items, and the central government had to take exceptional actions to stop rubber smuggling from Palembang. The Chinese traders in both Singapore and Palembang became targets of criticism and regulation. Smuggling activities, police raids on suspected smugglers, and the arrest of Chinese traders were frequently reported in local newspapers.

This situation frames questions that will be asked in this chapter. What made Singapore the destination for smuggling? Why did rubber become the most important item for smuggling in the 1950s, and why was Palembang important in the practice of smuggling in this period? What

¹ *Suara Rakjat Sumatera* Jul 17, 1952.

² *Suara Rakjat Sumatera* Jul 30, 1952.

role did the Chinese traders/networks play in this business in both Singapore and Palembang? What are the continuities and changes in smuggling to and from Singapore, between the previous periods and the 1950s? And what implication does smuggling provide in understanding the history of Palembang and Indonesia in the 1950s?

Smuggling has long been one of the key features of economic life in the Indonesian archipelago, and in the 19th century, Singapore emerged as the main destination of smuggling. With the colonization of the Outer Islands and the expansion of colonial borders, the Dutch government tried to keep the trade of products from the Indies' islands under its control. Despite those efforts, Chinese traders often defied the government's control by smuggling goods to and from Singapore, and they were often supported by indigenous Indonesian elites.³ Recent scholarship argues that Singapore functioned as the center of an economic orbit encompassing all of Southeast Asia since its establishment in the early 19th century, especially through its transnational Chinese network.⁴ Although the Dutch tried to mold an integrated economy throughout the archipelago, most of the Islands remained more closely linked to Singapore than to Batavia right up to the mid-20th century. The ties between the "Outer Islands" and Singapore were especially tightened during the Revolutionary period (1945-1949). In this period, the

³ As for smuggling in the archipelago in the time of Dutch expansion to the Outer Islands, see Eric Tagliacozzo, *Secret Trades, Porous Borders: Smuggling and States along a Southeast Asian Frontier, 1865-1915* (New Haven: Yale University Press, 2005). Even in the 17th and 18th centuries, the VOC tried to "close" the seas and monopolize the trade in pepper and tin from Southern Sumatra. Escaping VOC patrols, Chinese traders in Palembang and Bangka smuggled pepper and tin across the Malacca Straits to Riau, Johor, and even to Siam and Vietnam. They were usually sponsored by the Sultan in Palembang. See Barbara Watson Andaya, *To Live as Brothers: Southeast Sumatra in the Seventeenth and Eighteenth Centuries* (Honolulu: University of Hawaii Press, 1993), chapter 4 and 6.

⁴ Howard Dick and Thomas Lindblad argue that Singapore was a more important economic center for the Outer Islands, and that Java's role was rather peripheral in the orbits of Southeast Asian economy, at least until the early 20th century. See Howard W. Dick, "Indonesian Economic History Inside Out," *Review of Indonesian and Malaysian Affairs* 27 (1993): 1-12; J. Thomas Lindblad, "Between Singapore and Batavia: The Outer Islands in the Southeast Asian Economy in the Nineteenth Century," in *Kapitaal, Ondernemerschap en beleid: Studies over Economie en Politiek in Nederland, Europe en Azie van 150 tot Heden*, ed. C. A. Davids et al. (Amsterdam, 1996), 547.

logistics of Indonesian Revolutionaries were entirely dependent on smuggling from Singapore, in exchange for which they smuggled raw material from the Outer Islands. As the biggest smallholder rubber producer, Palembang emerged as an intermediary and the center of smuggling between the two economic centers, Singapore and Batavia.⁵

The existing studies on the significance of Singapore have mostly concentrated on the Revolutionary period, and the situation after 1950 remains completely understudied. In the historiography of 1950s Indonesia, scholars of economic history have often focused on the “national economy” frame, within which Java/Jakarta is positioned at the center, with other regions regarded as peripheral. In many regions beyond Java, however, the traditional economic ties with Singapore continued to be utilized even after independence, frequently in the form of smuggling.⁶ In the 1950s, the smuggling of Palembang rubber seriously damaged the Indonesian government’s revenue, and the government announced the implementation of regulations to stop rubber smuggling to Singapore, although it was naïve to expect complete success. Local politicians and leaders in Palembang had often been involved in smuggling with Singapore, and even the government officials were frequently a part of the smuggling.

Howard Dick points out that there was much continuity in the patterns of trade for several decades after the 1940s, which, he argues, becomes clear by studying the black market network,

⁵ For the importance of Palembang in the Japanese Occupation period, see Twang Peck Yang, *The Chinese Business Elite in Indonesia and the Transition to Independence 1940-1950* (Kuala Lumpur: Oxford University Press, 1998), 96. For the significance of “Singapore connection” during the Revolution, see Yong Mun Cheong, *The Indonesian Revolution and the Singapore Connection, 1945-1949* (Leiden: KITLV Press, 2003); Kustiniyati Mochtar (ed), *Memoar Pejuang Ppublik Indonesia seputar “Zaman Singapura” 1945-1950* (Jakarta: PT Gramedia, 1992). Mestika Zed highlights Palembang as the main “broker” between the two economic centers, Singapore and Batavia, during the Revolution. Zed, *Kepialangan, Politik, dan Revolusi: Palembang 1900-1950* (Jakarta: Pustaka LP3ES Indonesia, 2003).

⁶ For the competition between Singapore and Java over the Outer Islands’ economy and inter-island trade, see Singgih Tri Sulistiyono, “Center-Periphery Relation in Southeast Asian Maritime World: Java-Singapore Rivalry during the Post-Colonial Period,” *Lembaran Sejarah* 7, no. 1 (2007): 137-154.

and by recognizing the role of Singapore as the biggest regional entrepot.⁷ In line with his argument, by investigating rubber smuggling and trade between Palembang and Singapore, this chapter will explore the continuities and changes in the significance of Singapore and the Outer Islands, focusing on that period in the 1950s, when the economic orientations of the Indonesian regions were still international. I will also attend to the nationalist project and policies of the central government regarding rubber smuggling and its diverse impacts. Rubber smuggling often became a site of tension and competition, not only between government and smugglers, but also between the central government and local authorities and traders. By analyzing the conflicts and debates, I will discuss the implications of smuggling in Palembang for the idea of the postcolonial “region” and center-region relations.

Rubber and the “Singapore Connection”

In the early 20th century, indigenous entrepreneurship in Palembang was heavily inclined toward Singapore.⁸ The British government in Singapore meant to develop Singapore as a center for the international rubber trade by dominating the export of Southeast Asian rubber. In addition to rubber from Malaysian plantations, they imported rubber from Indonesia and re-exported it to Europe or America after processing. In the first half of the 20th century, Palembang grew to be one of the biggest rubber producers in the archipelago, becoming the most important provider for

⁷ Howard Dick, “The Indonesian Economy in the 1950s: Multiple Exchange Rates and Business Networks and Centre-Region Relations,” in *Indonesia in Transition: Rethinking ‘Civil Society’, ‘Region’ and ‘Crisis’*, ed. Hanneman Samuel and Henk Schulte Nordholt (Yogyakarta: Pustaka Pelajar, 2004), 176.

⁸ Jeroen Touwen, *Extremes in the Archipelago: Trade and Economic Development in the Outer Islands of Indonesia, 1900-1942* (Leiden: KITLV Press, 2001), 27. In 1913 and 1916, 4,551 and 6,333 KPM ships left Palembang for Batavia, while 23,646 and 29,760 KPM ships were operated from Palembang to Singapore. G. F. de Bruyn Kops, *Overzicht van Zuid-Sumatra* (Amsterdam: Druk van J. H. de Busy, 1919), 156.

the rubber industry in Singapore. Throughout the period, especially in the 1940s, rubber made the Palembang - Singapore connection tighter.

Rubber in Palembang in the Dutch Colonial Period

The emergence of rubber cultivation in South Sumatra began in the late 19th century. In the early 20th century, several major Western companies entered the area and operated rubber plantations. From the mid-1920s, rubber became the biggest export crop in the area, surpassing robusta coffee. Although there were large rubber estates owned by Western enterprises, rubber in Palembang was produced mainly by smallholders.⁹ By the 1920s, the Residency of Palembang (today's South Sumatra province) was ranked sixth among the regions of smallholder rubber production, becoming the largest of the smallholder rubber regions in the 1940s, producing 58,000 tons of rubber.¹⁰ The growth of rubber production brought about an unprecedented economic surplus in the region, which caused the emergence of new social classes and had diverse socioeconomic impacts.¹¹

⁹ This is the main difference between Palembang and Deli, a region of the biggest plantation belt in the archipelago. In Malaysia, the division between estates and smallholders was defined by the size of land (100 acres), regardless of owner's nationality. However, in Indonesia the official distinction was based upon differences of land tenure.

¹⁰ Despite its economic significance, there are few studies of South Sumatran rubber. The most comprehensive study is Bambang Purwanto, "From *Dusun* to Market: Native Rubber Cultivation in South Sumatra, 1890-1940" (PhD diss., SOAS, University of London, 1992). Even among this tiny literature, the 1950s were largely ignored, except scattered mentions of the significance of South Sumatran rubber in economic history books or field notes on smallholder rubber in Indonesia. See Kenneth Thomas, *Smallholder Rubber in Indonesia* (Djakarta: Lembaga Penyelidikan Ekonomi dan Masyarakat, Universitas Indonesia, 1961); Lawrence Beery, *Smallholder Rubber in Indonesia* (International Cooperation Association, 1956). Kenneth Thomas and Panglaykim's work surveys Chinese roles in the South Sumatran rubber industry from the colonial period to the 1970s. "The Chinese in the South Sumatran Rubber Industry: A Case in Economic Nationalism" in *The Chinese in Indonesia*, ed. J. A. C. Mackie (Melbourne: Thomas Nelson, 1976).

¹¹ For example, the economic surplus from rubber production enabled more people to go on the hajj to Mecca. In 1930, people from Palembang were ranked second among Indonesians traveling to Mecca. Of 2,336 Indonesians staying in Mecca (called "Djawi" there), 872 people originated from the Residency of

The growth of rubber cultivation in the Outer Islands from the 1920s resulted in significant changes in the economic structure of the Dutch East Indies. First, with the steep decline of the sugar industry owing to the Great Depression, rubber rose to be the main source of foreign exchange and has maintained the status since then, producing almost half the value of Indonesian exports in the 1950s. In this situation, the main rubber producing regions in the Outer Islands emerged as the main contributor for the colonial economy, whereas Java, based on the sugar industry, became an absorber of foreign exchange earned by other regions.¹² In addition, expansion of smallholder rubber cultivation enhanced Palembang as one of the biggest economic contributors.

From its beginning, an ethnic division of labor was apparent in the smallholder rubber industry in Palembang. Indonesian smallholders produced slabs and unsmoked sheets in the farms scattered in the Residency of Palembang, while Chinese (both Singaporean and Indonesian) collected rubber to process it in their smokehouses and remilling factories in the cities of Palembang or Singapore. During the rubber boom years of the 1920s,¹³ a growing number of local Chinese traders brought rubber from interior hinterlands to the city of Palembang, using small ships (*prauh*) along the rivers. In exchange for rubber, the merchants (motorboat traders)

Palembang, only second to Sundanese (908). Mestika Zed, *Kepialangan, Politik, dan Revolusi*, 113-114. The haj also played a crucial role in the spread of rubber cultivation in Palembang. In the early 20th century, people brought rubber seed from Singapore on the way back from the haj. After coming back from Mecca, some Islamic teachers began rubber cultivation with the help of their students (*murid*). Jeroen Peeters, *Kaum Tuo-Kaum Mudo: Perubahan Religius di Palembang 1921-1942* (Jakarta: INIS, 1997), 104; J. W. J. Wellan, *Zuid-Sumatra Economisch Overzicht van de Gewesten Djambi, Palembang, de Lampoengsche Districten en Benkoelen* (Wageningen: H. Veenman & Zoon, 1932), 263.

¹² Karl Pelzer, "Agricultural Foundation", *The Economy of Indonesia: Selected Writings*, ed. Bruce Glassburner (Ithaca: Cornell University Press, 1971), 152.

¹³ The growth of the rubber industry in Southeast Asia was a result of the rubber boom caused by the development of new industries, especially the automobile industry in the United States, and the subsequent "transportation revolution". The number of private automobiles in the United States increased from 8,000 to 4,727,000 between 1900 and 1917. Bambang Purwanto, "From *Dusun* to Market", 105, 404.

brought necessities such as salt and textiles from the city of Palembang to the villages.¹⁴

Consequently, the city of Palembang became the regional center for collecting and exporting rubber, while disseminating necessities and other goods imported from Singapore to other parts of the Residency.

The Rise of Fall of Singaporean Companies

In the earlier part of the 20th century, the main export traders in the 1920s were one Western firm (Firestone) and three Chinese firms (Chie Sing Chan, Tan Kah Kee, and Chin Seng Chan), the latter two of which were owned by Singaporean Chinese and had their own remilling factories in Singapore.¹⁵ In this period, the most popular form of exported rubber was slab. Most of slabs produced in South Sumatra were traded via the city of Palembang, where the majority of the rubber was sent to remilling factories in Singapore.¹⁶ Although Chinese traders in Indonesia (and foreigners) also established remilling factories in Indonesia, because of the lack of processing technology in Palembang and more competitive slab price in Singapore, Singapore remained as the main entrepôt of the rubber trade and as an intermediary between colonial Indies producers and consuming countries. Palembang played a role as a small transitional center that linked the producers to the main entrepôt.

The dominance of Singaporean traders, however, did not continue unchallenged. In the 1930s, the largest firm dominating rubber trading in Palembang was Hok Tong (Lee Rubber

¹⁴ For the circular daily practice of the rubber trade in South Sumatra, see Changbai Wang, "Re-establishing Networks: Capital, Power and Identity in the Making of an Indonesian Chinese Community in Hong Kong" (PhD diss., University of Hong Kong, 2003), 73-74.

¹⁵ Touwen, *Extremes in the Archipelago*, 213.

¹⁶ In the 1920s, only 12 percent of rubber produced in South Sumatra was processed in Palembang, while the rest was shipped to Singapore. Touwen, *Extremes in the Archipelago*, 179. Slab is the basic, raw form of rubber, which is processed into blankets or sheets to be sold at higher price. Singaporean remillers sought to buy slabs to gain high profits by processing and re-exporting them to consumer countries.

Company), which was based in Singapore, and expanded its business to Palembang.¹⁷ In this period a Java-based Chinese company Kian Guan, originally in the sugar industry, decided to invest in rubber production in Palembang, and emerged as Hok Tong's rival. At this time, Lee Rubber was an international business group, leading the sales of Southeast Asian rubber to Europe and the United States. Kian Guan meant to break the Singaporean dominance in the rubber trade, and the Company succeeded in exporting Indonesian rubber directly to the United States under a special concession from the Koninklijke Paketvaart Maatschappij (KPM), the Royal Dutch Shipping Company, which also wanted to undermine the Singaporean Chinese monopoly of the rubber trade. During the 1930s, Singapore businessmen had also been hard hit by the growth of rubber processing technology in Palembang that resulted in the transition from slabs to sheet production. The combination of these two factors was a blow to Singaporean traders, and slab exports from Palembang decreased from 15,091 tons in 1935 to 5,322 tons in 1940.¹⁸

War, Revolution, and the Military Entrepreneurs in Palembang

Palembang's economic connection with Singapore was strengthened, however, during the Japanese Occupation and the Revolution. From 1942, a combination of Japanese attacks on Dutch and Chinese shipping and Allied sea blockades paralyzed the trade between the Malay Peninsula and Sumatra/Java, which caused a shortage of foodstuffs and materials previously

¹⁷ Lee Rubber Company was founded by Lee Kong Chian. Lee worked for Tan Kah Kee from 1914, and he married Tan's daughter in 1920. From 1928 he branched out to start his own business, Lee Rubber Company. N. V. Hok Tong is the name that Lee Rubber Company used for the business in Palembang and Jambi. For the detailed explanation on Lee Kong Chian and Lee Rubber Company, see Hong Liu and Sin-Kong Wong, *Singapore Chinese Society in Transition: Business, Politics and Socio-Economic Change, 1945-1965* (New York: Peter Lang, 2004), 205-215.

¹⁸ Thomas and Panglaykim, "The Chinese in the South Sumatran Rubber Industry", 152.

imported from adjacent regions.¹⁹ The Japanese tried to revive shipping between the two sides and built small vessels. In the trade with Singapore and the Malay Peninsula, Palembang was the focus within the Indonesian islands. Several factors contributed to this situation. First, Palembang's geographical centrality between Singapore and Indonesian islands made it accessible for traders from everywhere. Second, because Sumatra was under the same Japanese administrative unit as Singapore, it was easier to access Singapore from Palembang than from other major Indonesian islands. Thus goods from other regions were first collected in Palembang, and then sent to Singapore.²⁰ It was mainly Chinese owners of *tongkang* (barge ships) who did the trading for the Japanese, and because many Indonesian officials hired by the Japanese were in charge of controlling this trade, Chinese traders and Indonesian political and military elites often cooperated to ensure the success of "smuggling".²¹

During the Japanese Occupation period, shipping business across the Malacca Straits was negatively affected by the presence of Japanese warships and the Allies' blockade, but it revived after the Japanese surrender. In the early phase of the Revolutionary period, with the Dutch "restoring" the territories of their ex-colony, KPM reemerged as the main and official transporter in inter-island shipping in the archipelago.²² In addition, Singaporean trading companies, including Hok Tong, revived their import of natural resources from Sumatra. The majority of the

¹⁹ Twang, *The Chinese Business Elite in Indonesia*, 92.

²⁰ Ibid, 96. Although occupied by Japan, Singapore, unlike Palembang and other Indonesian regions with natural resources, was not destroyed by the British nor by the Japanese during the Occupation period and was able to maintain its facilities as a trading center for the postcolonial period.

²¹ Ibid, 100, 104.

²² Sulistiyono, "Center-Periphery Relation in Southeast Asian Maritime World", 142.

ships operating between Palembang and Singapore in the first half of 1946 were operated by Singaporean trading companies or their Chinese agents in Palembang.²³

The Republican government also operated official trade ships, but because their main goal was to gain weapons and war-related necessities, the trading of Indonesians with Singapore had to be pursued mainly in the form of smuggling. The basic formula of smuggling was that the Republican leaders transported plantation products (rubber, coffee, pepper, tea, etc.), mainly from Sumatra, across the Malacca Straits, in exchange for what they needed. It means that many transactions were in the form of barter. Indigenous Indonesian leaders became more deeply involved in the trading between Sumatra and Singapore, and the coalition between the indigenous Indonesian political/military leaders and Chinese traders continued throughout the Revolutionary period.

Both Singaporean (British colony) and Dutch authorities were well aware of this situation, and tried to stop smuggling. Singaporean police vessels sometimes intercepted motor boats secretly leaving Singapore with weapons to sell to Indonesian “Extremists”.²⁴ The Dutch government was far more concerned than its Singaporean counterpart because the smuggled weapons and munitions from Singapore would be transferred to its enemy. To obstruct the logistics of Indonesian Revolutionaries, the Dutch government often detained and confiscated

²³ A Dutch source lists 10 ships that left Palembang for Singapore during this period. Out of them, only one ship (called *S. 7*) was chartered with the authority of the Republican government (the owner was an unnamed Chinese man, while the captain was a Batak). Most of the ships were operated by agents in Palembang, and were transporting rubber from Palembang. For example, a ship called *Lam San*, owned by Hok Tong, brought 300 tons of rubber from Palembang on each trip. Some of those ships were ex-Japanese landing craft. “Bijzonderheden omtrent Enkele Schepen Welke van Palembang op Singapore varen” (May 31, 1946). *Rapportage Indonesia* 528, Nationaal Archief (hereinafter ARA),

²⁴ *The Free Singapore Press*, Aug 21, 1946.

suspected ships, and even launched a sea blockade policy on indigenous ships in 1947.²⁵

Ironically, as a result of this policy, smuggling became an increasingly important way for Indonesians to get what they needed. Under the sea blockade, smuggling was “legalized” and legitimized as the one and only means for Indonesia’s struggle,²⁶ and Indonesian elites - the central and regional Republican leaders, local army commanders and private entrepreneurs - all tried to expand their own business interests. Short-lived alliances were made between them to facilitate deals, while competition occurred between the same partners that had been allied for other profitable transactions.²⁷

This situation brought about the rise of “trade –soldiers”, who turned rubber (as well as oil, coal and other export crops) into profitable economic resources.²⁸ A telling example is Adnan Kapau Gani (A. K. Gani) in Palembang. As the most prominent nationalist leader and the governor of South Sumatra, he participated in all kind of trading activities. First, he was involved with the Banking and Trading Corporation (BTC), a company established by the Republican government for border-crossing trade in 1946.²⁹ As the Governor of South Sumatra and the Minister of Economic Affairs in the Syahrir cabinet, in 1946 he established the Nusantara

²⁵ According to Lee Kong Chian, the head of the Lee Rubber Co. Ltd., Singaporean remillers as well as slab rubber producers in Palembang suffered from the Dutch stoppage of the monthly export of 6,000 tons of slabs from Palembang. *The Free Singapore Press*, September 5, 1947.

²⁶ Sulistiyono, “Center-Periphery Relation in Southeast Asian Maritime World”, 142.

²⁷ Peter Post, “Indonesianisasi and Japanization. The Japanese and the Shifting Fortunes of Pribumi Entrepreneurship,” in *Indonesian Economic Decolonization in Regional and International Perspective*, ed. J. Thomas Lindblad and Peter Post (Leiden: KITLV Press, 2009), 78.

²⁸ Bambang Purwanto, “Economic Decolonization and the Rise of Indonesian Military Business,” in *Indonesian Economic Decolonization in Regional and International Perspective*, ed. J. Thomas Lindblad and Peter Post (Leiden: KITLV Press, 2009), 46.

²⁹ BTC was directed by Sumitro Joyohadikusumo and supervised by the Ministry of Finance of the Republican government. It was established through the cooperation between Chinese and Indonesians of Dutch education. Twang states that there was controversy if the company was completely government-owned or private capital was also involved. In any case, BTC’s case shows to what extent the government was involved in the trading. For detailed explanation about the BTC, see Twang, *The Chinese Business Elite in Indonesia*, 278-282.

Malaya-Singapore Company (Namsoco) with offices in Palembang and Singapore. Representing the Republic's Department of Economic Affairs in Singapore, Namsoco office in Singapore was deeply involved in the import-export trade.³⁰ With the establishment of Namsoco, Gani intended to link up to Chinese business networks and serve as a business conglomerate in the region, connecting Singapore, Sumatra and the Republican territories of Java.³¹ Through these networks and with the help of Chinese business partners, he smuggled rubber and other natural products such as coffee, copra, and silver from Palembang to Singapore, while bringing weapons, textiles, and food back to Palembang. It was believed that South Sumatra was wealthier than any other parts of the Republic, both financially and militarily, as a result of smuggling with Singapore.³² Gani was often called "Raja Penyelundup" (smuggler king), and he called himself "the biggest smuggler in Southeast Asia."³³

As such, the Revolutionary period enhanced the practice of smuggling with Singapore, the effects of which will be felt during the following decade. First, Chinese traders found themselves in a more precarious position. In the Revolutionary period, smuggling or trading with Singapore was a normal economic practice for them, with which they supported the Republic's fight against the Dutch. In the context of the rise of nationalism and the economic nationalization in the 1950s, however, they were often criticized as mere smugglers or betrayers. Second, the "legalization" or the "glorification" of smuggling during this period became a reason for the conflict between the central government and the local and foreign leaders in Palembang in the 1950s, when it was re-illegalized. In addition, the practice of smuggling during the Revolution

³⁰ Ibid, 257.

³¹ Yong Mun Cheong, *The Indonesian Revolution and the Singapore Connection*, 49.

³² Ruben Nalenan and H. Iskandar Gani, *Dr. A. K. Gani: Pejuang Berwawasan Sipil dan Militer*, (Jakarta: Yayasan Indonesianologi, 1990), 64.

³³ Harsono (ed). *Setengah Abad Karet Indonesia Mengisi Kemerdekaan* (Jakarta: Gapkindo, 1995), 15; Robert Cribb, *Historical Atlas of Indonesia* (Honolulu: University of Hawaii Press, 2000), 158.

made the economy of Palembang (and other islands outside Java) more dependent on Singapore. From 1950, the complex triangular relations between the Indonesian government, Singaporean capitalists and local elites in Palembang were unfolding. The relations between them became more complicated in the midst of political crises in Sumatra in the mid-1950s.

An Age of Rubber: The Quest for Slabs and the Changing Dynamics of Trade

Slabs and the Singapore Connection in the Early 1950s

During the Revolution, Indonesian political elites enjoyed the benefits of secret trades with Singapore by cooperating with Chinese traders. However, after gaining independence, the Indonesian government began to worry that such secret trades, selling off their natural resources, would eventually harm the national revenue system. In the same vein, by stopping smuggling and nationalizing trade, the central government intended to break Indonesia's economic dependence on Singapore. However, it was not easy to cut ties with Singapore. Smuggling during the Revolutionary period was not only aimed at military logistics. In addition, many daily necessities, foods, and even luxury goods were mainly provided by Singapore, and it was widely known that smugglers could easily earn millions of rupiah. Thus, the trade-soldiers and traders in the Outer Islands would not give up this lucrative economic source, and even some "outsiders" would participate.³⁴

The luxury goods coming from Singapore included diverse items: gramophones, radio sets, nylon and rayon products, wrist watches, fountain pens, motor parts, bicycles, sewing

³⁴ For example, on March 26, 1950, an American was arrested in Palembang for smuggling various illicit goods (items of which were unknown) to South Sumatra by airplane, and two days later 400g of smuggled opium was found in a petroleum ship at Plaju. "Penjelundupan Meradjalela di Sumatera Selatan", *Pedoman*, April 1, 1950.

machines, sweets, etc.³⁵ In exchange for such luxury goods and foods, natural products were shipped from Sumatra to Singapore. For example, Pepper, copra and coffee from Padang and East Sumatran plantation belts, and tins from Bangka continued to be transported to the Malay Peninsula. In South Sumatra, on January 5, 1950, a Chinese company in Palembang, called Khoe Lion Hin Cy, smuggled pepper, copra, coffee and other export crops to Singapore via Lampung.³⁶ However, it was rubber that Singaporean clients demanded most in the 1950s. The outbreak of the Korean War in 1950 and the subsequent high demand for rubber from the United States, the Soviet Union, and China resulted in an unprecedented growth of the rubber industry. Singapore became the world's largest rubber market by dominating the export of Southeast Asian rubber to those countries, and Lee Rubber Company became the world's largest rubber trading company, exporting roughly 500,000 tons of rubber a year.³⁷ The "golden age" of the rubber industry and the rise of rubber prices also provided Indonesian society with steep economic growth. In Palembang, with the rise of rubber price, there was a huge "flood to rubber", in which many people gave up their jobs and moved to work in the rubber industry.³⁸

Singaporean traders competitively collected Indonesian rubber to re-export it to other countries, while the Indonesian government tried to minimize the loss of the most beneficial export item to Singapore. Of all the rubber-producing regions, Palembang became the main site for competition between the two parties. The rise of Palembang in this period is related to the structural transformations in rubber cultivation in postcolonial Indonesia. First, smallholder

³⁵ See "Economische Notities" Nov 13, 1954, AV 229, ARA; *Suara Rakjat Sumatera* July 1, 1954. Many of them were made in the United States or Europe.

³⁶ "Inzake Maklumat Dr. Gani 30%/70% Exportregeling. Smokkel via Lampongs," Archief van Mr. Vleer (hereinafter AV) 204-4, ARA.

³⁷ Hong Liu and Sin-Kong Wong, *Singapore Chinese Society in Transition*, 209.

³⁸ Kementerian Penerangan, *Propinsi Sumatera Selatan* (Jakarta: Kementerian Penerangan, 1955), 468.

cultivation exceeded plantations in rubber production, producing more than half of the total tonnage of rubber in Indonesia.³⁹ Thus, the regions based on smallholder cultivation, such as Palembang, emerged as the main contributors to the national economy. In addition, unlike plantations, the government could not obtain comprehensive statistics or surveys on smallholder cultivation. This relative flexibility provided better conditions for smuggling.

Another contributing factor was the increase of slab exports from Palembang. The rubber production in South Sumatra that was damaged during the War and Revolution soon recovered with the reestablishment of remilling factories. However, unlike other rubber-producing regions, it had not recovered well enough to process all of the slabs into fine sheets, and, as mentioned above, the majority of rubber was exported or smuggled in the form of slabs. In 1941, 31,000 tons of sheets, 47,000 tons of blankets, and 7,000 tons of slabs were exported from Palembang. In 1951, however, the export of sheets decreased to 7,000 tons, yet the export of slabs strikingly increased to 69,000 tons (with 49,000 tons of blankets).⁴⁰ This situation made the competition for slabs in this region severe, and increased the feasibility of smuggling to Singapore. Remilling factories in Singapore were relatively undamaged compared to those in Palembang, and even in Palembang the Singaporean-owned factories made up the ground they had lost in the 1930s. Traders were able to gain much higher profit by selling slabs to Chinese remillers in Singapore,

³⁹ In the 1950s smallholder rubber was more than half of the total tonnage of rubber produced. Beery, *Smallholder Rubber in Indonesia*, 7. Plantation production significantly decreased mainly due to the lack of tappers, who would move to smallholder areas for more money on a share basis, and to labor problems and loss of equipment and rubber in the middle of the political turmoil in the 1950s. Karl Pelzer, "Agricultural Foundation", 152-154. Pelzer argues that smallholder cultivation might have played a greater part in the colonial period if not for the government's support for planters.

⁴⁰ "Rubberbedrijven in Zuid Sumatra", 4, AV 233, ARA. While blankets and sheets were exported mostly to Europe and to the United States, in most cases slabs were exclusively exported to Singapore in the early 1950s. "Laporan Kementerian Perdagangan dan Perindustrian Inspeksi Perdagangan Sumatera-Selatan untuk Bulan Desember 1950," and "Laporan Bulanan dalam Bulan Agustus 1951," AV 220, ARA. The statistics in the series of governmental reports show that Singapore remained the most important destination for the export of Indonesian natural resources throughout the first half of the 1950s.

who were ready to pay a higher price. As such, rubber smuggling remained one of the most lucrative jobs for traders in Palembang.

The Contest for Rubber Trade between the Center and the Region

Because rubber became “a matter of life and death” for the national economy of Indonesia,⁴¹ the central government of Indonesia announced several regulations to cut ties between Singaporean companies and traders in the rubber-producing regions of Indonesia, and to stop any non-permitted export. For that purpose, in April, 1950, the Indonesian government declared that all companies involved in trading rubber with Singapore needed to have a special license issued by the government. The license was first issued by the provincial government, yet in June the central government also began to issue the licenses.

It was widely advertised that the goal of the policy was to protect Indonesia’s resources from foreign capital. However, it provoked intense criticism from regional elites. In a column in *Suara Rakjat Sumatetra*, a newspaper published in Palembang, A. K. Gani, then the Head of the Economic Council of South Sumatra,⁴² fiercely denounced this policy, arguing that the license would depress traders and remillers in Palembang. According to him, the amount of slabs licensed to Palembang companies for export was around 35 tons each, whereas a certain company in Jakarta was given the right to export 400 tons of slabs from Palembang to Singapore,

⁴¹ “Karet adalah soal mati-hidup 10 djuta djiwa lebih rakjat Indonesia,” *Suara Rakjat Sumatera*, Jul 13, 1954. The competition and confrontation between them from the early 1950s was even called the “rubber war”. “Perang Karet antara Singapura dengan Indonesia” *Fikiran Rakjat*, Mar 21, 1954.

⁴² Even after independence, Gani remained the most influential political and economic leader in Palembang and South Sumatra. In 1954, a new factory called N. V. Fabriek Karet Moesi Palembang was built in Palembang, and many believed it to be owned by Gani. The factory would order machines from West Germany and produce tire belt and other housewares made of rubber. *Suara Rakjat Sumatera*, July 24, 1954.

even though they made contracts with Singapore at a lower price.⁴³ Moreover, in some cases traders in Lampung were allowed to export more than the region's slab-producing capacity, which would cause the leakage of Palembang rubber to Lampung. Gani suspected that "black money" or bribes were provided by those companies to the government officials, lamenting that the license would "fatten" the "Center (Jakarta)".⁴⁴ Mohammad Isa, the Governor of South Sumatra, also complained about this policy and even stated that he would not allow the licenses to be issued.

Despite such complaints, the central government would not give up its license policy to control the slab trade at the center.⁴⁵ The Indonesian government's ultimate goal was to ban all slab trade so that Jakarta could process and export all the rubber produced in Indonesia. On November 17, 1951, after meeting with representatives of the remiller's organization in Palembang (P5, *Persatuan Pengusaha Penggilingan Para Palembang*) and with traders, the Agricultural Department suggested that the export of slabs would soon be banned after the transformation of rubber-producing systems to producing sheets or blankets rather than slabs.⁴⁶ However, the remilling capacity of Palembang could not reach the point of processing all locally produced slabs. Monthly slab production in South Sumatra was 16,000 tons, less than half of which Palembang remillers could manage to process. Even the government officials admitted

⁴³ A. K. Gani, "Pemberian Lisensi-lisensi oleh pemerintahan kemakmuran untuk mengexport hasil bumi dari Sumatera Selatan ke Luar Negeri: Rakjat Umum pasti lagi! Siapa mendjadi "gemuk" di pusat?" *Suara Rakjat Sumatera*, Aug 30, 1950.

⁴⁴ Ibid.

⁴⁵ Isa even went to Jakarta to hear the central government's standpoint. According to him, however, the "center (pusat)" admitted its mistake, yet would not take back its policy because it did not want to lose face. *Suara Rakjat Sumatera*, September 23, 1950.

⁴⁶ *Suara Rakjat Sumatera*, November 23, 1951.

that exporting some amount of slabs to Singapore was inevitable to avoid rubber pilling-up at Palembang harbor.⁴⁷

Another governmental policy was to establish semi-governmental organization or companies in charge of controlling the rubber trade. In April 1953, the Yayasan Karet Rakyat (Smallholder Rubber Foundation, YKR) was officially established by the central government. The apparent mission of the YKR was to build smoke-houses, improve the quality of rubber, replant rubber trees, and protect peasants from unfair trade. However, local elites suspected that the central government intended to monopolize slabs and maximize the government's benefits using the YKR. The tension between Jakarta and Palembang reached its peak with the debates on the use of a surtax imposed on smallholder rubber producers. In July 1953, it was reported that the central government had decided to use 40% of the profits from the surtax imposed on smallholders in South Sumatra for the YKR in Jakarta, while utilizing 60% of it for the development of the region. After the YKR meeting in Jakarta, Nungtjik A. R., a congressman and the Head of the YKR in Palembang, opposed the idea in public and submitted a proposal to the Provincial Congress that 100% of the profits should be used for rubber-growing peasants in the region.⁴⁸

The governmental policies did not produce the results that the government expected. For example, as time went by the government issued too many licenses, which even increased the slab trade. From January to July, 1954, slab export from Palembang to Singapore reached 34,000 tons, a significant portion of which could have been processed into blankets or sheets in

⁴⁷ Kementerian Penerangan, *Propinsi Sumatera Selatan*, 465. Instead of banning slab exports, the Indonesian government tried an import ban from Singapore, Penang, and Hong Kong. By doing so the Indonesian government tried to find alternative trade partners in other countries, especially Japan. As for the relationship between Japan and Indonesian in the 1950s, see M. Nishihara, *The Japanese and Sukarno's Indonesia: Tokyo-Jakarta Relations, 1951-1966* (Honolulu: University of Hawaii Press, 1976).

⁴⁸ *Suara Rakjat Sumatera*, July 27, 1953.

Palembang, according to the Palembang remillers.⁴⁹ Some traders from Lampung, having a “special license” issued in Jakarta, transported slabs from Palembang to Lampung via train, and then exported to Singapore because they had fewer slabs than the amount they were allowed to export. Thus, ironically, the issuance of license for slab export resulted in a lack of slabs for Palembang remillers, and the P5 sent a petition to the government calling for the abolition of the license policy.⁵⁰

The Art of Smuggling

However, the more serious problem was that smuggling to Singapore continued, or even increased in the first half of the 1950s. In 1954, while Malayan rubber imports from Indonesia amounted to 312,662 tons, reported Indonesian exports were 204,305 tons. This odd difference continued in 1955: Malayan imports from Indonesia were 296,000, while Indonesian exports amounted to 141,578.⁵¹ This meant that around 100,000 tons of rubber was smuggled into Singapore and the Malay Peninsula each year.⁵² The smuggling continued mainly because it was too remunerative to stop. Moreover, by smuggling traders could transport goods far in excess of the import or export limits, and even escape heavy taxation.

How were the smugglers able to send such a huge amount of rubber across the sea? The most popular and easiest way of smuggling was to deceive the customs personnel. They commonly exported more than the declared weight in a shipment, or artificially lowered their

⁴⁹ *Suara Rakjat Sumatera*, September 39, 1954.

⁵⁰ *Ibid.*

⁵¹ Beery, *Smallholder Rubber in Indonesia*, 95.

⁵² The amount of rubber smuggled to Singapore sometimes approximates or exceeds 1,000 tons per ship. A Dutch Commission's report, for example, shows that there was an attempt to smuggle 870 tons of rubber from Jambi to Singapore and that the smugglers were arrested by the Indonesian Navy (ALRI, Angkatan Laut Republik Indonesia). “Rubber Smokkel,” May 28, 1951, AV 205-35, ARA.

slabs' grades, and then re-priced them properly in Singapore. When they first sold rubber, peasants sometimes deliberately mixed other materials (such as wood, roots, sand, rocks or metal) with rubber to increase the weight of rubber to deceive the buyers.⁵³ To minimize the "adulteration" of the export rubber, in September 1953, the government imposed a regulation that the slabs to be sold had to be 3cm or thinner because it was harder to mix other ingredients into thin pieces of rubber. The regulation was in the right direction to improve the quality of rubber and to increase state's revenue. However, peasants did not stop mixing in other materials because keeping the regulation would not guarantee a better income for them.⁵⁴ Moreover, regulation itself was not well enforced, and often overlooked by the customs officials.⁵⁵ Of course, corruption and bribery were widespread, thus, as in the case of the 3 cm regulations, inspectors often ignored what they saw.

Such interactions occurred on land, or at the harbor. Once out at sea, the traders had to deal with the Navy or police. Some smugglers were bringing forged licenses, or they negotiated with the police. In case such options were not available, it was water – the seas – that protected them. In many cases, the narrow straits with hundreds of islands enabled the smugglers to escape police or Navy patrols. Moreover, the smugglers' speedboats traveled fast at night, while hiding behind the islands in the afternoon to escape the surveillance patrols.⁵⁶

⁵³ See "Laporan Bulanan dalam Bulan October 1951, Inspeksi Djawatan Perdagangan Sumatera Selatan," 2, AV 220, ARA. This kind of "art of smuggling" was not new to the South Sumatra area. Even in the 1920s, the use of false scales or the mixing of other materials with rubber was common. See A. Luytjes, *De Bevolkingsrubbercultuur in Nederlandsch-Indie vol. 7, Eindrapport* (Weltevreden: Landrukkerij, 1925), 11.

⁵⁴ Thomas, *Smallholder Rubber in Indonesia*, 57.

⁵⁵ Beery, *Smallholder Rubber in Indonesia*, 63.

⁵⁶ *Suara Rakjat Sumatera* July 1, 1954. The speedboats were known to be faster than the motorboats of the police or Navy patrol. By discussing the "broker", Mestika Zed stated that Palembang could be an intermediary between Java and the Malay Peninsula because of the integration of geographical factors and natural economic sources. Zed, *Kepialangan, Politik, dan Revolusi*, 6. One of the geographic features of

These examples also indicate the lack of facilities and manpower for enforcing state control, and the common practices of corruption. By interrogating Lho Ke Sang and related officials, the government found that more government officials, even an official in the Department of Religion, were involved in smuggling. The case drew attention from many people in Palembang, yet they already knew that the connection between smugglers and officials was widespread. But there was another reason for the inefficiency of governmental efforts to stop rubber smuggling. As mentioned previously, political military leaders, who were supposed to regulate smuggling, had been a part of the smuggling connections and operations since the Revolution. In many cases, both the smuggling and the regulation of smuggling often resulted in a contest of power between elites, especially between, and within, the central and regional governments.⁵⁷

Born To Be Illegal? The Ethnicization of Smuggling and “Indonesianisasi”

The blurred line between politics and the economy and between legal and illegal trades during the Revolutionary period continued in the 1950s. However, the relationship between the participants had significantly changed. In the context of the Cold War and the “Indonesianisasi”, the economic nationalization of Indonesia, Chinese traders had to face significant economic challenges as well as ethnic hostility. Historically, they were used to those challenges, yet the atmosphere surrounding them was even more severe in this period.

Palembang was its accessibility to both the Java Sea and the Malacca Straits. Smugglers were well aware of maps of the islands on the seas, which they fully utilized.

⁵⁷ Erwiza Erman, “Rethinking Legal and Illegal Economy: A Case Study of Tin Mining in Bangka Island,” Paper presented at the International Symposium Commemorating 40th Anniversary of *Japan Society for Southeast Asian Studies* 86 (2007), 33.

The status of the Chinese businessmen was significantly changed. Many Chinese businessmen supported the Republic by participating in the smuggling business during the Revolution. However, in continuing their business with Singapore, some of them were arrested for smuggling. One of the most representative cases was Tan Seng Ban. Tan began his career in the trading business in the Japanese Occupation period, and actively participated in business related to the Republic during the Revolution. Tan was in charge of the provisions for around 5,000 Republican soldiers. He was also engaged in fundraising for purchasing weapons on the Republic's behalf, and he smuggled weapons from Singapore using his ship, which was once intercepted by the Dutch Navy in 1946.⁵⁸ However, with the "illegalization" of secret trade to Singapore after the Revolution, his fate was changed. In June 1950, he was arrested for smuggling 700 boxes of pepper and resin from Lampung to Singapore, carrying out an order from his boss in Palembang.⁵⁹

Ethnic Chinese in the Shadow of the Cold War

Not only for Chinese traders in Palembang, but in general Indonesia's social atmosphere in the 1950s was not amicable to ethnic Chinese. The effects of the Cold War and Indonesia's changing relationship with China were also relevant. The enforcement of Indonesian nationality on the ethnic Chinese, the prohibition of remittance to China, and, most of all, the nationalization of Chinese businesses all contributed to the deterioration of the relationship between China and

⁵⁸ Twang, *The Chinese Business Elite in Indonesia*, 268-269.

⁵⁹ *Suara Rakjat Sumatera*, June 21, 1950.

Indonesia.⁶⁰ The instability they faced and the emergence of the “New China” made some Chinese have fantasies about or yearnings for their homeland.

The rise of the pro-PCR group was evident in Palembang in the 1950s, and they would promote Chinese patriotism through education and cultural activities. The Chinese High School in Palembang employed a group of young intellectuals who supported the “New China” as teachers with the purpose of “promoting patriotic education”, and established a “collective consciousness” among students through various group activities, such as celebrating the National Day of the People’s Republic of China (PRC).⁶¹ In 1953, the Bioskop (Bioscope) Capitol, a Chinese-owned cinema in Palembang, ran a film about “New China (the PRC)”. On June 21, 1953, there was a protest of anti-communists against the cinema because it refused to show a film about Taiwan, and because the cinema was known to be supported by a Communist Trade Union.⁶² Some of the Palembang Chinese even migrated to China avoiding the political instability and anti-Chinese atmosphere in Indonesia. On August 12, 1960, 700 ethnic Chinese took the ship *Tay Po Hang* at the Palembang harbor, which left for the PRC. Approximately 400 of these passengers were from the city of Palembang.⁶³

Although not closely related to Indonesian Chinese, one of the most significant effects of the Cold War came from the embargo on the exports to China. As explained in the previous

⁶⁰ For the status of Indonesian Chinese and Indonesia’s relationship with China in the 1950s, see Donald E. Willmott, *The National Status of Chinese in Indonesia 1900-1958* (Ithaca: Southeast Asia Program, Cornell University, 1961).

⁶¹ After the communist victory in China, political orientation replaced the communal differences among Chinese in Palembang. In 1950, they set up the “Chinese General Association”, and launched a program to unify Chinese education in Palembang. Caing-Bai Wang, “Re-establishing Networks,” 78.

⁶² “Chinese Films” (June 27, 1953), AV 206, ARA. The owner of the cinema was Liem Jie Lan, a peranakan businessman in Palembang. In addition to the Bioskop Capitol, he also owned the Hotel Central in Palembang. He was also involved in communist-oriented organizations, such as Perkumpulan Kaum Tani Tionghoa (Chinese Peasant Organization, PKTI). Kiagus Imran Mahmud, *Sejarah Palembang* (Palembang: Angrek Palembang, 2004), 88.

⁶³ *Obor Rakjat*, August 16, 1960.

section, the Korean War resulted in a golden age for the rubber industry and brought about the rise of the Chinese rubber trading business and economic surplus. However, in less than two years, the rubber production and trading in Palembang were severely hit by the effects of the Korean War. With China's intervention in the Korean War for North Korea, the United States and its allies submitted a proposal for an economic embargo on China and North Korea to the United Nations. In April 1951, there was a rumor of an imminent embargo on exports to China, and in early May 1951, the Indonesian government hurriedly shipped 8,000 tons of blankets, 6,000 tons of which came from Palembang.⁶⁴ On May 18, 1951, the United Nations adopted the resolution for an embargo on China and North Korea, prohibiting the selling of arms, ammunition, energy materials, and transportation materials, which included Indonesia's most important export crop: rubber.⁶⁵

The Indonesian government first opposed to the idea of the embargo, and tried to remove rubber from the embargo list. However, it finally had to agree on including rubber on the list.⁶⁶ Since the British already banned the export of rubber from Malaya and Singapore to China, the United States had to ban Indonesian rubber trading to ensure fairness. As a result, both Singapore and Indonesia lost one of the biggest markets for rubber export, which resulted in the decline of rubber prices. The smallholders and traders in Palembang, who had enjoyed the short golden age of rubber, had to face the decrease of income due to the embargo. However, even in this situation, Chinese traders sometimes became targets of criticism. Even after the end of the embargo, in a column in the *Fikiran Rakjat*, the author criticized the Chinese intermediaries for being impatient

⁶⁴ "Rechtstreekse Rubberverscheping naar China (May 1951)", AV 205-18, ARA.

⁶⁵ *The New York Times*, May 19, 1951.

⁶⁶ For detailed information regarding the Cold War economic embargo and its impacts on Indonesia and the United States-Indonesia relations, see Soo Chun Lu, "'Trade with the Devil': Rubber, Cold War Embargo, and US-Indonesian Relations, 1951-1956," *Diplomacy and Statecraft* 19 (2008), 42-68.

with the decline of the market and not responsible in their choice of joining the rubber business.⁶⁷

Economic Nationalization against Chinese “Smugglers”

The more direct and serious impacts on the Chinese traders came with the economic centralization and nationalization policies. Despite the dissatisfactory outcome and the continuing smuggling, the central government continued to pursue the policies of nationalizing the rubber trade and lessening dependence on Singapore, which had large impacts on Palembang society. One of those policies was the establishment of the Naamloze Vennootschap Karet Sumatera Selatan (The Public Limited Liability Co-operation for Rubber in South Sumatra, hereinafter N. V. Karet) in September 1954. A semi-governmental organization, 51% of its financing came from the government and 49% came private capital (mostly remillers). Just as the YKR did, the organization declared that their goal was to protect peasants. In December 1954, the N. V. Karet claimed that all the slabs purchased for processing should be controlled by the organization, and that the buyers should guarantee the minimum price set by the organization.⁶⁸ In addition, it acted as an intermediary between remillers and traders, while performing inspection to check the grade of rubber and arbitrating disputes over the grades.⁶⁹

However, the most important goal of the N. V. Karet was to secure slabs produced in Palembang for the remillers of the region, and, eventually, to prohibit the export of slabs. In other words, it was intended to stop smuggling from Palembang, the biggest producer and

⁶⁷ *Fikiran Rakjat*, July 5, 1957.

⁶⁸ *Suara Rakjat Sumatera* December 17, 1954.

⁶⁹ As such, the actual function of the company was much wider. It did literally everything related to rubber, including processing, buying and selling, both directly and indirectly. For the function of the N. V. Karet, see Thomas, *Smallholder Rubber in Indonesia*, 53-58.

smuggler of slabs, to Singapore. That was why the N. V. Karet was established only in Palembang as a “pilot project”, rather than in any other regions. For that purpose, the N. V. Karet claimed itself to be the sole legal buyer for the distribution of slabs in South Sumatra, and, just after the establishment of the N. V. Karet, the central government prohibited any private trading or exporting of slabs.

The establishment and activities of the N. V. Karet coincided with the “Indonesianisasi (Indonesianization)”, or the economic “nationalization” policies of the 1950s. As is well documented in the economic history of Indonesia, the Indonesian government attempted to nationalize all the foreign capital in its territory.⁷⁰ Not only Western capital, but also Chinese capital became the target of the policy. Even retail dealers, both in urban and rural areas, forfeited their businesses, and sometimes new “pribumi (indigenous people)” firms were founded instead. Many Chinese companies were also closed in this process. In 1961, the Kian Guan, one of the leading rubber trading companies acting in Palembang, was even transferred to the government.⁷¹ The Indonesianisasi weakened Chinese companies and capital, while strengthening “indigenous” groups and some new Chinese businessmen supported by the government.

In the spirit of the Indonesianisasi, the Singaporean trading companies were also blamed, mainly for their intervention in the Indonesian rubber market. In 1954, in an article in *Fikiran Rakjat*, Singaporean rubber trading companies were described as “Chinese rubber kings (*raja*

⁷⁰ For more detailed information on the Indonesianisasi, see John Sutter, *Indonesianisasi: Politics in a Changing Economy, 1940-1955* (Ithaca: Cornell University Press, 1959). The economic nationalization of the Sukarno government continued until the 1960s. For the takeover of the foreign companies in the 1960s, see William Redfern, “Sukarno’s Guided Democracy and the Takeovers of Foreign Companies in Indonesia” (PhD diss., University of Michigan, 2010).

⁷¹ Thomas and Panglaykim, “The Chinese in the South Sumatran Rubber Industry”, 183.

karet)”, hiring collaborators (*kaki tangan*) in Palembang as their agents.⁷² By saying so, the article criticized the Chinese businessmen in Palembang who were hired by the Singaporean companies or were connected with Singaporean partners through transnational Chinese network. In a highly nationalist tone, the author explained that the export ban on slab rubber began to have effects, and many of the remilling factories in the “English colony (Singapore)” were paralyzed due to a lack of slabs.⁷³ It described the situation that Indonesia imposed a “penalty” on Singapore for what they did. It blamed the Singaporean Chinese companies for using “dirty” capital to undermine the Indonesian industry, and said that stopping slab export to Singapore imposed some penalty for such practices and finally turned the “rubber war” around in Indonesia’s favor.

What is more interesting in this news article is the attitude toward the central government, or the “center”. As mentioned previously, in the early 1950s, regional leaders and newspapers in Palembang showed antipathy to and suspicion of the central government’s policies on rubber and exports. Such anti-government voices of regional societies began to decrease from the mid-twentieth century. In the article mentioned above, the author states that the crown of the central rubber market in Asia is transferring from Singapore to Palembang. It then praises that this was made possible by the efforts of the N.V. Karet to make Palembang an international rubber trade market. To accomplish this goal, the article continues, businessmen in Palembang surely needs support from Jakarta, without which they would not succeed.⁷⁴ This change of tone in the press

⁷² “Modal Radja-radja Karet Tionghoa di Singapura Diam-diam Diungsikan ke Sumsel”, *Fikiran Rakjat*, March 21-22, 1954.

⁷³ Even before 1954, the milling factories in Singapore suffered from a lack of slabs from Sumatra. Singaporean remillers criticized the Indonesian government that 6,000 tons of rubber were reported to be piling up at ports of Palembang and Jambi. *The Straits Times*, March 27, 1953.

⁷⁴ Ibid.

reveals the influence of Indonesianization, and the changes in hegemony between “center” and “region”.⁷⁵

One of the significant elements of the nationalization process was the “ethnicization” of Chinese. During the Revolutionary period, as the case of BTC testifies to, there was a certain amount of cross-ethnic cooperation between the Chinese and indigenous (non-Chinese) elites, although the Chinese generally could not achieve political power as their counterparts did. In the context of Indonesianisasi, however, Chinese traders were often criticized as smugglers damaging the national economy of Indonesia. Considering the patterns and the main operators of rubber smuggling, such criticism was not without a certain rationale. However, it was also true that smuggling was more ethnicized after the 1950s. As mentioned in the above, the practice of mingling other materials into slabs had been widespread throughout South Sumatra, and even peasants did so to deceive inspectors. In the 1950s, it was Chinese middlemen who were mainly attacked for such practices, while the rubber producers were regarded as victims of Chinese dishonesty.⁷⁶ By emphasizing the treacherous nature and problematic social function of Chinese trade practices, critics easily scapegoated the Chinese as the only smugglers transporting illicit goods, ignoring the fact that many indigenous leaders were also involved in, and got benefits from the “illegal” business.

In an article in *Suara Rakjat Sumatera*, an anonymous author criticized the ethnic Chinese, arguing that it was mostly the “bangsa tionghoa (ethnic Chinese)” who operate the smuggling via the Chinese syndicate (*kongsi*). The author also stated that it was always poor people (*orang kecil*) who performed the dangerous aspects of this business. It was, he continued,

⁷⁵ This issue of changing relationship between the “center” and the “region” will be discussed more in detail in chapter five.

⁷⁶ “Laporan Bulanan dalam Bulan October 1951,” 2, AV 220, ARA.

always those *orang kecil* who were arrested, while the bosses (*tauke*) of the *kongsi* were safe because they had money and other means of escaping arrest.⁷⁷ The frame of Chinese illegals and Indonesian (or poor Chinese) victims was tightened in the context of Indonesianisasi. Chinese traders could not openly refute such criticism. When W. G. Bylandt, an official of the Dutch High-Commission in Jakarta, visited Chinese remilling factories in Palembang, the factory owners complained to him about the discriminative practices of the Indonesian government against Chinese middlemen in favor of Indonesian exporters.⁷⁸

Recurring Fluctuation: Between Official Trade and “Barter”

Ethnic essentialization of the Chinese continued throughout the 1950s, and they remained a target of criticism. Regardless of denunciations, however, their business, whether legal or illegal, continued. From the mid-1950s onward, rubber smuggling unfolded against changing backdrops: the resumption of official slab trade and escalating political turmoil in Sumatra, which, ironically, created a new, but familiar transaction system: barter trade between Sumatra and Singapore.

The Resumption of Official Slab Trade

Starting in 1955, there was anticipation that the export of rubber slabs would be re-permitted, and there was a rumor that Singaporean companies, such as Hok Tong, had resumed

⁷⁷ “Penjelundupan antara Sumatera dan Malaya jang terbanjak dilakukan oleh orang-orang tionghoa,” *Suara Rakjat Sumatera*, July 1, 1954. The author stated that if a person was arrested, the boss and the syndicate supported his/her family.

⁷⁸ “Dienstreis naar Zuid-Sumatra en Singapore”, October 10-22, 1953. AV 206-85, ARA.

purchasing slabs in South Sumatra.⁷⁹ In June 1956, the embargo on rubber trade was eventually lifted, and rubber from Indonesia and British Malaya-Singapore was allowed to be exported freely to China. Both the Singaporean and Indonesian governments were expected to restore trade relationships with China, one of the biggest customers of rubber. However, the increased demand for rubber resulted in a high level of competition between the traders, and between the Indonesian government and Singaporean companies. Moreover, the intense competition also increased the likelihood of slabs being smuggled from Palembang, which materialized before long.

With the end of the embargo, the export of slabs to Singapore resumed, as did old tensions between the central and regional governments. In July 1957, the central government issued a special license allowing traders to export 1800 tons of slabs to Singapore.⁸⁰ The reason for this decision was not known. The issuance of the license was denounced by many traders and remillers in Palembang. The main criticism came from the N. V. Karet. Originally founded by the central government, the N. V. Karet had become more “localized”, and now represented the economic interest of remillers in Palembang. In July 1957, the corporation sent a letter to the Department of Trade, expressing its opposition to the issuance of the license and arguing that the license would make remillers in Palembang feel unhappy and isolated. The corporation’s standpoint was to oppose any kind of slab export, because exports would lead to a shortage of slabs for Palembang remillers.⁸¹

⁷⁹ In a few years, the embargo proved ineffective, and even harmful for the economy of the “Free World”, and the French and the British pushed the United States to lift the embargo.

⁸⁰ *Fikiran Rakjat*, July 4, 1957.

⁸¹ *Fikiran Rakjat*, June 16, July 4, 1957.

It was not only the N. V. Karet that opposed the reopening of slab exports. In an editorial column in the *Fikiran Rakjat*, the author raised the possibility that corrupt money and officials were involved in this policy. Most of all, he expressed concerns about the sufferings that remillers in Palembang would face due to a lack of slabs. He also argued that, considering the gap in capital, the competition between remillers in Palembang and the *tauke* in Singapore was an unfair game and that the government should protect the remillers in Indonesia.⁸² Both the petition of the N. V. Karet and the editorial column of the *Fikiran Rakjat* indicate that the remilling capacity in Palembang was restored to a certain level, and that the “rubber war” was not just between the governments of the two countries, but between the remillers in Singapore and Palembang.

Disparities between the central and regional governments regarding slab exports intensified when the Pemerintah Revolusioner Republik Indonesia (the Revolutionary Government of the Republic of Indonesia or PRRI) was established. When these events began, many South Sumatran political and military leaders were sympathetic towards the PRRI and joined it. The establishment of the Revolutionary government was declared in Palembang in the name of the “Palembang Charter.” However, South Sumatran leaders eventually stopped supporting the PRRI.⁸³ Despite their withdrawal, the PRRI rebellion had a huge impact on Palembang’s economy, especially on the rubber trade with Singapore. First, military leaders led by Major Nawawi decided to side with the PRRI, and they continued guerilla warfare against the Indonesian government. Although the regional government and the press expressed support for

⁸² *Fikiran Rakjat*, July 5, 1957.

⁸³ More on the withdrawal of South Sumatra from the PRRI will be discussed in chapter three. For detailed information of the issue, especially for the role of Barlian, the head of the South Sumatra Command in the midst of the PRRI, see Handarmin Djarab, *Mendahului Semangat Zaman : Letnan Kolonel Barlian, Mantan Panglima TT II Sriwijaya & Veteran Pejuang Kemerdekaan RI* (Jakarta: Cikai Media, 2004).

the central government, some military groups remained sympathetic towards Nawawi and the PRRI.

The Resurrection and the (Il)legalization of “Barter”

In a socioeconomic sense, a more crucial impact of the PRRI was the revitalization of the “barter” trade. The PRRI leaders imported weapons and necessities from Singapore in exchange for natural resources from Sumatra, as the Revolutionary leaders had done in the 1940s. Thus, Singapore reemerged as the economic center and political haven for Indonesian dissidents, which renewed military tensions between Indonesia and Singapore.

Despite the Indonesian government’s efforts to abolish it, trading in the form of bartering continued between Singapore and the Indonesian islands in the 1950s. After the outbreak of the PRRI, because it was regarded as the practice of rebels, the term “barter” had a negative connotation when used by pro-government parties. In Palembang newspapers, “barter” was usually condemned as a practice detrimental to Indonesia and giving profits only to a small number of people.⁸⁴

For the central government, barter trade was not acceptable because the leaders of the government, who had been involved in barter trade during the Revolution, knew the effects of these types of transactions better than anyone else. From the beginning of the rebellion, the Indonesian Navy and police patrolled the seas around the Singaporean and Sumatran coasts, while maintaining important checkpoints. The Indonesian patrols took a rough stance to combat barter trade, which resulted in aggressive attacks on any suspected ships. While doing so, they sometimes entered Singaporean waters, which, not surprisingly, caused frequent conflicts with

⁸⁴ “Barter rugikan Negara: Hanja untungkan beberapa orang sadja,” *Fikiran Rakjat* June 14, 1958.

the Singaporean Navy or patrols, and attracted strong protest from Singapore. In November 1957, an Indonesian gunboat chased a motor sampan bound for Singapore. The gunboat finally caught the sampan, yet while doing so, the gunboat violated the Singaporean territorial waters.⁸⁵

Although the Indonesian consul-general expressed regrets on this issue, the Indonesian patrols' territorial violation of Singaporean waters continued.

Despite the Indonesian government's efforts, barter trade became a popular form of trading in this period: consequently many ships came from other regions for barter trade. Although the South Sumatran government decided not to join the PRRI, Palembang was still an important trading partner to Singapore, and it was categorized as one of the main "barter ports". As a result, many vessels traveling between Palembang and Singapore were detained at checkpoints. For example, in January 1958, three colony (Singapore) ships were detained at Pulau Samboe, two of which were going to or from Palembang. *Kah Kheng* was returning to Singapore from Palembang with 500 tons of rubber, while *Senang* was going to Palembang with 100 tons of cargo from Singapore.⁸⁶

In January 1958, in order to magnify its efforts to eliminate barter trade, the Indonesian government announced an ultimatum that all barter trade would be banned starting from February 28, 1958, while intensifying its attack and the detention of (suspected) barter ships. Because the main target of Indonesian surveillance was Indonesian and Singaporean ships, ships with foreign flags were seemingly safer. However, as many ships used bogus flags (as they used forged documents), all ships were being eyed by Indonesian patrols. This situation aroused complaints from all who were involved in the barter trade. First, local political leaders protested

⁸⁵ ""Invasion" by Indonesian Gunboat: Indonesian Consulate officials summoned by police help stop towing of sampan." *Straits Times*, November 28, 1957.

⁸⁶ *Straits Times*, January 17, 18, 1958.

the government's ultimatum on the ban of barter trade. Barlian, the war administrator of South Sumatra, openly admitted that Palembang and South Sumatra were engaging in barter trade. His argument was that the central government had worsened the situation, and any kind of trade with Singapore was inevitable to secure rice and primary commodities. In defying the ban on barter trade, Barlian stated that his region was "compelled" to barter.⁸⁷

As the Indonesian government escalated its efforts to suppress barter trade, Chinese traders, the main operators of the trade, were in a predicament. Although bartering was a transaction between Singapore and Indonesia, doing so was taken as an internal affair of Indonesia rather than a matter relating to international relations. Regarding forceful enacting of Indonesian patrols, the Singaporean government's standpoint was that it was the Indonesian government's right to seize ships carrying banned cargoes to and from its territory. Thus, the relationship between the central and the regional government of Indonesia was of the greatest importance in the matter of bartering with Singapore. Most barter trade ships were bringing with them written certification from the regional government, and they argued that they were not smugglers. Yet those "papers in order" were frequently not recognized by Indonesian authorities at checkpoints, and the ships were detained and the cargoes were confiscated. To release the detained ships, the owners had to pay a large amount of money. In this situation, a Singaporean Chinese businessman, whose ships were detained in Pulau Samboe, complained that they were victimized

⁸⁷ *Straits Times*, January 23, 1958. While challenging the central government's policy, Barlian was able to maintain a relatively amicable relationship with the central government. He had a close relationship with Nasution, who called Barlian "a younger brother." Although he first signed the "Palembang Charter," he eventually remained "neutral" between the PRRI and Jakarta government and enjoyed the bargaining power between the two. Audrey R. Kahin and George McT. Kahin, *Subversion as Foreign Policy: The Secret Eisenhower and Dulles Debacle in Indonesia* (Seattle: University of Washington Press, 1995), 61.

“just because the central government changed its mind about the validity of permits issued by Provincial Governments.”⁸⁸

After the Indonesian government announced the ultimatum of banning all barter trade, in late January of 1958, there was a rumor that the Indonesian government had allowed a “grace period” of a month for trade between Singapore and Sumatra. However, the rumor proved incorrect. The Indonesian government intensified its efforts to block the barter trade even before the deadline, and despite the imminent total blockade, the barter shippers continued their operations. Certain owners of barter ships instructed the captains to ignore all the Indonesian checkpoints and go directly to Palembang.⁸⁹ However, barter traders suffered from the tightened detentions and heavier penalties. In March 1958, five ships bringing rubber from Palembang were detained at Pulau Samboe. The total amount of rubber was 2,000 tons, worth more than 3,500,000 Singaporean dollars. The ships were released, yet the owners complained that they suffered a loss of more than 100,000 dollars owing to the detention.⁹⁰

Barter trade between Sumatra and Singapore apparently diminished with the escalation of Indonesian government’s suppression and the decline of the PRRI during mid-1958. However, bartering had huge impacts on the practice of smuggling. First, the revival of the practice of the Revolutionary period “re-legalized” smuggling in this area. The PRRI authorities and regional governments defied the central government’s policy by officially supporting barter trade. Second, as in the Revolutionary period, the lack of rice and commodities, in addition to the difficulties in legal trading caused by the license policy, legitimized smuggling as a plausible means for

⁸⁸ *Straits Times*, January 19, 1958

⁸⁹ *Straits Times*, March 4, 1958. This situation provided opportunities for pirates to gain profits. Pirates sometimes wore Indonesian patrol uniform, and boarded small barter ships on the high seas. Instead of requesting identification papers, they demanded money from the barterers. *Straits Times*, February 13, 1958

⁹⁰ *Straits Times*, March 14, 1958

survival and prosperity, even in a region that did not join the PRRI, such as Palembang. Rumors of rice shortages often flooded Palembang, which forced traders and political leaders to transport more rubber to secure rice. Third, Singaporean rubber remillers, who were suffering from the ban on slab exports enforced by the Indonesian government starting in 1954, enjoyed a temporary increase in their rubber supply through barter trade. However, after the Indonesian government blockaded most barter ports, rubber supplies were greatly reduced again. In April 1958, the monthly rubber production of Singapore remilling factories dropped from 30,000 tons to 8,000 tons, which led to an increase in unemployment.⁹¹

Another significant feature of the barter trade was the resumption of the “ethnicization” practices. As portrayed above, Chinese merchants on both sides of the Malacca Straits were the main operators of barter smuggling. However, their deep involvement in the trade often put them in danger. In addition to the detention of their ships and the confiscation of the cargoes, with the heightening of suppression on barter and the PRRI, Chinese merchants were sometimes regarded as accomplices of the rebels.⁹² Thus, Chinese merchants who were involved in the barter trade believed that they were “scapegoated” in the quarrel between the central and the regional government of Indonesia.

The Tightening of State Control

The revitalization of barter trade provided traders with new opportunities. However, it also served as an opportunity for the government to exercise its dominance in regional affairs. The increase of military and police power enabled the government to escalate the suppression of

⁹¹ *Straits Times*, April 15, 1958.

⁹² In May 1958, Chinese traders and Indonesians were arrested in Palembang for “collaborating” with the rebels by doing barter trade with Singapore to challenge the central government. *Straits Times*, May 13, 1958.

illegal transactions. On June 20, 1958, Colonel Ibnu Sutowo, the head of the Army (Kepala Staf TNI Angkatan Darat, KSAD) of South Sumatra (Komando Daerah Militer Sriwidjaja), announced that the opportunity for barter was already over. He ordered rubber and other goods stored for export at Palembang and Lampung harbor to be confiscated.⁹³ Suspected barterers (*pembarter*) were pursued and arrested. In August 1958, the Sriwidjaja Command declared that there would be no barter trade in the area under its control, and that any “emergency trade” would be prohibited.⁹⁴

If the keyword for the PRRI period had been “barter”, from mid-1958 onwards, the terms “*sita* (confiscation)” and “*razzia* (raid)” began to appear frequently in local newspaper headlines. Politicians and military leaders emphasized that merchants should be ready to work for the state, not for their own profits.⁹⁵ While encouraging traders to carry out their “social function” for the nation, military forces continued to carry out raids on companies and merchants suspected for “illegal” transactions. In February 1960, the Palembang police raided warehouses and companies along the Musi River to reveal corruption and illegally stored goods. Through a series of raids, the Palembang police arrested and interrogated hundreds of merchants, which resulted in the securing of rice and other articles that were not seen in the open market.⁹⁶ This indicated that the new military leaders of the region, supported by the central government, would keep a tight rein on trade.

⁹³ *Fikiran Rakjat* June 21, 1958.

⁹⁴ *Fikiran Rakjat* August 26, 1958.

⁹⁵ “Pedagang harus melakukan fungsi sosial. Bukan merupakan gerombolan jang tjari untung,” *Fikiran Rakjat* September 8, 1958.

⁹⁶ The raid was meant to confiscate the illegally-traded necessities, especially food and clothing, for Puasa and Lebaran. Thus it was called “Razzia Sandang Pandang,” or “Food and Clothing Raids.” *Fikiran Rakjat* February 5, 26, 27, 1960.

Export items were not excluded from the confiscation program: the government toughened penalties for smuggling and strengthened regulations on export. In November 1960, the case of rubber smuggling was tried in the Court of Economy (*Pengadilan Ekonomi*) in Palembang. In the trial, twelve people were accused of smuggling 75 tons of rubber, worth 2,000,000 Indonesian Rupiah. The judge, Muknom, sentenced them to the maximum of three years of imprisonment and criminal fines of up to one million rupiah.⁹⁷ On February 2, 1961, a Chinese merchant named Tan Siong Nie was sentenced to ten years of imprisonment and was fined 10,000,000 Indonesian Rupiah for smuggling thousands of kilograms of black pepper from Lampung.⁹⁸ In addition, export traders were required to purchase trade licenses from the government and to pay a “deposit.”

Despite the strengthened state control, a series of raids, and confiscation, smuggling remained one of the biggest concerns of the government, and Palembang was still the center of illegal trading activities and networks, especially for rubber smuggling. In February 1960, the police uncovered a smuggling ring that had been illegally shipping rubber from Palembang to Singapore. In relation to the smuggling ring, the Indonesian police pursued a Singaporean millionaire, who was suspected of smuggling Indonesian rubber worth 25,000,000 Indonesian Rupiah to Singapore.⁹⁹ As such, big capitalists and companies in Singapore were often involved in smuggling plots.

⁹⁷ *Obor Rakjat* November 25, 1960.

⁹⁸ *Obor Rakjat* February 12, 1961. He smuggled 3,886 kilograms of black pepper in December 1959, using a ship named Darvel, and 1,575 kilograms on a ship Tong San in January 1960.

⁹⁹ *Straits Times*, January 8, 1960.

A representative case of Singapore's involvement was the detention of the *Matang*, a Straits Steamship vessel, in Palembang.¹⁰⁰ On February 27, 1961, the *Matang*, which was flying the British flag, was arrested by the Indonesian Navy for smuggling luxury goods from Singapore. Along with the *Matang*, the tanker ship *Buatan* was also arrested for smuggling white pepper.¹⁰¹ The *Matang* trial continued until late 1961 and the trial on September 11 brought to light the fact that the *Matang* was carrying luxury goods worth 23,000,000 Indonesian Rupiah, including watches, radios, phonographs, handkerchiefs, etc. made in England, the Netherlands, Austria, Japan, and China.¹⁰² In December 1961, those who were involved in the *Matang* case were sentenced to 4-8 years of imprisonment and were fined 500,000-1,500,000 Indonesian Rupiah. One of the defenders of the accused was Lim Tjong Hian, a lawyer who was a prominent leader among the Palembang Chinese.

As such, smuggling did not cease even after the end of the PRRI, and it is hard to obtain comprehensive data on the increase or decrease of smuggling. However, the increased suppression and the penalty discouraged the practice of smuggling. With the rise of nationalism and the emerging confrontation with Malaya from 1963 onwards, smuggling to Singapore gained a more negative image. Engaging in smuggling with an enemy (Malaya/Singapore) was seen as a betrayal that violated economic justice.¹⁰³ The captain of an Indonesian patrol ship in the Malacca Straits reported that small barges, suspected of carrying smuggled goods, often escaped

¹⁰⁰ The *Matang* was built in the 1920s. With a 1,463 tonnage capacity, the ship had been used for service to Burma until the mid-1950s. For information on the *Matang* and other Straits Steamships vessels, see K. G. Tregonning, *Home Port Singapore: A History of Straits Steamship Company Limited 1890-1965* (Singapore: Oxford University, 1967).

¹⁰¹ The *Matang* had been halted and inspected by the Indonesian in 1960 on suspicion of smuggling. That was the first time Indonesian naval forces had halted a Straits Steamships vessel.

¹⁰² *Obor Rakjat* September 12, 1961

¹⁰³ "Penghianat-penghianat lakukan penjelundupan digandjari hukuman," *Fikiran Rakjat*, November 8, 1963.

Indonesian vessels chasing them to the Malayan Sea, where there were Malayan patrols. The captain suspected that the Malayan patrols protected the smugglers.¹⁰⁴ Thus, in the view of the Indonesian government, the Malayan government protected or encouraged the smuggling of Indonesian natural resources into its territory.

The antipathy toward smuggling to Malaysia/Singapore was encouraged by President Sukarno. In a meeting with the delegates of political parties, the youth organization (Front Pemuda), and labor unions in South Sumatra, Sukarno emphasized the role of South Sumatra in the fight against what began to be called Malaysia. According to Sukarno, to win in the Confrontation (*Konfrontasi*) against Malaysia, Indonesia had to end its trade relationship with Singapore. Most of all, he argued, South Sumatrans had to cease all smuggling attempts to Singapore and Malaya.¹⁰⁵

Concluding Remarks: Politics of Rubber Smuggling in the 1950s

One of the most compelling characteristics of the smuggling in this area was that many people already knew who was smuggling what. There was no secret, or if there was, it was an open secret. Moreover, the practice of smuggling was not limited to a certain group or class in society. There were even cases of the involvement of government officials in smuggling. Thus, in a sense, although smuggling caused serious tension and conflicts between those who were

¹⁰⁴ *Fikiran Rakjat*, August 12, 1963.

¹⁰⁵ “Berantas Penjelundupan dengan Kekuatan jang Kompak,” *Fikiran Rakjat*, October 26, 1963. The attempts by the British and people in the British Malaya to create an independent state called Malaysia was confronted by the Indonesian government, especially by those who supported the idea of “big Indonesia,” which include the Malay Peninsula, based on ethnic and cultural ties between the Malay Peninsula and western parts of Indonesia. This situation resulted in the conflict between Malaysia and Indonesia from 1963, which was called “Konfrontasi.” For “Konfrontasi” between Indonesia and Malaya on the establishment of Malaysia, see J. A. C. Mackie, *Konfrontasi: The Indonesia-Malaysia Dispute 1963-1966* (Oxford: Oxford University Press, 1974).

involved in the business, the definition of smuggling, at least in Palembang, was quite elastic, and as the title of the chapter indicates, even the confrontations demonstrated flexibility. The elasticity of the definition of smuggling in Palembang is evident in the blurry distinction between legal trade and smuggling. As rubber was a most profitable product in the 1950s, the involvement of government officials was rampant. Thus, as shown in the “art of smuggling”, corruption and deceit were widespread in the region, which made the practice of smuggling harder to end.

The people’s relations and the roles they played in the business of rubber smuggling during the two decades from 1940 onwards were also flexible. During this period, some of those who had participated in smuggling in the previous decade assumed an anti-smuggling stance in the next decade, while others remained – or were forced to remain – smugglers. The cycle of competition, confrontation, and cooperation was repeated. However, it is obvious that the relationship between participants always involved a contest for, and difference in power, which determined their future relationship. In addition, the history of smuggling during this period shows the changing character of the business. During the Japanese Occupation and the Revolution period, smuggling was glorified as the sole means to support the Republic. However, viewed from the nationalist perspective, it was condemned as a threat to the national economy in the first half of the 1950s, as it involved the unauthorized sale of its valuable natural resources. It was then once again legitimized by regional governments and rebel leaders, and smugglers were even lauded against the backdrop of the PRRI Rebellion and the subsequent barter trade with Singapore.

At the end of the rebellion, with the rise of nationalism, smuggling was once again treated as a “scarlet letter” and as an economic betrayal of the national economy. Thus, the status

of smuggling changed as often as the smuggled item itself. Together with smuggling, the main operators in the business, the Chinese merchants, were blamed as the chief instigators of the economic decline of Indonesia. There is no doubt that Chinese traders, in both Singapore and Palembang, initiated smuggling and gained the biggest profits from it. However, a wide range of social groups joined in and benefited from the smuggling business. Contrary to popular opinion about smuggling, it was “practiced by all ranks of people in all societies,”¹⁰⁶ including government officials and rich capitalists, whose legitimate businesses were protected by state regulations. Despite evidence of the involvement of customs personnel and government officials, the trend of ethnicization in the middle of the Indonesianisasi identified smuggling with the ethnic Chinese, and often viewed non-Chinese less harshly.

From a historical perspective, rubber smuggling indicates the importance of rubber itself and its importance to Singapore and Indonesia itself. Rubber was the most profitable product in the 1950s, and thus was a perfect item for smugglers. In addition, as explained previously, in the colonial period, the emergence of the rubber strengthened Palembang’s relations with Singapore, and economically marginalized Java. To some extent, rubber and rubber smuggling from Palembang was more profitable because of the proximity of Singapore, which was the largest rubber market in Asia. Facilities to process rubber, the market, and the network to collect rubber slabs all contributed to the development of Singapore, as well as to the rise of Palembang’s rubber market.

Rubber smuggling in Palembang also sheds insight into understanding complex discourses and relationships between state and borderlands, which have been explored in the

¹⁰⁶ Alan L. Karras, *Smuggling: Contraband and Corruption in World History* (Lanham, Boulder, and New York: Rowman and Littlefield Publishers, INC, 2010), 5.

emerging borderland studies in Southeast Asian Studies.¹⁰⁷ Eric Tagliacozzo illustrates how the colonial government tried to create and imagine a frontier by mapping, enforcing, and strengthening it, while diverse smugglers challenged and often crossed the frontier along the coastal borders of the Netherlands East Indies, on the verge of the emergence of a unified state economy in the late 19th century.¹⁰⁸ Although his book deals with the period up to 1915, it provides an insight into the 1950s in that the combination of imagining and crossing the border resumed in this period. Despite the colonial state's efforts to close the seas and freeze the borders, smugglers continued to challenge the authority of the state by crossing these borders. Smuggling cannot exist without the existence of borders or guards. As seen in the "art of smuggling" section of this chapter, there were too many gaps along the borders to stop smugglers' speedboats, and rubber smuggling in Palembang was a testimony to these gaps in the border.

Such porosity of the border leads us to rethink the socioeconomic mobility of the region, the limits and concerns of the state in the borderland, and the "national economy" frame, which views Jakarta as the center and the "Outer" Islands as the "Other." As is testified in the ineffective efforts of the central government to prevent the smuggling of rubber slabs to Singapore, however, the economies of the Islands outside Java, or at least of Palembang, were

¹⁰⁷ The scholarship on Southeast Asian borders particularly developed among scholars of mainland Southeast Asia. In his seminal work on the making of the national border of Siam/Thailand, Thongchai Winichakul emphasized the role of the colonial states and their geographic technology, especially of technology, in the making and the solidification of national borders in mainland Southeast Asia. See Thongchai Winichakul, *Siam Mapped: A History of the Geo-body of a Nation* (Honolulu: University of Hawaii press, 1994). While recognizing Thongchai's argument for the impact of modern mapping and statehood, Andrew Walker states that, unlike Thongchai's argument, the effects of colonial geography and border formation were not as huge in the borderlands. Walter criticizes scholars' obsession with the "penetration" of the center to the borderlands or "periphery" in modern Southeast Asia. For Walker's criticism on Thongchai's *Siam Mapped*, see Andrew Walker, *The Legend of the Golden Boat: Regulation, Trade and Traders in the Borderlands of Laos, Thailand, China and Burma* (Honolulu: University of Hawaii Press, 1999), 6-7, 43 and 63. For general discussion of borderland studies, see Michiel Baud and Willem van Schendel, "Toward a Comparative History of Borderland," *Journal of World History* 8, no. 2 (1997): 211-242.

¹⁰⁸ Eric Tagliacozzo, *Secret Trades, Porous Borders*.

closely connected to and dependent on the economy of Singapore, even after independence. This situation verifies Howard Dick's statement on the central role of Singapore in understanding the Outer Islands of Indonesia in the 1950s.¹⁰⁹ Rubber trade, both legal and illegal, contributed to the continuing ties between Palembang and Singapore, which the Indonesian government tried to cut throughout the 1950s.

Finally, the case of smuggling to Singapore also sheds light on the relationship between the Center and the regional areas in Indonesia. The newly independent Indonesian government was desperately seeking sources of revenue, and it tried to bring regional resources under the national economy. Local leaders, however, wanted to resume or maintain the "international" trade connection with Singapore that had existed since the 19th century. Moreover, smuggling was one of the ways in which those local leaders could escape the colonial and postcolonial government's control over their economic activities. Thus, even after independence, both the "Center" and the Outer Islands had to act against the backdrop of the colonial setting that Tagliacozzo depicts in his book. This situation often led to tension between the central government and the local elites and/or traders.

Despite economic nationalization and nationalist propaganda, it was hard for the central government to cut ties between the Outer Islands and Singapore. Although regulations and penalties on smuggling were strengthened in the late 1950s, smuggling to Singapore continued, mainly because it still was a profitable way of life, and was worth the risk of heavy penalties. At the same time, it is a matter of debate whether the state's nationalization project had any effects on smuggling. The outbreak of the *Konfrontasi* and the subsequently intensified naval blockade

¹⁰⁹ Johan Lindquist shows that Singapore still wields influence on the socioeconomic life of Indonesians in the Indonesian islands adjacent to the Malay Peninsula, especially in the island of Batam. See Lindquist, *The Anxieties of Mobility: Migration and Tourism in the Indonesian Borderlands* (Honolulu: university of Hawaii Press, 2009), 4.

certainly mitigated smuggling, and it provoked complaints from smugglers. The smuggling and trading of rubber between Palembang and Singapore in the 1950s highlights the continuing economic ties between the two societies. However, the fluctuating patterns in smuggling are a result of state policies and the increasing ascendancy of the state (or the Center) over other regions. The mobility and liveliness of the transnational network gradually declined with the rise of nationalism and of the goal of “becoming part of the privileged site of the nation,”¹¹⁰ as the following chapters testify.

¹¹⁰ Lindquist, *The Anxiety of Mobility*, 11.

Chapter 3 Fueling Conflicts: Petroleum Industry, Labor, and Politics

Introduction

On September 8, 1950, Indonesian president Sukarno delivered an address to the workers of the Standard Vacuum (hereinafter Stanvac) refinery at Sungai Gerong, Palembang. In this address, Sukarno emphasized the significance of foreign capital in Indonesia and of amicable relationship between the foreign employers and Indonesian workers.

“Brother! You are at present working in a foreign industry... You will certainly ask me why it is that foreign industries are still permitted to operate in our country. Why don’t we operate them all by ourselves?... We forcefully stressed the fact that we need foreign capital and we even invited its investment...”

“Foreign capital may operate here, but the workers should receive decent compensation... the country should also be benefited.”¹

Contrary to Sukarno’s hope, the relationship between foreign capital and Indonesian workers proved rather uncordial. Throughout the decade of the 1950s, foreign capital was often criticized for exploiting Indonesian lands and labors, and strikes and labor disputes in the petroleum industry were prevalent in the oil refineries in Palembang and oilfields in South Sumatra. In addition to relationships with workers, the Sukarno government’s relationships with foreign companies also deteriorated. In the 1950s, the Indonesian government decided to expel foreign companies and nationalize their businesses in the name of the “Indonesianisasi.” At this time, many foreign companies were taken over by Indonesian military leaders, and many foreigners, especially Dutch, were expelled.

¹ “Speech of President Sukarno in Sungei Gerong,” AV 204, ARA. Quoted from the original English text in the document.

In the case of oil companies in Palembang, the process of Indonesianization was gradual when compared to other businesses. A highly technology-intensive industry, the petroleum industry could not be operated without the help and guidance of Western technicians. Thus, the Dutch and American companies were able to continue their business in Indonesia even after the completion of the initial phase of Indonesianisasi. In Palembang, until the monopolistic national oil company was established in the 1960s, the Batavian Petroleum Company (N. V. Bataafsche Petroleum Maatschappij, hereinafter BPM) from the Netherlands and the Stanvac from the United States dominated the oil production in the region. Because of the involvement of the central government and the dominant position of foreign capital, the petroleum industry was often regarded as a “national” sector rather than a local asset by people in Palembang. However, the industry constituted a significant part of the economic life of the region through its relationship with the political and military leaders in both Jakarta and Palembang, and with Indonesian workers in Palembang.

This chapter concerns the politico-economic and social changes initiated by the petroleum industry and its impact in Palembang in the 1950s, focusing on the issue of labor. In the 1950s, labor conflicts and strikes were a part of “everyday life” for oil workers at the Stanvac and the BPM, mainly because of some critical issues such as low wages, labor abuses, and racial discrimination. Because of the flourishing of radical labor unions and the swelling of strikes, the 1950s appear to be a period of triumph for labor, and the labor union indeed was one of the most popular phenomena in “modern” urban life.² Moreover, laborers took pride in themselves as a vanguard for national development and the continuing Revolution against the Imperialist

² “(In urban life...) If you become a laborer, you become a member of labor union... If you are a teacher, then you enter the teacher’s organization... same for the traders, soldiers, police, etc.” R. H. Akib and Don Carmalos (eds), *Buku Peringatan Kota Palembang 1272 Tahun* (Palembang: Rhama Publishing House, 1956), 168.

Powers.³ However, as Ann Stoler points out, to see the labor movements in the 1950s as a success can be misleading. The vigor of the labor movement had diminished, even since the early 1950s. It was seriously weakened in the 1950s by the coalition between the Communist Party (Partai Komunis Indonesia, PKI) and the National Party (Partai Nasionalis Indonesia, PNI), and with the rise of the military through the PRRI Rebellion and the nationalization of foreign capital.⁴

Although the Communist Party established a stronger position than before in the national politics through its cooperation with the PNI, it had to modify its class policy, which resulted in a failure to sustain its goals to pursue class struggle. These changes and events in central politics were often echoed in regions outside Java, although the regional contexts varied and were more complex. Despite the fact that “labor” and “unionism” were national phenomena, “radical” labor movements were more active in Java and in regions in which foreign companies/estates recruited Javanese laborers, such as Palembang Deli (East Sumatra) and Palembang.⁵ Moreover, in the mid-1950s, the central government in Jakarta and other regions often were in tension with each other over regional autonomy, especially over the use of revenues from regional production. This caused plausible ethnic bias in regions in which the labor movement was a part of a trend instigated by the Java-based Communist Party. In addition, the regional branches of labor unions were strongly influenced and instructed by the head office in Java.

³ The “Revolution” here does not just denote the period of struggle against the return of the Dutch (1945-1949). “Revolution” includes the continuing anti-foreign (or anti-imperialist) sentiment that was elevated by the government thereafter.

⁴ Ann Stoler, *Capitalism and Confrontation in Sumatra's Plantation Belt, 1870-1979* (Ann Arbor: The University of Michigan Press, 1995), 126.

⁵ In 1957, the data shows that the heavy concentration of union membership on Java was about $\frac{3}{4}$ of the total. North Sumatra, which was the main destination of Javanese coolie migration, also had a very large group of union members (366,472), while in the rest of Indonesia only about 140,000 were reported. E. D. Hawkins, “Labor in Developing Countries: Indonesia” in *The Economy of Indonesia: Selected Writing*, ed. Bruce Glassburner (Ithaca and London: Cornell University Press, 1971), 214.

These conditions caused radical labor unions to be criticized as opponents of “regional” development by regional elites and other political parties. Moreover, the rise and the decline of labor movement reflected the rivalry between the military (business) and the Communist Party in national politics. The complex relations between the headquarters in Jakarta and regional branches of labor unions were also echoed in the relationship between political parties at the national level. As such, both the petroleum industry and the labor movements in the industry in Palembang were heavily influenced by the sociopolitical transformations in Jakarta.

By investigating the petroleum industry and labor movements in Palembang, this chapter analyzes the complex relationship between the petroleum industry, labor and politics, and shows how they help to better understand the relationship between the center and the region in the 1950s.⁶ I analyze how the national political trajectory was reflected in the local background,⁷ through which I raise and answer the following questions: What was the role of labor in the making of the “region,” and why was it important in the “national” context? What was the relationship between labor and politics in petroleum industry, and what influence did it have on Palembang society? How can we understand the terms “national” and “regional” by analyzing these topics?

⁶ So far, the studies on labor issues outside Java have concentrated on East Sumatra, especially on the Javanese coolie laborers in large estates. For example, Stoler, *Capitalism and Confrontation*; Karl Pelzer, *Planter and Peasant: Colonial Policy and the Agrarian Struggle in East Sumatra 1863-1947* (‘S-Gravenhage: Martinus Hijhoff, 1978); Karl Pelzer, *Planters against Peasants: The Agrarian Struggle in East Sumatra 1947-1958* (‘S-Gravenhage: Marthinus Hijhoff, 1982). Studies on other regions that also imported Javanese laborers, such as Palembang, are more scarce and mostly focus on the colonial period. See Vincent J. H. Houben and J. Thomas Lindblad, *Coolie Labour in Colonial Indonesia: A Study of Labour Relations in the Outer Islands, c. 1900-1940* (Wiesbaden: Harrassowitz Verlag, 1999). Erwiza Erman’s *Membaranya Batubara: Knoflik Kelas dan Etnik Omblin-Sawahlunto-Sumatera Barat (1892-1996)* (Depok: desantara, 2005) is a good case study of labor history in West Sumatra.

⁷ Ratna Saptari and Erwiza Erman, “Decolonization and Urban Labour History in Indonesia, 1930-1965,” *IIAS Newsletter* 36 (March 2005), 19.

The Rise of the Petroleum Industry and Labor Recruitment before 1950

The Petroleum Industry in Palembang

The use of oil in Palembang or elsewhere in Sumatra began in as early as the seventeenth century, and the massive exploration of oil in the Netherlands East Indies started in the mid-nineteenth century by Dutch entrepreneurs. However, oil production in the Netherlands East Indies was insignificant at that time. The Netherlands East Indies (NEI) government imported a large amount of American kerosene, which reached 531,900 barrels in 1880.⁸ In the 1890s, with the founding of the Royal Dutch Company and the coming of American companies, especially Standard Oil, oil exploration in the NEI was pursued on a huge scale by multinational oil companies.

In the Palembang area, there were three petroleum companies in 1900: the Sumatra-Palembang Petroleum Company (Sumpal); the French-owned Muara Enim Petroleum Company; and the Musi Ilir Petroleum Company. The Sumpal was soon assimilated into the Royal Dutch, and the Muara Enim Co. and the Musi Ilir Co. were also assimilated into the Royal Dutch, in 1904 and in 1906, respectively.⁹ Based on this assimilation, Royal Dutch and Shell established the BPM, the operating company of Royal Dutch Shell, and opened an oil refinery at Plaju, on the shore of the Musi River in Palembang, in 1907.¹⁰

⁸ Jean Aden, "Oil and Politics in Indonesia 1945 to 1980" (PhD Diss., Cornell University, 1988), 14.

⁹ In 1899, the Dutch government enacted a law requiring that foreign oil companies establish Dutch - or the NEI- based subsidiaries and employ Dutch managers for the operation in the Netherlands East Indies. This law made foreign companies' entry to the NEI difficult, thus the Standard Oil's attempt to assimilate Muara Enim Co failed. Aden, "Oil and Politics in Indonesia," 25.

¹⁰ P. K. Manurung, S.P. Lumbantobing and W.R. Situmeang, *Sumatera Selatan* (Palembang: Djawatan Penerangan Propinsi Sumatra Selatan, 1956), 246. To solve this problem, the US government put pressure on the Dutch government to get rid of the discriminatory regulation. In 1921, being shocked by the news that Jambi would be granted to the Nederlandsche Indische Aardolie Maatschappij (NIAM, a joint company

While BPM was the only operating company in this area until the 1910s, American oil companies launched their business in the Palembang region from the 1920s. Standard Oil of New Jersey established a subsidiary, the American Petroleum Company, and, to prevent Dutch laws to restrict the activities of foreign firms, the American Petroleum Company established its own subsidiary, the Netherlands Colonial Oil Company (Nederlandche Koloniale Petroleum Maatschappij, NKPM). The NKPM began to establish itself in Sungai Gerong area in the early 1920s, and completed the construction of pipelines to send 3,500 barrels per day from their oilfields to the refinery at Sungai Gerong.¹¹ In 1933, Standard Oil incorporated the NKPM holdings into the Standard Vacuum Company, a new joint venture corporation, which was renamed the Standard Vacuum Petroleum Maatschappij (SVPM). Caltex (a subsidiary of the Standard Oil California and Texas Company) secured extensive exploration concessions in Central Sumatra (Jambi) in 1931.

By 1938, the production of crude oil in the Netherlands East Indies totaled 7, 398, 000 metric tons, and the shares of the BPM reached seventy two percent, while the NKPM (Standard-Vacuum)'s share was twenty eight percent. Whereas the most prolific area in crude oil production was East Kalimantan until the late 1930s, since then Palembang and Jambi took over the position. All crude oil production in the NEI was processed at seven refineries at this time, especially at three large export refineries: the NKPM plant at Sungai Gerong, the BPM refineries

of the Shell and the Netherland East Indies government), the US government denied the lease of lands in Utah, Wyoming and Oklahoma to the Shell subsidiaries in the Unites States. The Dutch government, thus, had to agree to a non-discrimination act to American firms. Anderson G. Bartlett III et al, *Pertamina: Indonesian National Oil* (Jakarta: Amerisian Ltd, 1972), 48

¹¹ Ibid, 49.

at Plaju, and the one in Balikpapan. Thus Palembang held two of the three biggest oil refineries in the archipelago.¹²

Labor Recruitment for the Petroleum Industry

The rise of a new industry and the subsequent economic growth led to the rapid influx of workers from the outside.¹³ Following the example of the East Sumatran planters, the foreign companies and businessmen in South Sumatra established the South Sumatra Agricultural and Industrial Association, (*Zuid-Sumatra Landbouw- en Nijverheidsvereniging*, ZUSUMA), their own organization for labor recruitment, and started labor recruitment in Java in 1916.¹⁴ From the early 1900s, South Sumatra was one of the biggest importers of Javanese migrants. They came to South Sumatra as transmigrants or spontaneous migrants, especially to the forest and cultivatable lands in Lampung area, and sometimes as contract laborers on plantations throughout South Sumatra.

¹² Alex Hunter, "The Indonesian Oil Industry," in *The Economy of Indonesia: Selected Writings*, ed. Bruce Glassburner (Ithaca and London: Cornell University Press, 1971), 256-257. On the eve of World War II, the refinery at Sungai Gerong produced 40000 barrel per day, the largest amount in Southeast Asia. See Aden, "Oil and Politics in Indonesia," 31. Jeroen Touwen categorized the Residency of Palembang, East Sumatra, and East Kalimantan as "growth provinces" where a significant size of European export production existed and a substantial indigenous participation in export crops also took place. Touwen, *Extremes in the Archipelago*, 63-76.

¹³ Owing to its economic growth and new employment opportunities, Palembang was known as the "*Daerah Untung* (Land of Fortune)." Mestika Zed, *Kepialangan, Politik dan Revolusi*, 5. The estimated population of the city of Palembang was about 100,000 in 1930 and 150,000 in 1940. It increased to around 400,000 in 1955.

¹⁴ Until the late 19th century, coolie laborers in East Sumatra was comprised mostly of Chinese workers. It was only from the early 20th century that European estates and companies recruited Javanese as a cheaper labor force, countering the Chinese networks. Yoko Hayashi, "Agencies and Clients: Labour Recruitment in Java, 1870s - 1950s," (Clara Working Paper No. 14, Amsterdam: IIAS, 2002), 5-6.

In 1930, in the Residency of Palembang, there were 762,565 “Palembangese,” and 243,949 of those were Javanese.¹⁵ A large number of the Palembang population, including Javanese workers, found work in the BPM refinery at Plaju and its oilfields in southern Sumatra. Also, the number of laborers recruited by the ZUSUMA went up from 2,339 in 1917 to 16,048 in 1929.¹⁶ There were two kinds of coolie laborers at that time: Free coolies and contract coolies. In 1920, the share of free coolie was about 50%, which went up to 65% in 1930. The free coolies in the residency of Palembang were mostly hired in oil, coal, and shipping industry. The oil companies hired them for the construction of pipelines in the forests and for the work at the refineries in Palembang, and paid each of them 55-90 cents per day.¹⁷ In the 1930s, the South and West Sumatra Syndicate (*Zuid-West Sumatra Syndicaat*, ZWSS) replaced the ZUSUMA as the main recruiter of Javanese laborers.¹⁸ In 1929, the number of Javanese coolies in Palembang reached 41,000.

War, Revolution and the Petroleum Industry

¹⁵ In case of Teluk Betong (the capital of the Residency of Lampung), eighty-five percent of the population was Javanese. A. J. Gooszen, *A Demographic History of the Indonesian Archipelago, 1880-1942* (Leiden: KITLV Press, 1999), 88, 91.

¹⁶ J. Thomas Lindblad, “New Destinations: Conditions of Coolie Labour outside East Sumatra, 1910-1938,” in *Coolie Labour in Colonial Indonesia: A Study of Labour Relations in the Outer Islands, c. 1900-1940*, ed. Vincent J. H. Hourben and J. Thomas Lindblad (Wiesbaden: Harrassowitz Verlag, 1999), 84.

¹⁷ Ellen Leenarts, “Coolie Wages in Western Enterprises in the Outer Islands, 1919-1938,” in *Coolie Labour in Colonial Indonesia: A Study of Labour Relations in the Outer Islands, c. 1900-1940*, ed. Vincent J. H. Hourben and J. Thomas Lindblad (Wiesbaden: Harrassowitz Verlag, 1999), 145.

¹⁸ The ZWSS resumed its recruitment activities after 1949, yet was soon after disassembled in 1951. In April 1951, there was a report of a dispute between the ZWSS and the Sarbupri regarding a violent penalty for a female worker. *Fikiran Rakjat*, April 17, 1951. Afterwards, in the 1950s, the agencies established by the Indonesian government did recruit contract laborers, but not on a large scale. After the nationalization of foreign plantations in the late 1950s, the government began to play a central role in the migration of contract laborers.

The oil industry in Palembang faced a big challenge during the Japanese occupation. Japan wanted to avoid the control of European and American companies in the Asian oil market, and tried to get equal treatment in dealing with oil production in the Netherlands Indies in the 1920s and 1930s. Because oil was one of the most important reasons for Japanese troops to invade the Netherlands East Indies, Palembang, a region that was producing more than half the oil produced in the Netherlands East Indies, became one of the main targets of the Japanese invasion in the Netherlands East Indies. Soon after they entered Palembang, the Japanese troops took over oil refineries from the BPM and the Stanvac. Before the Japanese came, both companies meant to destroy all the installations and equipment so that they could not be used by the Japanese. While the refinery at Sungai Gerong was seriously damaged, however, the BPM refinery at Plaju was almost intact.¹⁹ In the early phase of the occupation, the Japanese recovered almost two thirds of the level of oil production of the 1930s. Yet as the war went on, the quest for oil became higher while production level did not improve.

Although it was just four years, the Japanese occupation period had a crucial impact on the petroleum industry and the increase of Indonesian workers in the industry in Palembang. To maintain its operation and to raise the production level, the Japanese military government needed more technicians and workers. First, it brought Japanese technicians to Indonesia.²⁰ The government also established professional schools for local people, and the students could reach much higher positions in the industry than in the Dutch colonial period, which later became an

¹⁹ The Japanese troops made efforts to prevent the destruction of oil refineries by means of a surprise attack by paratroopers. On February 14, 1942, 600 Japanese paratroopers set down at Palembang and secured the oil installations. L. De Jong, *The Collapse of a Colonial Society: The Dutch in Indonesian during the Second World War* (Leiden: KITLV Press, 2002), 35.

²⁰ In the 1st year of the occupation, the Japanese landed 4000 drilling crewmen and oil technicians in the Indies, representing 70 percent of all the skilled personnel then available in Japan. Aden, "Oil and Politics in Indonesia," 40.

important factor in “nationalization” of the industry.²¹ Moreover, the Japanese organized the oil workers in a semi-military system, reflecting the militarization of Indonesian society under the Occupation.

To recruit more Indonesian workers, the Japanese military government in Sumatra set up a program to bring Javanese laborers to South Sumatra as “voluntary corps,” though this did not develop into an organized program.²² For the recruitment of laborers, the Japanese made use of the Dutch East Indies Radio Company (Nederlandsch-Indische Radio-Omroep Maatschappij, NIROM). Through the radio broadcasting, the personnel of the artillery construction workshops and the Pyrotechnics Workshop of the KNIL, as well as those who had been employed in oil refineries, were called to come back to work. By this way, the Japanese military government assembled oil workers in Batavia, and, in April 1942, sent about 300 Javanese workers to Palembang.²³

After the War, with the return of the Dutch, the western oil companies tried to resume their business in Indonesia during the Revolutionary period. The companies were able to take back their concessions in most areas, except Aceh and other parts of northern Sumatra where local resistance was fierce. This was enabled by two reasons. First, the Dutch increasingly “restored” its territories in the Indonesian archipelago, and they set up a new, pro-Dutch

²¹ For the Japanese operation of the refinery at Plaju and the technical education for Indonesian workers, see K. H. O. Gadjahnata et al (eds), *Sejarah Teknik Minyak Plaju 1942-1945: Kepeloporan Semangat Juang 1945* (Palembang: Penerbit Universitas Sriwijaya, 2000).

²² Hayashi, “Agencies and Clients,” 29.

²³ De Jong, *The Collapse of a Colonial Society*, 50. In addition, the Japanese military government mobilized war prisoners as forced labor. In November 1943, approximately 2,000 European (Dutch, British and Dutch-Eurasian) prisoners were sent from Java to South Sumatra to build airfields in Betung, 80 kilometers southwest of Palembang. The airfield construction at Betung was notorious for its heavy labor and bad working conditions, including food scarcity. By August 1945, 350 out of the 2,000 prisoners had died, most of them from starvation. De Jong, *The Collapse of a Colonial Society*, 286, 388-389.

government wherever they restored their properties. Second, during their confrontation against the Dutch, the Republican government realized that what they urgently needed was international recognition, for which economic potential and the stability of the new nation were crucial. Thus, Sutan Syahrir, the prime minister of the Republican government during the Revolutionary period, worked to guarantee the restoration of the foreign companies' properties, and even the Dutch companies tried to negotiate for the restoration of their properties.

However, although the Republican leaders agreed that the companies should restore their concessions, the return of the BPM and the Stanvac to Palembang refineries was not easy. First of all, the Organization of Oil Workers (Persatuan Pegawai Minyak, PPM) in Palembang, a semi-militarized unit organized in 1945 by A. K. Gani, the military governor of South Sumatra, was holding control over the oil refineries,²⁴ and the return of foreign companies caused conflicts with these workers. Secondly, the Republican leaders in South Sumatra used the power vacancy after the war to organize a provincial government to replace the State of South Sumatra (Negara Sumatera Selatan, NSS).²⁵ In this situation, the companies had to negotiate with local political leaders beforehand regarding the resumption of work in the oilfields.

The interim regional government of the Republic in Palembang, led by A. K. Gani, and later by Mohammad Isa,²⁶ was eager to negotiate and work with the foreign companies to restore

²⁴ The main purpose of the PPM was to build a military unit of oil workers for the transition of the petroleum companies in Palembang from the hand of Japan to the Republic. Mestika Zed, *Kepialangan, Politik dan Revolusi*, 339.

²⁵ Negara Sumatera Selatan was the regional government established by the Dutch in 1948 when the Dutch took over South Sumatra from the Indonesian Republic government. It was a member state of the Republic of the United States of Indonesia (Republik Indonesia Serikat, RIS) that was composed of the Republican government led by Sukarno and other states established by the Dutch. In 1949, the Dutch transferred its sovereignty to the RIS, and small states in the RIS were disassembled and assimilated into the Republic of Indonesia. The NSS was dismembered in May 1950, and was replaced by the South Sumatran government as a part of the Republic of Indonesia. For the NSS, see Mestika Zed, *Kepialangan, Politik dan Revolusi*, chapter 9. For the mineral resources in the NSS, see AV 204-9, 204-16, ARA.

²⁶ Gani (1945-1946) and Isa (1946-1952) were the governors of South Sumatra.

their oil production. This was due to a specific structure of political leadership in this area.

Unlike Aceh or North Sumatra, most of the prominent leaders in Gani's government were from outside South Sumatra, thus their political power lacked regional or spatial ties with the region.²⁷

Thus, the leaders were not obliged to respond to regional political contexts. Instead, they used their negotiations with the companies to consolidate their political base. In return for the companies' safety and the resumption of oilfields, Gani made the companies employ the Indonesian oil workers occupying the oilfields, and he also made them pay the Indonesian workers' wages entirely in kind.²⁸ Although they were not able to achieve everything they wanted, they succeeded in consolidating their status as regional leaders. Moreover, regional Republican leaders, such as Gani, even joined the petroleum industry and established their own businesses.

In this particular process, it should be noted, a "militarization" of the oil business developed throughout the Revolution. Though a civilian political leader, Gani also enjoyed the rank of General-Major in the Revolutionary army, and served as military coordinator for all of Sumatra. During the Revolutionary period, in addition to regular military forces of the Republican government, there were non-regular paramilitary troops: the militia.²⁹ As seen in the

²⁷ For example, Gani and Isa were from West Sumatra (orang Minang), military leaders such as Ibnu Sutowo and Bambang Utoyo were from Java, and Nungtjik A. R., a communist leader was a native of Palembang. For the ethnic composition of Indonesian leaders who attended the preliminary meeting for Indonesian independence prepared by the Japanese in 1945, see Mestika Zed, *Kepialanan, Politik dan Revolusi*, 280.

²⁸ Aden, "Oil and Politics in Indonesia," 70-71.

²⁹ The militia was often composed of local youths – workers, laborers or criminals - led by local political or social leaders. Although they were not regular military units, the local militia often cooperated with the regular Republican troops to fight against the Dutch. As seen in the case of Tan Seng Ban in chapter two, militia leaders were often involved in economic activities, such as smuggling. See Footnotes 58 and 59 in chapter two. After the Revolution, the militia was dissolved by the Republican military. For a detailed case study of the local militia, see Robert Cribb, *Gangsters and Revolutionaries: The Jakarta People's Militia and the Indonesian Revolution, 1945-1950* (Honolulu: University of Hawaii Press, 1991).

case of rubber smuggling with Singapore, during the Revolution, the main function of militias was economic activities for logistical support for the region, rather than physical warfare. Thus, the Revolutionary period saw the emergence of “oil barons” in South Sumatra,” who “happened to be military rulers.”³⁰ In 1947, Gani organized the Indonesian Oil Company (Peroesahaan Minjak Republik Indonesia, Permiri), a government agency to serve as a liaison for the production and sales of oil and coal, and for the procurement of needs for the Indonesian Revolutionary government and military.³¹ Thus, even after the foreign companies returned and resumed their operation in the region, now the role of regional political and military elites became crucial in the oil industry. This situation forecasts the complicated relations between the military, political powers and authority, and labor in the 1950s.

The Petroleum Industry and Labor Conflict in the 1950s

After the Japanese occupation and the Revolution, the importance of Palembang as an economic center was heightened owing to its rubber and oil production. Unlike other oil-producing regions, the oil fields in this area were relatively intact despite the wartime experience. Palembang and South Sumatra made up roughly thirty percent of national exports in the early 1950s. For that reason, together with South Sumatra’s position as a main destination for Javanese peasants’ transmigration, some people called South Sumatra *Tanah Harapan Hari Depan* (The Land of Hope for Tomorrow).³²

³⁰ Bambang Purwanto, “Economic Decolonization and the Rise of Indonesian Military Business,” in *Indonesian Economic Decolonization in Regional and International Perspective*, ed. J. Thomas Lindblad and Peter Post, (Leiden: KITLV Press, 2009), 44. The Permiri and the PPM often worked together, as an employer and an employee respectively, to secure the petroleum industry in South Sumatra for the Republic during the Revolutionary period. Mestika Zed, *Kepialangan, Politik dan Revolusi*, 486.

³¹ Purwanto, “Economic Decolonization,” 45; Lindblad, *Bridges to New Business*, 58.

³² A. A. Harahan, “Sumatera-Selatan: Tanah Harapan Hari Depan,” *Dian* 1 (1953): 24.

The petroleum industry in Palembang saw a couple of crucial transformations after the emergence of the postcolonial Indonesian Republic. First, starting from this period, the national government began to wield more influence on local politics and economy. Thus the companies had to talk with the central government as well as the local government for the continuation of their contracts. Second, the development of petroleum industry brought about the rise of labor movements and workers' strikes. Since the early 20th century, the petroleum industry had triggered fundamental social transformations, including the expansion of infrastructure such as roads and railways, new forms of social welfare and educational opportunities for the families of company employees,³³ and urban lifestyle changes that brought about a new culture of leisure and recreation among the employees in the refineries at Palembang.³⁴

Because of a growing sense of independence and the increasing dissatisfaction with the acts of the foreign capitalists, however, labor movements and company/worker conflicts became the most crucial social issues related to the petroleum industry in Palembang. In the 1950s, the practice of land and labor exploitation by the BPM and the Stanvac often ignited complains and controversies in Palembang society. From 1950, for example, the Stanvac restored their right for land concession in the Musi Ulu Districts, where they constructed roads and facilities for the operation of the oilfields. However, the roads unexpectedly caused a shortage in water supplies for cultivating the land, and local peasants asked for a rectification of the situation and compensation for it.³⁵ The Bupati of Musi Ulu composed a committee to investigate this issue,

³³ In 1950, in the Sungai Gerong area there were fourteen schools including Dutch, American, Indonesian and Chinese ones, and four schools in Pendopo, where the Stanvac oilfields were located. There were around 1,300 students and 72 teachers in the areas of the Stanvac operation. *Suara Rakjat Sumatera*, May 5, 1950.

³⁴ See footnote 41 and 42 of this chapter.

³⁵ *Fikiran Rakjat*, September 20, 1956. The land dispute (*sengketa tanah*) was one of the main issues for which the petroleum companies had been blamed in South Sumatra.

and concluded that the Stanvac should pay Rp. 985,000, which the company refused to do. On January 1, 1957, more than 300 peasants from Mangunjaya demonstrated, requesting that the BPM should pay for the loss on their farms caused by the construction of roads by the company. However, diverting the peasants' agony to the village head, the BPM would not respond directly to their requests and did not do anything about the problem.³⁶

Yet at that time, the labor movement was more prevalent and influential and there were more strikes in the refineries and oilfields, mostly led by the oil workers' unions. The development of labor unions and movements in Palembang followed the footsteps of the labor unions at the "national" level in Jakarta and parts of Java. In 1946, all over Indonesia radical workers from the estates, the petroleum industry, and the railroads, to name a few, had formed the All-Indonesian Central Labor Organization (Sentral Organisasi Buruh Seluruh Indonesia, SOBSI). In 1948, SOBSI was hit hard by the arrest of radical activists who were involved in the Madiun Affair, which was led by communists. SOBSI gained rejuvenation after the Revolution, and its leadership began to be dominated by the Indonesian Communist Party (Partai Komunis Indonesia, PKI). Affiliated with the PKI, SOBSI became the most popular and powerful among labor unions in Indonesia.³⁷ However, there was discontent against the communism-oriented shift of the organization.

In the early 1950s, labor disputes often led to a massive general strike for an entire city or province. In the summer of 1950, around 700,000 plantation laborers in Java and Sumatra, led by the Union of Indonesian Plantation Laborers (*Sarekat Buruh Perkebunan Republik Indonesia*, Sarbupri), a member organization of SOBSI, went on strike, drawing serious attention from

³⁶ "Lagi-lagi BPM," *Fikiran Rakjat*, January 4, 1957.

³⁷ The number of registered members of SOBSI in 1957 was 1,502,000 (2,450,000 for total number of registered members of all unions)

foreign companies. In South Sumatra, the biggest and most active organization was the regional branch of the Oil Workers' Union (Persatuan Buruh Minyak, Perbum). As a member union of SOBSI, Perbum was well-organized and had direct contact with foreign capitalists, and it became the vanguard of labor organizations in Palembang. Most of the strikes in Palembang and South Sumatra were organized by Perbum. As such, labor movements in Palembang and South Sumatra were led by the PKI-affiliated labor unions in the early 1950s.

The main issue at stake in strikes was the low wages (*upah*) of Indonesians. Thus, the increase of wages and allowances was always the main demand of the strikers. Moreover, working hours and days, and bonuses for vacation and leave (*cuti*) were also crucial issues that required "quick action" from the companies. The demand made by the Stanvac workers' delegate in 1950 had a detailed list of workers' demands. The list includes a request for allocation of the subsidized rations (rice, sugar, etc.), and even the request for more variety in the supply of dried fish for the workers at Pendopo. In addition, there were requirements for the improvement of housing, and the expansion of educational opportunities, and vacations.³⁸

One of the most critical issues that triggered the dissatisfaction of Indonesian workers was racial discrimination inside the companies. Because of the discrimination in wages and welfare against Indonesians, the oil workers often blamed the Dutch as "sombong (arrogant)." On December 24, 1954, 276 Indonesian workers of the BPM refinery at Plaju spontaneously went on strike, and criticized a high ranking Dutch manager, J. M. van den Berg, who despised the Indonesian employees under his supervision showing a racist attitude. As a result of the demonstration, the Dutchman was transferred to another department.³⁹ In April 1955, Supardi, an Indonesian worker at the BPM, complained that he had been humiliated by a Dutchman named J.

³⁸ See "Oil workers Delegation Sungei Gerong," AV 204-6, 2-6, ARA.

³⁹ "Lagi Belanda Sombong di Maskapai Minjak di BPM Pladju," *Suara Rakjat*, December 28, 1954.

F. Lankau in a BPM bus. According to Supardi, the Dutchman humiliated him by making fun of the daily salary for Indonesians: “So are you satisfied with (your demand for) Rp. 100? What is the use of Rp. 100?” Supardi stated that Lankau even denounced the Asia-Africa Conference, which Indonesia was hosting in 1955.⁴⁰

Racial discrimination was a serious issue because it gave the workers the impression that they were still living in the colonial period. That was why the cases of racial discrimination often resulted in spontaneous strikes, and the company quickly responded to the demands of the labor union cases like these. In the demands of the workers of Sungai Gerong refinery in January 1950, it was stated that the non-discrimination policy of the SVPM should be officially announced and put into effect for Indonesians. The article on discrimination includes the promotion of capable Indonesian sub-foreman to foreman, and the assignment of Indonesians for the position of assistant superintendent. The article also requires that the hospital of the company should have Indonesian doctors and head nurses for Indonesian patients, and Indonesian workers should be given more opportunities for technical training to attain higher positions. Finally, the workers demanded that more high-rank positions should be allotted for Indonesian citizens.⁴¹ As such, the concern for racial discrimination was prevalent in the 1950s, especially in the early phase of the decade when the expectations for “liberation” were bigger.

⁴⁰ *Suara Rakjat Sumatera*, May 4, 1955.

⁴¹ “Oil Workers Delegation Sungei Gerong,” AV 204-6, ARA. Interestingly, there was no article or clause on discriminatory practices of the company in the demands of the BPM workers, proposed on January 23, 1950, although it was also represented by Baay Salim. “Delegasi Buruh Minjak BPM,” ARA 204, ARA. In the collective labor agreement between the Stanvac and the labor unions for oil workers in March 1958, there was no article on discriminatory acts. See “Perdjandjian Perburuhan antara N. V. Standard-Vacuum Petroleum Maatschappij dan Perbum, Serikat Kaum Buruh Minjak (SKBM) Sumsel, Serikat Buruh Islam Indonesia (SBII) Sumsel, dan Kesatuan Buruh Kerakjatan Indonesia (KBKI),” March 1, 1958. As seen in the title, multiple labor unions represented oil workers in both the BPM and the SVPM.

Such discrimination was also apparent in welfare and recreation. In a book published by the Stanvac to produce propaganda on the contribution and the goodwill of the company, it was said that the petroleum industry and the Stanvac provided the workers with facilities for recreation and leisure, as well as basic education and occupational training, both at Sungai Gerong and at the oilfields in the hinterlands, such as Pendopo. The book exhibits the photos of the reception hall, tennis courts, badminton and volleyball courts, football ground, swimming pool, and theatre, all filled with Indonesian workers enjoying football, tennis, performances, and chess.⁴² However, these pictures show only the bright side of the cultural and social benefits that the petroleum industry had brought about. A newspaper article criticized the Stanvac for neither encouraging nor providing the workers with opportunities and facilities for sports and leisure. Moreover, even in the field of recreation, the segregation between Westerner and Indonesians employees still existed.⁴³

In the early phase of the 1950s, labor conflicts occurred more frequently in the Stanvac refineries than in the BPM properties.⁴⁴ Although strikes were generally initiated by the Perbum and other big organizations, it was not always the case that the labor unions represented “the masses.” The trade union always claimed that it represented the people, yet sometimes the union was not representing the people, but union members or affiliated political parties. This could be witnessed in the strikes of the non-member workers. In early January 1950, there was a strike of

⁴² J. M. A. Tuhuteru (ed), *Pekerdja Minjak di Indonesia* (Jakarta: Stanvac Indonesia, 1950s).

⁴³ Lindblad points out that, despite the fact that Stanvac’s investment in (Indonesian) human resource development was considerable compared to most Dutch firms, such efforts apparently did little to change the system of rigid social segregation in the company compounds in Palembang (in Pendopo), where foreign staffs and Indonesian employees used separate sports clubs, and Indonesians were not allowed to use the main swimming pool. Lindblad, *Bridges to New Business*, 173.

⁴⁴ Isa, the governor of South Sumatra, was one of the politicians who tried to solve labor conflicts. As for the frequent strikes in Sungai Gerong, he criticized that the Stanvac always wore “American glasses” toward the labor union, and was not able to maintain good relationships with laborers. AV 204-1, ARA.

around 600 Indonesian workers at the Stanvac refinery at Sungai Gerong protesting the low monthly salary. The strike was not organized by Perbum, but led by the so-called “buruh kecil,” or temporary, non-regular workers of the refinery. Thus, although Perbum leaders, together with the Stanvac officers, were present to close the case, they were not able to handle it.⁴⁵ It was not only the labor union. The government of the State of South Sumatra (Negara Sumatera Selatan, NSS) would not get involved in this labor dispute.⁴⁶ Eventually, the solution of the strike was transferred to the delegation of the Sungai Gerong workers, represented by Baay Salim, a labor union leader.⁴⁷

As such, although there were improvements from the colonial period, many Indonesian workers in the petroleum industry in Palembang still felt that they were discriminated against as they had been in the colonial period. Although Perbum and other labor unions struggled to help workers’ fight and use strikes against the foreign capitalists, it was hard to win without active support from the government. On the contrary, labor movements in the region had to face another obstacle for its success: the influence of the central politics, especially the changes in the ideological orientation of the political parties, and of the headquarters of the unions in Jakarta. Unlike the unions’ expectation, the headquarters of the unions were often downplaying the class struggle at the local level.

Labor Movements and the Center-Region Relations

⁴⁵ *Suara Rakjat Sumatera*, January 9, 1950.

⁴⁶ Saptari and Erman argue that, for the government, the politics-oriented labor unions were more important than people, or unorganized workers’ movement. Saptari and Erman, “Decolonization and Urban Labour History,” 19.

⁴⁷ Because the strike was initiated by the temporary workers, the demands of the Stanvac workers to the company, prepared by the delegates, included articles on temporary workers. AV 204-5, ARA. Baay Salim was a brother of Haji Agus Salim.

The changes in ideological orientations in the Indonesian Communist Party (PKI) affected the course of the labor movement in region to change its characteristics, especially from the mid-1950s. Although the PKI claimed that it stood for class struggle and anti-capitalism, the Indonesian society, including political parties and labor unions, maintained memories of fighting as a military unit against the Dutch “imperialists.” For that purpose, the real labor issues were deemed less urgent or crucial. From the mid-1950s, the leaders of the PKI shifted the ideological orientation of the party toward the struggle against foreign domination rather than capitalism itself. The purpose of this change of direction was to increase its political power by cooperating with the Nationalist Party or PNI, led by Sukarno. As a result, however, radical class policies became moderate in favor of nationalist slogans.⁴⁸

This was a serious problem in that the PNI, although it encouraged and praised the labor movement, was not really interested in protecting the working class. This ideological disparity sometimes led to the emergence of rival organizations, in the same occupation yet with different political orientations. For example, there was a case of rivalry between two labor organizations in the petroleum industry. On September 10, 1951, the Petroleum Workers’ Organization (Organisasi Buruh Minyak, OBM), a new organization in the industry, had a public meeting. At this meeting, A. K. Gani, the head of the regional branch of the PNI, gave a speech emphasizing the consolidation of “all Indonesians” to struggle for the national “Revolution.” After his speech, representatives from Perbum shouted at him and criticized the nationalist orientation and the lack of class awareness of the OBM.⁴⁹ As a response to this criticism, the leaders of the OBM

⁴⁸ Stoler, *Capitalism and Confrontation*, 143.

⁴⁹ *Suara Rakyat Sumatera*, September 10, 1951.

seceded from Perbum, and affiliated their organization with PNI.⁵⁰ As seen in this case, there were multiple labor organizations even in one industry or occupational sector, and their political orientation varied.

Another case testifying to the influence of the Center in Jakarta and the central politics was the existence of an arbitration institution for labor conflict. In the Emergency Law No. 16, it was announced that all labor disputes should be processed through the Arbitration Committee for Labor Disputes (Panitya Penyelesaian Perselisihan Perburuhan, P4) with a mandatory three week-long cooling off period. The members of the P4 were appointed by the Ministry of Labor. Contrary to the expectation of the labor organizations, the decisions made by them were, in general, compulsory arbitration in favor of foreign employers rather than Indonesian employees.⁵¹ This law remained active until 1957, when the government and military officials took the place of company managers with Sukarno's decision to nationalize foreign businesses and put their control in the hands of the military. Before the foreign companies left because of the Nationalization, the Indonesian government, or at least the P4, served as a "powerful (albeit unpredictable) ally" of the companies.⁵²

The role and the power of the P4 show how the political situation of the Center massively affected labor movements in the region, and, at the same time, what happened in regions

⁵⁰ The tension between the OBM and the Perbum lasted for a while. For example, when the OBM and the SVPM made an agreement regarding payment for overtime work, the Perbum did not to recognize what was decided between the two. Although it later modified its word and stated that the Perbum would not hamper the execution of the agreement, the basic standpoint of the Perbum toward the OBM was negative. See "Perbum Tidak Ada Good-will terhadap OBM, mengenai Persetudjuan," *Suara Rakjat Sumatera*, February 26, 1952; "Perbum Tidak Menghalangi Pelaksanaan Persetudjuan OBM-SVPM," *Suara Rakjat Sumatera*, February 28, 1952.

⁵¹ Stoler, *Capitalism and Confrontation*, 142.

⁵² Stoler, *Capitalism and Confrontation*, 142. The number of work stoppages gradually decreased through the 1950s, and was reduced significantly since 1957. In 1951, there were 541 work stoppage cases in which 419,030 workers were involved. In 1957, however, the number of cases decreased to 151 and the number of workers to 62024. Hawkins, "Labor in Developing Countries," 266.

reflected the situation in the Center. Most of all, the regulations mandated by the P4 were strictly imposed on labor disputes in the regions. The regional P4 (P4 Daerah, P4D) was supervised by the Central P4 (P4 Pusat, P4P), and the decisions made by the P4P were imposed on the regional P4, the companies, and the labor unions. For example, on March 21, 1953, 12,000 members of Perbum began to strike, which was planned to last for three days. At 6 PM on the first day, however, the leaders of the strike received a telegram from the Central Perbum in Jakarta, requesting that the action be stopped, since there would be a resolution from the P4P to stop the strike. Thus, the strike had to end there, and the instruction of the P4P was spread through telephones and radios over all the related areas.⁵³

However, because workers felt that the decisions of the P4P were mostly favorable for the companies rather than for workers, they were frequently challenged by labor unions in the region. On January 18, 1952, the Sarbupri (Union of Indonesian Plantation Laborers) in Palembang openly refused to accept the decision of the P4P about the distribution of crops plantation workers,⁵⁴ and in 1953, the Sarbupri criticized that the decision made by the P4P to give a very small wage increase which ruined workers, arguing that the workers were aware of reality.⁵⁵ In 1955, the Oil Workers' Union (Sarekat Kaum Buruh Minjak, SKBM) announced that the P4P only cared about employers and did not work on behalf of workers who were still struggling under poor conditions.⁵⁶

In October 1956, when there was a dispute between the Stanvac and the Indonesian Democratic Workers' Unity (*Kesatuan Buruh Kerakjatan Indonesia*, KBKI, a mass-organization

⁵³ *Suara Rakjat Sumatera*, March 23, 1953.

⁵⁴ *Suara Rakjat Sumatera*, January 18, 1952.

⁵⁵ "Putusan P4Pusat 18 August Rugikan Buruh" *Suara Rakjat Sumatera*, September 8, 1953.

⁵⁶ *Suara Rakjat Sumatera*, May 7, 1955.

under Indonesian Nationalist Party) regarding the forceful transfer of a female worker named Ebir of Stanvac and her eventual retirement, the P4P approved the company's position. The KBKI strongly blamed the P4P, arguing that the support of the P4P for the employers meant squeezing the laborers.⁵⁷ Perbum also criticized the P4P and the BPM for their lameness in pursuing even the decision of the P4P made several years ago, regarding the increase of salary and the leave (*cuti*), warning that a massive strike would be ordered.⁵⁸ In 1955, Perbum protested the decision made by the P4D and P4P to lay-off 39 workers who were the Perbum members.⁵⁹ As such, the discontent and the distrust of the P4P were prevalent among most of the labor unions in the region.

The resolutions of the P4P were not merely in favor of employers; even regulations favorable for workers were not necessarily observed by the companies. For example, in 1950, the P4P's ordered the BPM to freeze the price of food sold by the company to the employees. However, the decision was not observed until April 1951, so the labor union complained and claimed a deficit of Rp. 1,543,000 for workers.⁶⁰ In 1958, Stanvac refused to observe the P4P's decision to give a dispensation of work to the labor union leaders for their duties in the organization, although it was based on a P4P decision made in 1953.⁶¹ Stanvac also did not pay Indonesian workers for extra-hour work on holidays from 1951 until 1957.⁶² As such, the seemingly worker-friendly regulations of the P4P were only nominally imposed on the companies.

⁵⁷ *Suara Rakjat Sumatera*, October 11, 1956.

⁵⁸ *Suara Rakjat Sumatera*, October 20, 1956.

⁵⁹ *Suara Rakjat Sumatera*, April 19, 1955.

⁶⁰ *Suara Rakjat Sumatera*, March 23, 1953.

⁶¹ *Fikiran Rakjat*, January 27, 1958.

⁶² *Fikiran Rakjat*, July 15, 1957.

The influence of the central politics was also apparent in the increasing dependency of the regional branches of the unions on their central office in Jakarta. As seen in the above-mentioned examples, owing to the power of the P4P, the labor conflict cases from Perbum in South Sumatra would be pushed and processed by Perbum officials in Jakarta.⁶³ Moreover, the regional branches of unions were often supervised and instructed by the delegates from the central office.

This was not just in the case of the labor unions in the petroleum industry. On Feb 10, 1951, for example, Munir, a member of the Jakarta headquarters of the Vehicle/Motor Worker's Union (SBKB), attended the regional conference of the SBKB and gave an advisory speech. He argued that the regional branch was not in good condition. There were car owners in the organization, which, according to him, would reduce the meaning of the worker's organization and the spirit of class struggle.⁶⁴ Then he argued that the union would be able to mix class struggle of laborers with the anti-imperialist national Revolution, and suggested that the local branch agree on the decisions from the central leadership.⁶⁵ This is ironic in that he points out the lack of class awareness in the regional branch while endorsing the national Revolution, which often hampered the radical policy of class struggle.

The influence of the P4P and the headquarters of the unions in Jakarta had huge impacts on the labor unions in Palembang. The coalition between the companies and the P4P resulted in regulatory decisions unfavorable for the unions, which ignited workers' criticism and even a series of strikes. However, the condition of the labor movements was much better in the first half of the 1950s. From the second half of the decade, the labor unions would face a serious crisis in

⁶³ Hawkins, "Labor in Developing Countries," 209.

⁶⁴ *Suara Rakjat Sumatera*, February 10, 1951.

⁶⁵ *Suara Rakja Sumateat*, February 10, 1951

the labor movements in the region. With the outbreak of the PRRI Rebellion, the military emerged as the new power holder in the regional and national politics, which had a large impact on the fate of labor unions and movements.

In the Middle of Political Turmoil

The petroleum industry and the labor movement in Palembang were strongly affected by the outbreak of the PRRI Rebellion in the mid-1950s. Because of its rich mineral resources and the oil refineries of the BPM and the Stanvac, the operational territory of the South Sumatran Military Command (TTII) emerged as the “most important single region in economic terms,”⁶⁶ for the central government in Jakarta, the rebels in Sumatra, and foreign countries interested in the region’s rich mineral resources. For example, in 1956, 63.5% of Indonesia’s oil exports and 36 percent of total exports were contributed by South Sumatra.⁶⁷

The position of South Sumatra and Palembang was shaky in the course of the PRRI Rebellion. At the initial stage of the rebellion, the Garuda Council (Dewan Garuda) of South Sumatra agreed to join the counter government against Sukarno’s government. Barlian, a South Sumatra native and the military commander of South Sumatra and Jambi, signed the “Palembang Charter,” a statement announced by military rebel leaders and Sumitro Djojohadikusumo on September 7-8, 1957.⁶⁸ The requirement of the Palembang Charter included the banning of communism, decentralization, and the resignation of general Nasution.

⁶⁶ George Kahin and Audrey Kahin, *Subversion as Foreign Policy* (Ithaca: Cornell University Press, 1995), 61. In the 1950s, the Stanvac refinery in Sungai Gerong alone was producing 65,000 barrels of crude oil per day. *Suara Rakjat Sumatera*, May 5, 1950.

⁶⁷ Harry H. Bell, “Political and Economic Pressures on Lt. Col. Barlian,” Foreign Services Dispatch. No. 522, 16. Apr. 1958, 7 (recited from Kahin and Kahin, *Subversion as Foreign Policy*, 61).

⁶⁸ Kahin and Kahin, *Subversion as Foreign Policy*, 72.

From the beginning of the rebellion, although having anti-Jakarta sentiment, Barlian was meaning to take a middle-ground stance, avoiding an open confrontation with the central government. As the influence of Simbolon, the military commander of North Sumatra in Medan, overshadowed him, Barlian gradually stepped away from the progress of the rebellion and sought negotiation with the central government. Barlian stated that he had been working for autonomy for South Sumatra and regional economic development and wanted a nation-wide Senate for a bigger representation of South Sumatra, without any interest in the dispute between Sumatra and Jakarta.⁶⁹

The economic significance of South Sumatra made the central government take a soft stance toward the regional government in Palembang. Unlike its hardline policies and military attacks against the PRRI rebels in West Sumatra, the central government sent delegates to Palembang to win it over to the central government's side by negotiation. Through a series of negotiations from December 1957, the central government agreed to enhance the autonomy of regions, and sent a total of 370 million rupiah to Central and South Sumatra for regional development.⁷⁰

There were practical and strategic considerations in the shift in Barlian's standpoint toward the PRRI and the central government. First, although he had held the political power of the region, his power was still unstable because he was stationed in South Sumatra only in 1956, and there still were many pro-PRRI officers in his military unit. Second, the geographical proximity to Java exposed Palembang to the threat of a quick military attack from Jakarta government, which was different from North and West Sumatra. From the late 1940s, a Javanese

⁶⁹ Kahin and Kahin, *Subversion as Foreign Policy*, 131. For the historiography of the PRRI, see R. Z. Leirissa, *PRRI Permesta: Strategi Membangun Indonesia tanpa Komunis* (Jakarta: Grafiti, 1997), especially 132-134 for the Palembang Charter.

⁷⁰ Herbert Feith, *The Decline of Constitutional Democracy*, 534.

Battalion was stationed in South Sumatra. As explained in the introduction, Palembang and South Sumatra had long been closely connected with Java, and the cultural and demographical influence of Java was significant. Moreover, the influx of Javanese transmigrants and laborers from the early twentieth century, and of teachers, military and civilian officials and professionals after independence, even strengthened the Javanese influence in Palembang and South Sumatra. Javanese had long dominated high-ranking civil and military posts in South Sumatra and Palembang in the 1950s. However, the high status of the Javanese in the regional society stimulated the anti-Jakarta sentiment and sympathy with the PRRI rebels, especially among the leaders of the Islamic parties and local-born army officers.

This can be seen in the case of Barlian. Although having close personal ties with General Abdul Haris Nasution, the Chief of Staff of the Indonesian army, Barlian was more sympathetic to Hatta than Sukarno.⁷¹ In the middle of the PRRI Rebellion and the intensification of anti-Jakarta sentiment, Barlian was the core of power, and Winarno, the Javanese governor of South Sumatra, was under pressure from Barlian and often became the target of regionalist sentiment. In this situation, Winarno even asked the central government to transfer himself to another location, which was not accepted for several months.

In the mid-1950s, the anti-Java sentiment in South Sumatra was not limited to the Javanese political and military elites, but expanded to Javanese transmigrants and workers. B. Motik, a prominent businessman from South Sumatra, argued that the transmigration project, which had been overseeing the transmigration of Javanese peasants to southern parts of South Sumatra for the cultivation of empty lands, should be stopped immediately, arguing that there

⁷¹ Feith, *The Decline of Constitutional Democracy*, 531.

were bitter sentiments among “native” people because they thought they were losing their lands to Javanese colonizers.⁷²

The anti-Jakarta sentiment also came from a different angle. Politicians in Palembang and South Sumatra sometimes criticized the central government for hampering regional development. They argued that the central government gave security top priority, providing more financial aid to insecure regions than to “peaceful” regions, such as Palembang/South Sumatra. In a newspaper article in 1956, the writer blames the central government for the “Javanization” of regions by appointing Javanese officials and exploiting regional sources for the modernization of Java. He also warned that, if South Sumatra joined the rebellion, the finances in Jakarta/Java would have been paralyzed owing to a deficit of revenue from South Sumatra.⁷³ It is interesting that the newspaper, *Suara Rakjat Sumatera*, was a pro-nationalist press, and shows how the regional PNI members manipulated the sentiment for regionalism. And in an anonymous pamphlet circulated in Andalas Selatan, a region northwest of Palembang, the writer urges the youth in the region to struggle against the outside powers:

“Brothers and Friends of Andalas Selatan!

... Take a look at the regions – Sunda (West Java), Tapanuli, Minang regions!

... Let’s build our Andalas Selatan and don’t let others (orang sawah) carry it out!

... Let’s free ourselves from various party organizations: Andalas Selatan for Andalas Selatan!⁷⁴

⁷² *Peristiwa Sumatera Selatan: Kronik Dokumentasi*. Departement Penerangan Republik Indonesia, Djakarta, 1960, 28. For information on Motik, see Imam Halilintars, *Motik (Majukan Olehmu Tanahair Indonesia Kita): Tokoh Perintis Ekonomi Nasional* (Jakarta: Gunung Agung, 1986).

⁷³ *Suara Rakjat Sumatera*, December 24, 1956. In an interview with the late Djohan Hanafiah in Palembang, the historian expressed the similar opinion on the fate of the PRRI and the status of South Sumatra.

⁷⁴ Excerpt from *Suara Rakjat Sumatera*, December 17, 1956. West Java, Tapanuli, and Minang (West Sumatra) are regions that were involved in anti-government rebellions in the 1950s. “Sawah” means rice field, and “orang sawah” means farmers in rice field, or the Javanese.

Such ethnic animosity was also crucial in the politics of labor in South Sumatra. The ethnic composition of the oil workers in Palembang and South Sumatra was diverse, even including international workers, mostly from China and India.⁷⁵ However, in the labor organizations, Javanese workers took leading roles. There had been lots of Javanese workers at Plaju and Sunagi Gerong even in the colonial period, yet the number of them increased after independence. Some critics argued that the “communist” Javanese workers had influence on the decision making of regional political leaders.⁷⁶

As seen in the relationship between Barlian and Winarno, the military power overshadowed the civil government in the region in the context of the PRRI, and it took actions to control radical labor movements. The suppression of radical labor movements was not a new phenomenon in the 1950s: the illegalization of labor protest had long been tried by the central government. On February 15, 1951, Mohammad Natsir, the Prime Minister of the central government, announced that strikes by workers in companies or public administration would be prohibited, because such worker strikes would threaten the security of the nation and hamper national development.⁷⁷ The leaders of the Perbum refused to accept this regulation, saying that the regulation would serve only foreign companies, and prevent Indonesian workers from fulfilling the goal of independence (*kemerdekaan*).⁷⁸

⁷⁵ There was a controversy if international workers should be given the right to strike. When Chinese laborers in the tin mines in Bangka island were to launch a three weeks – long strike in October 1954, the government officials argued that they were not allowed to do so because they were not Indonesians: the laws and regulations in Indonesia could be applied only to people of Indonesian nationality. *Suara Rakjat Sumatera*, October 15, 1954.

⁷⁶ Van deer Kroef argues that the presence of Communist-influenced Javanese labor organizations (e.g., in the Stanvac operations in Palembang, South Sumatra) and Javanese transmigrants in the Lampung districts precluded open support of South Sumatran society for PRRI. Justus M. Van der Kroef, “Disunited Indonesia II,” *Far Eastern Survey* 27-5 (1958): 73.

⁷⁷ *Fikiran Rakjat*, February 15, 1951.

⁷⁸ *Fikiran Rakjat*, March 13, 1951.

However, the suppression of workers' strikes and the radical labor movement was intensified in the context of the military crises. On February 1, 1957, the South Sumatra Military Commando announced that labor strikes would be prohibited in the region in the name of the emergency, and for the economic development of South Sumatra.⁷⁹ The leaders of SOBSI wanted this decision to be cancelled, arguing that laborers were strengthening the Republic of Indonesia.⁸⁰

As such, the increasing militarization of the society, mainly caused by the PRRI, led to the suppression of labor movements. Workers were discouraged from claiming their rights, while being encouraged by the military and the central government to be a part of the national development plan, as will be seen in chapter 4. The suppression on, or the prohibition of radical labor movements was furthered with the "Indonesianisasi" in the mid-twentieth century, and with the political crises in the 1960s.

In the Shadow of Nationalism

Another crucial politico-economic backdrop of the crises in labor movements was Indonesianisasi. The idea of nationalizing foreign capital incurred intense opposition, not just from the foreign companies, but also from the local elites who were cooperating with foreign capitalists. This was one of the reasons that made regional military leaders rebel against the central government, and the western countries and capitalists (even in Singapore and Hong Kong) supported the PRRI rebellion.⁸¹

⁷⁹ *Fikiran Rakjat*, February 5, 1957.

⁸⁰ *Fikiran Rakjat*, February 9, 1957.

⁸¹ For the list of foreign capitalists that supported the PRRI, see Staf Umum Angkatan Darat, *PRRI* (1962), chapter 7.

As seen in the speech of President Sukarno at Sungai Gerong (quoted on the first page), in the early 1950s, the Indonesian government and the foreign companies maintained a friendly ambience between them. In a speech made in Palembang in 1952, Sumitro Djojohadikusumo, the ex-Minister of Trade, stressed that the presence of foreign companies was essential to economic development in Indonesia.⁸² This positive attitude toward the foreign capitalists, especially toward the non-Dutch companies, arguably lasted until the mid-1950s. The talks between Stanvac and the Indonesian government testify to this situation. In 1952, with the expiration of Stanvac's agreement on the concessions, the two parties began negotiations and reached an agreement. Two issues were predominant here. The first included plans for investments totaling 70-80 million US dollars from the Company, as well as a vast enlargement of productive capacity at the refinery in Sungai Gerong in Palembang.

The other issue was the "Indonesianization" of the personnel. Although more than eighty percent of the managers of Stanvac were Dutchmen in the early 1950s, the company understood that, considering the anti-Dutch sentiment of Indonesians, it was better to identify itself as an American company. And the company promised that it would follow the plans for "Indonesianization" of the personnel. As an effort toward the goal of Indonesianization, in 1948, the company first sent three Indonesian employees to the United States for training,⁸³ and the number of Indonesians sent to the US for training increased, reaching forty-two in 1957-58. However, it is hard to argue that the Indonesianisasi was successful in terms of replacing the high Dutch officials of the company with Indonesians. Although the number of Indonesian

⁸² J. Thomas Lindblad, *Bridges to New Business*, 171. Sumatro was the Deputy Chief Indonesian delegation to the United Nations in 1948-49, and the Minister of Trade in 1950-51. He was then regarded as the leading economist in Indonesia, and was a member of the Indonesian Socialist Party. Kahin and Kahin, *Subversion as Foreign Policy*, 235.

⁸³ One of the workers sent to the United States was Djahana Mukti, one of the leaders of the labor movements in the Stanvac. AV 204-1, ARA.

workers increased, the higher managerial positions were transferred from Dutchmen to Americans, not to Indonesians.

According to *Fikiran Rakjat*, although they were not well-experienced in the petroleum industry, the young American newcomers, or the “Pemuda Yangkee,” were posted at higher positions regardless of their specialty or skills.⁸⁴ Thus, according to the article, instead of the Indonesianization of the industry, the Stanvac pursued the “Americanization” for high ranking positions. Moreover, Stanvac even hired an ex-manager of Stanvac Singapore, who was unemployed by the company for racial discriminatory action against “colored workers (buruh kulit).” So there were concerns about Stanvac’s return to the colonial practice of racial discrimination.⁸⁵

The controversy over the Indonesianization of the high rank personnel and the issue of racial discrimination against Indonesians was not limited to the case of Stanvac. When Dutch technicians of the company had to leave Indonesia owing to the Indonesianisasi, the BPM replaced them with English and other European technicians rather than with Indonesians, arguing that there were not many Indonesian experts available. In 1957, there were only five Englishmen in the BPM at Plaju. However, from February 1958, thirty Englishmen and five Europeans (from Swiss, Norway, etc.) were hired by BPM.⁸⁶ Mr. Wagner, the vice president of BPM Palembang, argued that BPM would follow and even expedite the Indonesianisasi process by training Indonesian workers. He added that the number of Indonesian employees in the firm was almost equal to that of foreigners. According to him, there had been 260 Dutch employees at BPM in

⁸⁴ “Karena Ada Diskriminasi,” *Fikiran Rakjat*, June 18, 1957.

⁸⁵ The employees of Stanvac were categorized into three groups: the New York employees (Americans), Den Haag employees (Dutch), and the Resident employees (Indonesian). In 1950, at Sungai Gerong there were 110 Americans, 450 Dutch, and 6200 Indonesians employed by Stanvac. *Suara Rakjat Sumatera*, May 5, 1950.

⁸⁶ *Fikiran Rakjat*, March 28, 1958.

Sumatra, yet 10 % of them had already left Indonesia, and another 40 % would leave the country in 1958.

After the end of the PRRI Rebellion and the launch of the Indonesianisasi, the military rose as the leader of national economic development. And with the rise of the military leaders, radical labor movements and labor unions were more discouraged as something damaging to the goal of development and Revolution. Thus, although the petroleum companies in Palembang were able to maintain their business and labor conflict continued in the industry, the number of workers' strikes decreased. In such an atmosphere, workers were expected to be a productive part of national development by working hard. This nationalist drive was heightened in the context of the Confrontation (Konfrontasi) against Malaya.

Conclusion

Since its beginning in the early 19th century, the petroleum industry in Palembang had transformed the Palembang society in many aspects. As mentioned above, it brought about the development of infrastructure, social welfare, especially in educational opportunities for the employees family, and the “modernizing” of urban culture. However, the frequent and widespread strikes show that negative effects, such as cases of labor exploitation and land disputes, often overshadowed the positive effects. In the mid-twentieth century, labor movements and conflict became one of the most familiar scenes in urban life in Palembang and in the petroleum industry in the region.

For Indonesian workers, who had suffered from forced labor in the Dutch and the Japanese colonial period, “freedom (*kemerdekaan*)” often meant the freedom from forced labor. Even after gaining political liberation, however, workers still had to suffer from working under

the control of foreign capitalists. Although it could not be explicitly seen, the Indonesian workers felt that the labor policies of BPM and Stanvac were not very different from the practices of western companies in the colonial period. Whereas the business of oil production flourished, Indonesian workers still suffered from low wages, the lack of chances for promotion, and even racial discrimination, which they had to fight against. In this situation, the ability to strike was a way for workers to survive and to free themselves.

As we have seen, throughout the 1950s, the Indonesian government and military leaders tried to weaken radical labor movements, arguing that radical movements and strikes would cause insecurity, resulting in a hampering of national development. The “national” revolution of the 1950s, as it did during 1945-49, aimed at fighting against the “foreigners”, yet failed to challenge the foreign “capitalists” and to protect laborers against them. This situation became even stronger after the launching of the Indonesianisasi and the breakout of the PRRI Rebellion, in which military elites rose as the most powerful group in the nation as they took over the position of foreign employers. Thus, the labor movement weakened with the rise of slogans of national development.

In this situation, the labor union itself failed to maintain its identity. The workers who blamed the foreign capital supported the central government, by arguing that the oil industry should be nationalized.⁸⁷ In the process of nationalization of foreign companies, labor organizations also became more “nationalized.” The local branches often communicated with headquarters in Jakarta and got “instructions” for strikes and other labor issues in the region. The relationship between the central office and local branches in a sense reflected the arguably hierarchical relationship between the central and the regional government. As seen in the cases in

⁸⁷ “Lebih Baik Menasionalisasir Tambang Minyak BPM dan SVPM,” *Suara Rakyat*, July 23m 1954.

previous sections, workers in the region were not able to use their main weapon, the strike, without permission of the P4P or the headquarters in Jakarta. There were inquiries, discontents, and challenges in the relationship between the national revolution and class struggle in the regional branches, to which the central office delegates countered that they could be accomplished together. However, such an answer was too unrealistic or duplicitous considering the agonies that workers in the region had to endure.

The political parties, especially the PKI, did not play significant roles or gave up its roles in support of worker's strikes. The PNI, even though it claimed that it would support labor movements and that the workers were the vanguard of national development and the on-going revolution, did not want to get involved in solving labor disputes. The ideology of national development and national revolution caused the withering of the class struggle of the labor movements. As Frederick Cooper comments about African labor unions in the 1950s, Indonesian labor unions gained sovereignty, yet failed to achieve their original goal – maintaining equality in the standard of living.⁸⁸ And the apparent supporters – the political parties – would not support them to achieve their goals.

From the mid-1950s, especially after the end of the PRRI Rebellion, the shadow of state and nationalist ideology was widened and darkened, and the societies of the region were incorporated into national development programs, either deliberately or unconsciously. State control over the region was intensified with the outbreak of *Konfrontasi* against Malaysia, and security crises in the 1960s provided another opportunity for the military to solidify its power. The petroleum industry and the ebb and flow of the labor movements in Palembang testify to this shift. The increase of state presence and hegemony in the region was most apparent in the

⁸⁸ Frederick Cooper, *Colonialism in Question: Theory, Knowledge, History* (Berkeley and Los Angeles: University of California Press, 2005), 230.

process of “development” and modernization. The next chapter analyzes one of the limits and impacts of the discourses and practices of regional and national development in Palembang with the case of the construction of roads and the Musi Bridge.

Chapter 4 The Road to Modernity? Regional Development and the Politics of Building Bridges in Palembang

Introduction

“If we want to be a great nation, we need to have “Imagination”... The governor of South Sumatra, in an almost arrogant manner, said to me, ‘Mr. President, a bridge crossing the Musi River will be built.’... I was stunned into silence.” (Sukarno, speech at Semarang, on July 29, 1956)

This chapter explores the relationship between local/regional development and national vision of development, with a focus on the case of the road and, more specifically, the politics of building bridges in Palembang. Since its introduction in the colonial era, asphalted roads involved new technologies, and introduced a new way of life. As Rudolf Mrazek points out, “the newness, hardness and cleanliness” of the road became a symbol of modernity.¹ In the Dutch colonial period, the construction of roads was a crucial indicator of modern technology, which was essential in the formation of the modern state.² In the 1950s' Indonesia, road was regarded one of the most vivid symbols of modernization and development, both by people and (the local and the central) government. Local societies yearned for new and renovated roads, and the state would control the construction of local roads as a part of national projects. Thus, road became a site where the local and national meet, compete and negotiate.³

The effects of road construction seem more apparent in the cities like Palembang, where urban life and economy had primarily been based on waterways. As explained in chapter one, the

¹ Rudolf Mrazek, *Engineers of Happy Land: Technologies and Nationalism in a Colony* (Princeton: Princeton University Press, 2002), 8.

² For information on road construction in the Netherlands East Indies, see Marie-Louise ten Horn-van Nispen and Wim Ravestijn, “The Road to an Empire: Organisation and Technology of Road Construction in the Dutch East Indies, 1800-1949,” *The Journal of Transport History* 30, no. 1 (2009): 40-57.

³ For the function and impacts of roads in postcolonial Southeast Asia, see Freek Colimbijn, “Introduction: On the Road,” *Bijdragen tot de Taal-, Land- en Volkenkunde* 158 (2002).

existence of the long and wide Musi River, its tributaries, and its adjacency to seas had provided cheap alternative to road transportation. Before the coming of the Dutch, little attempt was made to build bridges to cross rivers in the Palembang area. With the economic burgeoning of the region, the Dutch colonial government found it necessary to construct roads for the transportation of goods and people, which brought about the shift from rivers to roads as the main route of transportation. The postcolonial boom for road construction and renovation, especially the building of the Musi Bridge, expedited the shift in transportation.⁴

On September 30, 1965,⁵ the opening of the Sukarno Bridge (*Jembatan Musi*, today's Ampera Bridge) in Palembang was officially announced. Funded with the Japanese war reparation to Indonesia and constructed with a help from Japanese technicians, the bridge was 63 meters high, 22 meters wide, and spans 1, 177 km over the wide Musi River that horizontally runs through the city.⁶ It was designed by a prominent Indonesian architect Wiratman, who made it a vertical-lift bridge for huge ships to pass through it. The bridge was by then the biggest and longest one in Indonesia, and soon became one of the best-known symbols of Palembang and South Sumatra.⁷ As witnessed in Sukarno's speech that opened this chapter, the bridge also received nation-wide attention, and was celebrated as an exemplary symbol of national progress of newly-independent Indonesia.

⁴ Ibid, 160.

⁵ That night, the so-called G-30 Coup broke out in Jakarta, which ended the Sukarno period. See Footnote 56 of this chapter.

⁶ When it was first planned, the bridge was called the Musi Bridge (*Jembatan Musi*). It was named the Sukarno Bridge when it was officially opened, yet was renamed the Ampera Bridge after the fall of Sukarno. Jalaluddin, *Petunjuk Kota Palembang: dari Wanua ke Kotamadya* (Palembang: Humas Pemerintah Kotamadya Daerah Tingkat II Palembang, 1991), 106. In this chapter I use the name Musi Bridge up until the period after 1965.

⁷ The bridge is included in the blazon of the province of South Sumatra. Sandra Taal argues that it shows the symbolic significance of the Bridge for South Sumatra and the central position of Palembang in it. Sandra Taal, "Cultural Expressions, Collective Memory and the Urban Landscape in Palembang," in *The Indonesian Town Revisited*, ed. Peter Nas (Singapore: Institute of Southeast Asian Studies, 2002), 174.

The construction of the bridge, however, was not an easy process. Some groups of Palembang society opposed to the idea of bridge construction, and there was a prolonged debate regarding where to locate the bridge. Moreover, it required huge amount of money, which the municipal and the regional government were not able to secure without the central government's support. Thus, although the construction of the bridge was first proposed by the municipal government in the early 1950s, the construction began only in 1962. Throughout the 1950s, there had been debates, political endeavors and tensions surrounding the building of the bridge.

Even before the beginning of the construction, people imagined the bridge and helped to create its significance. Such imagination was not confined in the local level, but extended to national (state) level. This chapter will explore the real and imagined significance of the Musi Bridge. Why did people in Palembang want the bridge? What were the socioeconomic effects? How and why was state involved in the project, and what were the political and symbolic significance of the bridge to people in Palembang and national elites? Most of all, what does the story of the Musi Bridge testify regarding the relationship between the center and the region in the mid-twentieth century?

The Musi Bridge became one of the most vivid symbols of modernity or modernization, both at the local and national level. This symbolic meaning of the road also shows the connection between urban space in the region and nation (or nationalism). The modern often involved symbolic and real articulation in the social spaces and architectural structures of the city.⁸ As will be discussed in this chapter, the Musi Bridge was not just a result of the efforts made by Palembang society for local development: It was planned,

⁸ Michael Peter Smith and Thomas Bender, "Localization of Modernity," in *City and Nation: Rethinking Place and Identity*, edited by Michael Peter Smith and Thomas Bender (New Brunswick: Transaction Publishers, 2001), 2. The symbolic meaning of architecture and monuments in Palembang is well explained in Taal, "Between Idea and Reality," 165-178.

financed and articulated in the broader context of the modernization of the nation, or of the nationalization of modernity in the 1950s. By analyzing the symbolic political power and the discourses and the reality in building the Musi Bridge, this chapter will explore how the regional and the national faced each other, while competing, negotiating and cooperating in a specific urban space.

Road, Bridge and the Quest for the New Form of Mobility

When it first officially established the city of Palembang in the early 1900s, the Dutch municipal government found that the city was divided by the Musi River. The Ilir, the northern riverbank, has been the political, economic and residential center of the city filled with stores, markets, housing complexes and offices, while the Ulu, the southern counterpart, has served as a producer of natural goods to be consumed and exported in the Ilir.⁹ The Ulu was developed with the increase of the cultivation of export crops, especially of rubber, and the excavation of oil in the further south of the Residency of Palembang. However, except oil refineries and its own housing complex, the typical division of the two areas did not decrease much.

The Dutch government realized the problem of riverine transportation in Palembang, especially when they had to transport export goods and mineral resources from further south of the Palembang Residency to the Palembang Harbor. In the 1920s, with the guidance of Thomas Karsten, one of the pioneers of architectural project in the cities in the Netherlands East Indies, the Traffic Commission (Komisi Lalu Lintas) of Palembang was to improve inland transportation

⁹ The dichotomy of the Ilir and Ulu, and the process of the initial establishment of the city of Palembang from the early twentieth century are explained in chapter one. For the ecological differences between the Ilir and Ulu, see Mestika Zed, *Kepialangan, Politik dan Revolusi*, 34-47.

conditions in Palembang. The Commission reclaimed land from rivers and asphalted roads.¹⁰ Traffic plan in the city of Palembang was based on Karsten's city plan, in which the Ilir was in the form of a road ring, starting from an edge of the Musi River.¹¹ From then they built many smaller bridges on both sides of the Musi River, including the Wilhelmina Bridge over the Ogan River that vertically divides the Ulu area. The bridge was built in 1939 with the intention of connecting oil refineries in the eastern bank to western bank, where the Kretapati train station was located. By doing so, they wanted to move oils and other mineral resources from further south of South Sumatra more easily and rapidly to the refinery.

The interaction between Ilir and Ulu had been made by ships under the Dutch administration. Small boats (*sampan* or *tongkang*) were used until the early 20th century, and the introduction of ferry in the 1930s expedited and expanded the movement of people and goods between the Ilir and Ulu. This motorization of water transports in the Dutch colonial period weakened the old division between Ilir and Ulu to some extent.¹² However, owing to the increase of population and the economic development in the Ulu area, the necessity to bridge both sides by road became bigger.

The Dutch municipal government obviously had a dream of bridging the Ilir and the Ulu even from the early 20th century. In 1924, the Le Cock d'Arnaud de Ville, the mayor of Palembang, envisioned building a bridge crossing over the Musi River, which often was a hot issue in the municipality.¹³ However, the plan for the bridge never materialized, and the Dutch

¹⁰ Don Carmalos, "Palembang Setengah Abad," in *Buku Peringatan Kota Palembang 1272 Tahun 684-1956*, edited by R. H. Akib and Don Carmalos (Palembang: Rhama Publishing House, 1956), 97.

¹¹ Djohan Hanafiah (ed), *Kesan-Kesan dalam Kehidupan dan dalam Berkarya dari H. M. Ali Amin, SH: Pengalaman Seorang Pegawai Tiga Zaman* (Palembang, 1998), 224.

¹² The ferry used to cross the Musi River had capacity of loading 12-16 jeeps or six trucks at a time. *Dokumentika Historia* (Palembang: Komando Daerah Militer IV Sriwidjaja, date unknown), 34.

¹³ Hanafiah, *Kesan-Kesan*, 129.

had no chance to realize it after the Japanese took over Palembang in 1942. The Dutch even had to burn the Wilhelmina Bridge to keep the Japanese from oil refineries and throughout the Japanese Occupation period (1942-1945) and the battles during the Revolution (1945-1949), many roads and bridges were damaged.¹⁴

Owing to this situation, the postcolonial Palembang society found it urgent to renovate old roads and construct new roads. As to be seen in chapter five, “development” became the most urgent goal of the regional and national slogan, and the construction and repair of roads was often the core of the development program.¹⁵ The surface range of roads apparently increased from 62 km in 1930 to 225 km in 1956.¹⁶ Despite the steep increase of the number and the scope of roads, many of them were not asphalted and still in need of repair owing to the lack of financial sources. When visiting the city of Sekaju, the governor of South Sumatra found that that only roads and bridges used by the BPM were in good condition, while others were so old and damaged.¹⁷ The backwardness of roads in South Sumatra was more obvious when compared to those in Java. In August 1956, A. Arivin, a member of the South Sumatran Congress, confessed to a journalist that he felt “respect” toward the accomplishment of Javanese after

¹⁴ Santun points out that the Dutch municipal government was not able to build the bridge over the Musi River for two reasons: anticipation of the World War, and the lack of funding for such a mega-project. Santun, *Venesia dari Timur*, 203.

¹⁵ A social leader in Bengkulu (part of South Sumatra in the 1950s) complained that the roads of the region were totally damaged and depraved, thus had to be crossed. He argued that the government should put top priority on the construction of roads among the development programs. “Pembangunan Daerah Utamakan Perbaikan Jalan,” *Fikiran Rakjat* May 17, 1957. Also see “Lagi-lagi Soal Jalan,” *Fikiran Rakjat*, January 28, 1957.

¹⁶ Djohan Hanafiah (ed), *Sejarah Perkembangan Pemerintahan Kotamadya Daerah Tingkat II Palembang* (Palembang: Pemerintah Kotamadya Daerah Tingkat II, 1998), 238.

¹⁷ *Obor Rakjat*, February 1, 1959.

seeing the maintenance of highways (Jalan Raya) and the construction of eighteen bridges under the guidance of European experts in Malang.¹⁸

The urgency for road renovation and construction was more apparent in the Ulu. After 1950, there came lots of request for building new roads and bridges and for renovating the old ones, especially from the Ulu. Because of oil refineries and the Kretapati train station, the southern side of the Musi River became the target of Japanese military attack, thus the damage was severer than in Ilir. However, owing to financial incapacity, the municipal and provincial government could not pursue construction projects without financial support from central government. Many renovation projects for damaged bridges and roads were often left unfinished and left without control in the Ulu. Thus, people in the Ulu often complained that they were treated as a stepchild by the “center (Ilir)”, and that the government leaders did not care or understand the situation in the Ulu.¹⁹

From the mid-1950s, plans for the construction of roads and bridges in the Ulu were proposed by the government. One of the most important projects was the renovation of the Ogan Bridge, connecting the western and eastern sides of the Ulu, which was damaged during the War and Revolution. The government of Palembang had put limits on the weights of the goods transported through the bridge. In September 1954, the government decided to close the bridge for repair, adding that it had to ask the government of South Sumatra to provide workforce, and

¹⁸ “Antara Djawa dan Sumatera,” *Fikiran Rakjat*, August 15, 1956. While being oriented toward Singapore rather than Java, Palembang society, Palembang society had been strongly influenced by Java in terms of sociocultural and political aspects. In November 1950, the delegates from Palembang to Jakarta stated that the city of Palembang should follow the urban structure of Jakarta, including the management of water and harbor. *Suara Rakjat Sumatera*, November 4, 1950. This topic will be discussed in the final chapter of the dissertation.

¹⁹ *Suara Rakjat Sumatera*, June 4, 1955. The lack of facilities in the Ulu was not confined to roads and bridges. In 1952, it was warned that the Ulu suffered from the lack of clean water and the possibilities of subsequent disease. *Suara Rakjat Sumatera*, July 18, 1952. The economic downfall and the lack of facilities also downgraded the image of the Ulu as a dangerous and criminal area. See “Daerah Seberang Ulu Objek Tjopet dan Rampok,” *Suara Rakjat Sumatera*, December 3, 1956.

the central government to give financial support. Without support from the regional and the central government, the project could not be processed, and it was anticipated to take long time to be completed.²⁰ However, unlike the Musi Bridge, the improvement of the Ogan Bridge project was completed in three years, and in March 1957 the bridge was officially reopened.²¹

While struggling for the Musi Bridge project to be realized, the government of Palembang made efforts to construct more bridges and roads throughout the city. The construction of roads was more emphasized from 1958, with the transition to the Guided Democracy and the rise of military as the leader of development. The military leaders propagandized to mobilize people for the construction of roads in the name of Gotong Royong. In November 1963, the Colonel Maknua Murod, commander of Sriwidjaja Command, announced the building of a bridge called “Balley Bridge (Djembatan Balley)”, which was advertised as one of the Gotong Royong roads (Jalan Gotong Royong).²² The drive for road construction was intensified with the completion of the construction of the Musi Bridge in April 1965. In September 1965, the head of the “Commando for the Improvement of South Sumatran Roads” that was established in 1964, stated the 940 million Indonesian Rupiah would be distributed to the cities and Districts in South Sumatra for the investigation and improvement of the condition of roads. In an article in *Fikiran Rakjat*, the writer argued that the speed of the regional development depended upon the level of communication in traffic.²³

Despite such efforts, the condition of roads in Palembang and South Sumatra was not improved as expected. People complained that the condition of the roads in South Sumatra was

²⁰ *Suara Rakjat Sumatera*, September 16, 1954.

²¹ *Fikiran Rakjat*, March 6, 1957.

²² *Fikiran Rakjat*, November 6, 1963.

²³ *Fikiran Rakjat*, June 29, 1965.

still very miserable, and thus the transportation of natural resources was being hampered²⁴ and the roads were still in need of urgent improvement. During the Sukarno era, the urban infrastructure of Palembang, especially the supplying of water, power, and roads, was largely negligible,²⁵ in spite of the government's efforts as mentioned. In a column of *Fikiran Rakjat* in June 1965, the writer complained that many roads in the city of Palembang were still made of red clay, and even the asphalted roads were easily ruined when it rained. He warned the development leaders that the monumental projects for the Musi River and the Trans Sumatra Highway, although looking fancy and splendid, would not have any meaning if other roads in and toward small cities were not improved.²⁶ Regardless of such critiques, it was the Musi Bridge that was given more attention and had huge impacts on Palembang society.

Discourse and Reality of Building the Musi Bridge

On June 5, 1951, the municipal Congress of Palembang decided to launch a project for building a bridge over the Musi River. The Congress stated that it secured 13 million Rupiah and would raise taxes for the project.²⁷ On October 16, 1953, Hasan, the minister of Public Work and Labor of South Sumatra officially announced that the project to build a bridge over the Musi River would be carried out. He stated that the project would require huge amount of money, which the government of South Sumatra would not be able to afford. Thus, he continued, the

²⁴ *Fikiran Rakjat*, June 15, 1965.

²⁵ J. C. Jackson, "Post-Independence Developments and the Indonesian City: Preliminary Observation on the Spatial Structure of Palembang," *Berita Kajian Sumatera* 2-2 (1973), 11.

²⁶ Hefly Suyantho, "Djembatan Musi Jang Megah dan Djalan Lintas Sumatera tidak Berarti Apa Apa kalau Djalan Djalan dalam Kota dan Jang enudju kekota Ketjil tidak Diperbaiki," *Fikiran Rakjat*, June 22, 1965. For the criticism on the condition of roads in the city of Palembang, see Jusuf Raufi, "Djalan Djalan dalam Kota Meminta Perhatian," *Fikiran Rakjat*, August 24, 1959.

²⁷ *Fikiran Rakjat*, June 5, 1951.

accomplishment of the project was mostly dependent on the support from the central government.²⁸

There had been little progress for the construction of the bridge until October 1956, when the Congress of Palembang resumed to “push” the central government to recognize and support the project and decided on sending a delegate to Jakarta to persuade the central government. The congressmen argued that the project was not merely for people in Palembang: one of the main purposes was to help the government of Palembang expand the realm of the city to the hinterlands across the River. They also complained that the Palembang society felt that they were left behind with the failure to have a bridge over the Musi River.²⁹

Amin Fauzie, a member of the municipal Congress, was sent to Jakarta to meet all the ministers involved. The prolonged efforts of the Municipal government eventually gained recognition from the central government and, especially President Sukarno. In 1956, the Provincial government and the central government accepted the proposal and agreed that the construction would start in 1957 and finish in 1960. The central government agreed on supporting 60 million Rupiah for the project. However, the construction did not begin until 1962. First of all, the lack of financial sources kept hampering the launching of the project. Not only the government of Palembang, but also the central government was not able to provide sufficient fund for such a megalithic project. When the proposal was sent, the central government had already set up a detailed plan for the First Five-Year Development Plan for the whole country, thus the government found it hard to assign new budget for the proposed bridge project.³⁰ Moreover, the proposed time schedule itself did not make sense - it would take over a year only

²⁸ *Suara Rakjat Sumatera*, October 16, 1953.

²⁹ *Suara Rakjat Sumatera*, October 30, 1956.

³⁰ *Suara Rakjat*, December 28, 1956.

for the physical and technical inspection, and for the decision where in the riverbanks to build the bridge. For such reasons, the construction was postponed until 1962.

Although the construction was being postponed, the government and the Congress of Palembang continued its preparation for building the Bridge. In 1958, even before the exact location of the bridge was decided, the government of Palembang already began construction of housing for the workers to participate in the Musi Bridge construction.³¹ Nungtijk A. R., a congressman, argued that Palembang would be able to construct the Musi Bridge by being thrifty on the budget.³²

There were people who had a pessimistic prospect of the bridge, both inside and outside Palembang. Many outsiders thought that the bridge over the Musi River was unrealistic: Sukarno was pleased with the Musi Bridge project because it was imagining what was “unimaginable.” Yet it was mostly those who maintained their living and economic activities around the Musi River that worried about and even opposed the idea of the Musi Bridge. They argued that the “Palembangness (Ke-Palembangan-nya) based on river and water-oriented activities would disappear with the construction of the bridge.³³ In a short story in *Obor Rakjat*, the writer lamented that crossing the river with ships caused a waste of time and opportunities for the people. However, he found that the boatman, who was rowing a small boat to cross the Musi River, did not want the bridge to be built, worrying that it would deprive him of his occupation.³⁴

³¹ *Fikiran Rakjat*, February 6, 1958.

³² Nungtijk A. R., “Setengah Sadja dari Penghematan Dana Rahasia, Kita Bisa Membangun Djembatan Musi,” *Suara Rakjat Sumatera*, December 24, 1956.

³³ *Dokumentika Historia*, 34.

³⁴ “Memotong Musi,” in *Obor Rakjat*, September 15, 1960. Recited from Santun, *Venesia dari Timur*, 205. The writer speculated that those who did not have or need high education would do such a reiterated occupation and worry about the changes to be caused by the bridge.

For many groups that supported the idea of building the Musi Bridge, the exact location of the bridge was a crucial issue. As for this controversial subject, the government of Palembang and the central government had different opinions. For the central government, the Musi Bridge was regarded as a “bypass” in a macro project for the construction of the Trans Sumatra Highway, thus it speculated that the bridge did not have to go into the city of Palembang. Moreover, the government worried about the possibility that the transportation of coals from the Kretapati Station would be hampered if the bridge were built in the middle of the city. On the contrary, what was at stake for the municipal government was to find an alternative transportation to cross the Musi River. Eventually it was decided that the bridge would be located at the harbor at 16 Ilir, near the center of the city, as the municipal government wished.³⁵

As mentioned earlier, the Musi Bridge project could not be materialized without external financial support. Thus, both the central and regional government had to seek for financial aid from other countries. In 1959, the central government negotiated with West Germany and Japan for the construction of the Musi Bridge for the plan not to be postponed again.³⁶ The governor of South Sumatra said that the construction of the bridge would be done with foreign credits, although it was not known which country would participate.³⁷ In November 1960, the construction of the Musi Bridge was finally approved by President Sukarno. At that time, the project for the Musi Bridge was included in the list of development projects to be supported by

³⁵ Hanafiah, *Kesan-Kesan*, 227.

³⁶ Fikiran Rakjat, May 26, 1959.

³⁷ Fikiran Rakjat, September 6, 1958.

the reparations from Japan, which means that the Musi Bridge project was recognized as one of the important national development projects.³⁸

The socioeconomic effects of the bridge were apparent: as imagined, the integration of the two riverbanks was heightened. It expedited the influx of people from Ulu (and even from the far south of South Sumatra) to Ilir, which extended the urban area. However, the emergence of the bridge also brought about unwanted social effects. First, it did not cause the development of the Ulu area, but increased the development of far northern area in the Ilir. Before the bridge was built, the economic and political center of the city was located around markets in the area called Ilir 16 on the riverside, right under the entrance of the Musi Bridge. The influx of people to, and the subsequent economic development in Ilir caused the creation of new urban center north of the Ilir. Of course, with easier accessibility from the Ilir to the Ulu, new city plans emphasized the development of the Ulu from the 1970s.³⁹ However, such plans also had blueprints for new development of the Ilir, thus the gap between two sides of the Musi River was not easily narrowed even after the Bridge was built. Moreover, except the Ilir 16 area under the bridge, many residential areas and markets along the river lost their activity they enjoyed in the pre-Musi Bridge era, as the boatman of the Musi River anticipated. The building of the bridge caused transformation of social life and transportation in Palembang, parts of which were unexpected.

Another important point is that the construction of the bridge and its impact were closely related to the expansion of the nation-state to the local level. To receive financial support for

³⁸ Hanafiah, *Sejarah Perkembangan*, 239. For the Japanese reparation for the Musi Bridge, see Nishihara, M. *The Japanese and Sukarno's Indonesia: Tokyo-Jakarta Relations, 1951-1966*. Honolulu: University of Hawaii Press, 1976.

³⁹ For the city plans of Palembang in the 1970s, see Team Master Plan Kota Palembang, *Master Plan Kota Palembang 1974-1976* (Bandung: Team Master Plan Kota Palembang, 1976).

regional development, the regional governments made efforts to be part of national development plans, which extended the central government's influence in the local society. In the 1950s, Palembang society saw the increase in the number of government departments and agencies, social and military services, and educational institutions, which took over wide range of lands in the Ilir area.⁴⁰ Thus the northward expansion of the city was not unrelated to the state. At the same time, as explained in chapter 4, from the late 1950s, the central government began to build factories and industrial centers such as the PUSRI along the Musi River. In the 1960s, with the progress of the nationalization of western petroleum companies, the oil refineries at Plaju and Sungai Gerong also became the national asset. Thus the riverine area in Palembang was occupied by the national industrial towers, while people rushed northward along the Bridge and the main road of Palembang - General Sudirman Road.

The Bridge/Road as a Symbol of National/Regional Modernity

The Musi Bridge in the Regional and National Context

Such socioeconomic impacts of the Musi Bridge were felt only after it was built. However, the Musi Bridge also contained symbolic and political meanings, which were articulated and utilized by both the central government and local elites. In the process of modernization, the Bridge became the symbol of progress and modernity of both the nation and the region.

First of all, the bridge became a sign of regional accomplishments and a landmark for visitors and tourists. According to a military leader in Palembang, the bridge raised the mental

⁴⁰ See J. C. Jackson, "Post-Independence Developments," 10-11..

status of people in Palembang by giving them confidence that “we controlled the wide Musi River.”⁴¹ This kind of symbolic and mental effect was not limited to people in Palembang. On April 1962, in his address at the ceremony celebrating the construction of Musi River Bridge, General Harun Sohar, then the commander of Army in South Sumatra and Jambi, stated: “Because the bridge is the biggest and the longest bridge in Indonesia and one of the biggest construction projects of the Indonesian government, it is a test not only for our region, but for our nation. If our government succeeded in building the megalithic Asian Games Complex, we will succeed in building the Musi Bridge as planned.”⁴²

National leaders were also eager to find meaning in the construction of the Bridge. The biggest - and most powerful - advocator of the bridge was President Sukarno. In his speech at Semarang in 1956, he confessed that a bridge over the Ogan River was even amazing, and a bridge over the Musi River was unimaginable.⁴³ In the same speech, he argued for “imagination” to be a great nation, and the Bridge over Musi became an example of this imagination to be a great nation. In one of his speeches at Palembang on April 10, 1962, he related the Bridge with “Revolution.” For Sukarno, “revolution” meant overcoming and fighting every aspect of colonialism and its legacy, and the Musi Bridge, together with many other monumental

⁴¹ *Dokumentika Historia* (Palembang: Komando Daerah Militer IV Sriwidjaja, date unknown), 35.

⁴² Harun Sohar, “Djembatan Musi Idaman Rakjat Palembang Sepandjang Zaman,” in *Bintang dan Gelombang: Kumpulan Pidato, Tjeramah dan Tulisan Kolonel Harun Sohar*, edited by Mochtar Effendy and M. Amantjik (Palembang: Badan Penerbit “Pahlawan”, 1963), 164. For the meaning of Asian Games Complex in Jakarta as the representation of modernity, see Abidin Kusno, *The Appearances of Memory: Mnemonic Practices of Architecture and Urban Form in Indonesia* (Durham: Duke University Press, 2010), 84-87.

⁴³ Sukarno, Speech at Semarang on July 29, 1956 (online source: <http://penasoeckarno.wordpress.com/page/57/>)

constructions, became a symbol signifying Indonesian's capacity for Revolution, and modernization of the nation by itself without foreign support.⁴⁴

On the same day, Sukarno gave another speech at the groundbreaking ceremony of the Musi Bridge in Palembang on April 10, 1962. While praising the plan for a beautiful vertical-life bridge, Sukarno showed his interpretation of the meaning of the Musi Bridge. Sukarno said, "The bridge does not connect just the Ilir and Ulu of the Musi River. It actually link the present and the future of South Sumatra, and the present and the future of Indonesians...Our goal is to build a just and prosperous nation and society, and we must work hard for the goal with the modern tools... Socialism only comes with hard work and extraordinary tools. The Musi Bridge is one such tool."⁴⁵ As such, for Sukarno the Bridge did not just mean the success and pride of the local and the regional government. It was also a sign of a capable nation. Together with the history of Palembang, especially of Srivijaya, Sukarno found suitable tools for the enhancement of nationalism and national pride in Palembang.⁴⁶

The Trans Sumatra Highway

Another factor that involved the bridge construction with the national politics was the construction of the Trans Sumatra Highway. The Sumatra Highway was first planned in 1916 by the Dutch government. However, the bridge to link southern networks to northern networks of

⁴⁴ Sukarno, Speech at Palembang on April 10, 1962 (online source: <http://penasoeckarno.wordpress.com/page/52/?archives-list&archives-type=tags>)

⁴⁵ Sukarno, "Pidato PJM Presiden Sukarno pada Upatjara Perntjangan Tiang Pertama Proyek Djembatan Musi di Palembang, 10 April, 1962," nst. 616/65. Sekretaris Negara Kabinet Presiden Republik Indonesia, The National Archives of Indonesia (Arsip Nasional Republik Indonesia, ANRI). Included in Santun, *Venesia dari Timur*, 287-289.

⁴⁶ See Santun, *Venesia dari Timur*, 234.

Sumatra was realized in 1938, when Sumatra became an autonomous administrative unit.⁴⁷ It was a project to build a highway that connects the whole island of Sumatra from Banda Aceh to Panjang (Lampung), spanning over 2,400 km.⁴⁸ This ambitious plan had to be approved by the government of each provinces, and, as in the case of the Musi Bridge, could not be completed without financial support from the central government.⁴⁹

The plan for the highway was already proposed in 1956, and the construction was planned to begin from the northern part of Sumatra. In South Sumatra, the Provincial government approved the joining of the project in 1958, and assigned 58 million Rupiah for the improvement of the existing highways in the province.⁵⁰ The Musi Bridge was regarded as one of the core parts of the Trans Sumatra Highways project, because the bridge would help the completion of the highway by linking the northern and the southern riverbanks of the Musi River. At first, because the Musi Bridge was expected to be linked to the Trans Sumatra Highway, it was not just a matter of the city of Palembang, but became a crucial issue for the province and nation.⁵¹ A military document stated that the Trans Sumatra Highway including the Musi Bridge was expected to raise the mental status of people compared to the previous period, and to break

⁴⁷ Thanks to this newly developed transportation, Sumatran officials were able to tour the island by car in the 1940s. See Anthony Reid, *Sumatra: An Indonesian Frontier* (Leiden: KITLV Press, 2005),30. However, in the postcolonial period, many parts of the Sumatra Highway constructed by the Dutch were worn out and not usable, especially during the rainy season. Bart Barendregt, "From the Realm of Many Rivers: Memory, Places and Notions of Home in the Southern Sumatran Highlands" (PhD diss., Leiden University, 2005), 192. See chapter seven of Barendregt's dissertation for the effects of new roads and the Trans-Sumatran Highway in South Sumatran hinterlands.

⁴⁸ *Fikiran Rakjat* September 2, 1963; August 5, 1963.

⁴⁹ The model of the Trans Sumatra Highway was the Jakarta Bypass spanning 2,000 km. Lyla Lara Rustam, "Djalan Raja Lintas Sumatera Selatan Merupakan Urat Nadi," *Fikiran Rakjat*, August 3, 1965.

⁵⁰ *Fikiran Rakjat*, September 19, 1958. It was criticized that the road condition of South Sumatran highway was "worst in Indonesia" owing to the lack of regular maintenance.

⁵¹ Carmalos, "Palembang Setengah Abad," 129.

down old easy going attitudes.⁵² This opinion coincides with Sukarno's interpretation of the Musi Bridge as a tool for nationalism and revolution.

In a local newspaper column in August 1965, it was argued that the Trans Sumatra Highway would be the manifestation of the pride of Indonesian nation because the project will be done wholly by Indonesian human forces.⁵³ In this context, as in the case of the Musi Bridge, the Trans Sumatra Highway was also celebrated as a revolutionary monument. According to an article in *Fikiran Rakjat*, although the government would not close the door for foreign countries to participate in the project, funds for the construction of the highway would be heavily depend on the efforts and energy of people in Sumatra.⁵⁴ Mr. Bratanata, the minister of the Trans Sumatra Highway, said that Sumatrans would mobilize funds and forces for the success of the highway, which would be quite important for national development.⁵⁵

However, contrary to arguments that the Trans Sumatra Highway would be built based on people's support, the project was not even imaginable without huge amount of money that the Indonesian government was not able to afford. At a press conference on August 19, 1957, Major Alamsjah, the head of the Security section of the Sriwidjaja Commando, while answering questions regarding the Musi Bridge, explained that the that the government was negotiating with the US to receive financial support of 15 million US dollars for the construction of the

⁵² *Dokumentika Historia*, 35.

⁵³ Lyla Lara Rustam, "Djalan Raja Lintas Sumatera Selatan Merupakan Urat Nadi," *Fikiran Rakjat*, August 3, 1965.

⁵⁴ "Djalan Raja Sumatera Adalah Suatu Monumen Revolusi," *Fikiran Rakjat*, June 16, 1965. The article anticipated that the project will be completed by 1970.

⁵⁵ *Ibid.*

Trans Sumatra Highway.⁵⁶ As such, both the Musi Bridge and the Trans Sumatra Highway were used as symbols of modernity, transnationalism and nationalism.

Epilogue

On September 30, 1965, the bridge over the Musi was officially opened. It was not President Sukarno but General Ahmad Yani who signed the official opening of the Musi Bridge. In the evening that day, Yani was killed in the G-30 coup,⁵⁷ which ended Sukarno's government and led to the emergence of the New Order. There was no apparent connection between the opening of the Musi Bridge and the end of the "Old Order" except the date. However, considering above-mentioned effects and significance of the bridge, the coincidence makes us rethink the relations between the two.

As well-documented, Sukarno soon resigned after the coup, and the anti-Sukarno movements arose. In that situation, the name of the bridge was changed. As used in this chapter, it was first called the Musi Bridge (Jembatan Musi). At the official opening ceremony of the Bridge, the bridge was named "Sukarno Bridge" to appreciate the support from the President.⁵⁸

⁵⁶ *Suara Rakjat Sumatera*, August 20, 1957.

⁵⁷ Imelda Akmal, *Wiratman: Momentum and Innovatin* (Jakarta: Mitrawira Aneka Guna, 2010), 139. For the death of General Ahmad Yani, see his biography written by his daughter: Amelia Yani, *Profile of a Soldier* (Singapore: Heinemann Asia, 1990). It was known that a coup by left-wing military officers broke out in Jakarta, and seven generals were killed by them. The military led by General Suharto used this accident to exterminate communism in Indonesia. The military blamed the coup on the PKI (Indonesian Communist Party), and began mass killing in the name of eliminating communism. In this mass killing campaign, let alone communist party members, all radicals and Sukarno supporters were labeled as communist, and killed or arrested. For the analysis of the coup, see Benedict Anderson and Ruth T. McVey, *A Preliminary Analysis of the October 1, 1965, Coup in Indonesia* (Ithaca: Modern Indonesia Project, SEAP, Cornell University, 1971). For the analyses of the mass killing, see Robert Cribb, *The Indonesian Killings of 1965-1966: Studies from Java and Bali* (Clayton: Center for Southeast Asian Studies: Monash University, 1990).

⁵⁸ Owing to difficult political situation, Sukarno was not able to the opening ceremony in Palembang. Santun, *Venesia dari Timur*, 224.

However, with the beginning of the New Order and the ongoing anti-Sukarno movements, the bridge was renamed from the Sukarno Bridge to the Ampera Bridge.⁵⁹ Before the coup, the bridge was a symbol of Sukarno's national imagination, yet after the coup it became an example of the New Order's efforts to get rid of Sukarno's legacy. It became one of the symbols of the development-oriented New Order.

“Development” was one of the most popular mottos in the Sukarno era, yet for Suharto it became a *raison d'être* of his regime, and he was called “*bapak pembangunan*”, or the father of development. From the mid-1950s, with the rise of nationalization and the Guided Democracy, the development at the local level gradually became under control of the central government. In the New Order, the control, intervention, and even suppression of the state over local and regional issues increased tremendously, and every field of social activity was under state supervision. The suppression and supervision of the state was done primarily in the name of development and modernization.

The Musi Bridge brought about the transformation of urban structure, the expansion of urbanization, and new economic opportunities. However, the emergence of the bridge reduced the liveliness of the river and transformed the life of people living around it. From the late 1950s, the Musi River and its tributaries began to be occupied by the symbols of national development, which continued throughout the Guided Democracy Period and the New Order. In that sense, the Musi Bridge does not signify the shift from the “Old” Order to the New Order, but a continuation between the two. Rudolf Mrazek argues that the road involves violence: “Violence... (could be) reduced to nothing but a will to keep on moving along the given path.”⁶⁰ The bridge closes the

⁵⁹ Ampera is the acronym of “*Amanat Penderitaan Rakyat*”, or “people’s mandate suffering.”

⁶⁰ Rudolf Mrazek, *A Certain Age: Colonial Jakarta through the Memories of its Intellectuals* (Durham and London: Duke University Press, 2010), 93.

openness of the water to every direction, and forces people and cars to move along the given path, which reminds us of the linearity of Indonesian state.

Chapter 5 The Discourse of Development and the (Un)Making of a Region

In this dissertation, I have analyzed the conflict between the “Center” and the “region” in 1950s’ Indonesia through the case of Palembang. Although the rebellious movements of PRRI-Permesta failed to gain dominance in Palembang and South Sumatra as they did in West Sumatra or Aceh, there was on-going tension between the central government and political and military elites in Palembang. The tension was mainly engendered by the disparities between the administrative or political boundaries and socioeconomic ones. Any cartographic demarcation of states does not reflect the de facto economic or cultural orbits,¹ which usually encompass broader areas and multiples states.

As explained in the introduction, the term “region” has a dual meaning: as a social space, and as a politically-defined space at the antipode of the “center.” The 1950s was a period in which the two different meaning of the idea of region were in competition, while the Center’s hegemony gradually overshadowed the region in complicated ways. The case studies in the chapters of this dissertation – rubber smuggling through Chinese transnational networks, the role of labor movements in society, and the rise of anticipation for regional development and modernization in the construction of the Musi Bridge – bear witness to how regional societies defied the central government’s intervention in regional affairs. Many regional societies had maintained their own socioeconomic dynamics that had been established throughout their histories. However, at the same time, the reaction of the central government to such activities and movements became more intense, especially starting in the late 1950s.

¹ For the fallacy of the state-based mapping of Southeast Asia, see Heather Sutherland, “Geography as Destiny? The Role of Water in Southeast Asian History,” in *A World of Water: Rain, Rivers and Seas in Southeast Asian Histories*, edited by Peter Boomgaard (Leiden: KITLV Press, 2007), 30.

As a concluding chapter, this chapter discusses the making of regional identities, with a focus on the discourse of development. As mentioned in chapter four, development was the ultimate goal for the regional and national governments, and the zeal for regional development was prevalent in the 1950s. From the middle of the decade, the term development began to bear more political meaning. The military was the leading force of development following its rise through the PRRI Rebellion. Development was also crucial in the making of regional identities. In the practice and the discourse of development, regional histories and traditions were rediscovered, utilized, and manipulated for the enhancement of regional identity. In the name of development, new regional identities were created, through which the state, and/or the nation was “spatialized” in the regional context. Starting from revisiting the dual meaning of the region, this chapter traces and discusses the spatialization, or the making/unmaking of a region in 1950s’ Indonesia.

The Dual Meaning of the Region Revisited

Mobility and Labor: the Region as a Social Space

The economic sphere of the region is constructed through mobility and networks inside and beyond the region, often with other countries, which has been shown by the transnational Chinese network between Palembang and Singapore in chapter two. The importance of mobility is notable in the histories of Palembang, from the Srivijaya period to the Sultanate period, and it became more important with the rise of Singapore in the nineteenth century. As an open and international entrepôt, Palembang attracted merchants from foreign countries and other parts of

the archipelago, who contributed to the development of a diversified culture and an internationally-networked economy of the region.

During the Revolutionary period, Singapore functioned as the center of the Chinese transnational network all over maritime Southeast Asia, and Palembang was a smaller center connecting Chinese business networks in other parts of the archipelago to Singapore.² Despite the “illegalization” of transnational economic activities by the central government, both official and secret rubber trading shows that the transnational networks between Palembang and Singapore continued to be utilized in the 1950s. The establishment of the N. V. Karet in Palembang was a representative case of the central government’s efforts to keep the rubber trading in the region under the state’s control. However, both the regional political leaders and Chinese businessmen challenged government policies and attempted to retain their economic connections with Singapore. Notwithstanding state control and suppression of illegal trade in the middle of the PRRI Rebellion, rubber smuggling to Singapore continued in the form of “barter,” which had been common during the Revolutionary period. The tension between the central government and regional elites shows the contrasting definitions of a “region,” and the desires for and the anxieties of transnational mobility.

The openness and mobility of Palembang society is also evident in the movement of people, especially of Javanese workers. The rise of the petroleum industry resulted in the influx of workers from the outside and the emergence of new professional workers. However, it does not just mean the actual movement of people through migration or the mobilized transmigration of Javanese to Palembang and South Sumatra. It also brought about labor movements,

² For the importance of Palembang’s Chinese organization for Chinese transnational networks in Southeast Asia, See Hong Liu, “Social Capital and Business Networking: A Case Study of Modern Chinese Transnationalism,” *Southeast Asian Studies* 39-3 (2001), 402.

preeminently led by radical labor unions affiliated with political parties, which introduced the new idea of liberation from forced labor, and of the workers' and peasants' rights over land and properties. Before the rise of radical movements, the *rakjat*, or people in Indonesia were not aware of their rights over land or natural resources. In the 1950s, workers and peasants began to realize their rights over land and resources, especially their rights over labor, along with the growth of radical labor movements. As mentioned in the introduction, Singapore functioned as a political broker of radicalism in the colonial period, which contributed to the growth of labor movements in the 1950s. The stimulation of radical ideas and the social mobility of workers and peasants imply that the decade of the 1950s in Palembang was also an "Age in Motion,"³ when the social and political orientation of the city was formed through transregional and transnational movements.

The role of foreign capitalists, especially the two big petroleum industries, was also significant in Palembang's open social dynamics. The two companies, especially Stanvac, were first welcomed as contributors to the regional and national economy, yet the atmosphere soon changed, and the petroleum companies were denounced as exploiters of the region's rich mineral resources. They were also blamed for unfair labor treatment of Indonesians and for robbing peasants of their lands to build oilfields, despite the fact that they operated on the soil of Indonesia. Ironically, however, such practices stimulated the development of radical labor movements and class-consciousness among the laborers. Moreover, the economic surplus produced by the petroleum industry vitalized interregional economic activities, including smuggling around the oil refinery complexes. The new urban lifestyle and the increased

³ Takashi Shiraishi, *Age in Motion: Popular Radicalism in Java 1912-1926* (Ithaca: Cornell University Press, 1990). In having new and "modern" identities or spatial consciousness, the 1950s was similar to what Shiraishi called "The age in motion."

educational opportunities, provided by the companies, also contributed to the social mobility of Palembang society.

Political Undertones of Mobility/Immobility: State Hegemony in the Region

In the early 1950s, the constituents of the region were networks, labor and capital, most of which contributed to the enhancement of social mobility. That is to say, real socioeconomic transactions by the members of the region were the key elements in the “production” of regional space. However, the socioeconomic activities by the “mobile” men and women in Palembang were subdued with the rise of nationalism, especially in the context of the PRRI rebellion. The rebellion provided the military force with an opportunity to establish power in regional politics, and now the military proclaimed itself as the commander of development also. Together with the rebellion, the launching of “Indonesianisasi” (economic nationalization) was another crucial factor that increased state intervention in regional politics and economy. Indonesianisasi encouraged an anti-foreign sentiment, especially against the ethnic Chinese. Chinese traders who were involved in trade with Singapore were denounced as betrayers of the nation.

Another factor that shows the changing relationship between the Center and the region was the politics of labor and labor unions. As explained previously, the labor movements and labor disputes related to the petroleum industry enhanced awareness on workers’ rights. These movements and disputes also exposed the reality that Indonesian workers still suffered from colonial practices of racial discrimination. However, while the class consciousness of laborers was heightened, the political coalition between the PKI and the PNI (Indonesian Nationalist Party) often discouraged labor disputes. The example of the P4 (Arbitration Committee for Labor Disputes) shows how the central government strongly favored foreign capitalists over local labor

unions. In addition, the militarization of society from the mid-1950s resulted in harsher suppression of the labor movements and leaders. The military leaders condemned the communist party and radical labor movements as obstacles in the development of the region. As such, from the second half of the decade, the constituents of the region were suppressed, or replaced by others.

Moreover, in the 1950s, there was a new dimension of social mobility, introduced by the construction of roads and bridges. While the previous economic mobility in Palembang was mostly based on water transportation along the river and seas, the roads and the Musi Bridge expanded inland transportation, which increased the speed of physical movement. However, the process and the discourse of the Musi Bridge building show that the new mobility was encouraged and/or controlled by the central government. The Musi Bridge was a symbol of regional development and modernization, yet it was also regarded with pride by the whole the nation. Although it enhanced the speed of mobility, now the open mobility of the water was replaced by a more closed, one-directional mobility made by the bridge. All the projects carried out in the name of regional modernization also harnessed the openness of the region, both ideologically and physically.

In the context of the increase of the state's growing power in the region, the image of the "region" was more or less imagined or created in the rhetoric of political and military leaders, with which they established their hegemony over the region. Unlike the political elites, the laborers in Palembang rarely used the term "region", and always claimed themselves as a part of the vanguard for "national" development. Although the workers were main actors in the "production" of social space with their labor, they failed to represent themselves and the space they were producing. This situation attests to Lefebvre's argument that managers (or owners) of

a space are not the same people who produced it:⁴ it is usually those who have political and military power who claim the ownership of a region.

Regional Development and Identity

History and the Modernization of Tradition: How Palembang Becomes Srivijaya

In the mid-1950s, after Barlian, the Military Commander of South Sumatra and Jambi, was replaced by Harun Sohar, Sohar and his colleagues claimed that they were the defenders of regional/national development, while suppressing labor movements and Chinese “smugglers.” Although it was not praised as much as in the New Order, in the 1950s, economic development was one of the key slogans both in central and regional politics. It was not only in Indonesia: the term development itself was invented by the U. S. government at the end of the World War II and in the context of the Cold War. Thus, although it sounds like a non-political term, it is one of the most ideological terms used by the so-called First World.⁵ In that sense, it made sense that the regional military power used the vocabulary of development as a way to attack communists and radical labor movements.

In the process and the discourse of regional development, the name of the old maritime kingdom, “Srivijaya,” emerged as a symbol of the regional identity of Palembang and South Sumatra, and it became associated with the development projects. As explained in chapter one,

⁴ Henri Lefebvre, *The Production of Space*, 48.

⁵ Gustavo Esteva explains the background and the development of the term “development.” See “Development,” in *The Development Dictionary: A Guide to Knowledge as Power* (2nd edition), edited by Wolfgang Sachs (London: Zed Books, 2010), 1-21. For the use of modernization as political ideology in the context of the Cold War, see Michael E. Latham, *Modernization as Ideology: American Social Science and “Nation Building” in the Kennedy Era* (Chapel Hill: University of North Carolina Press, 2000).

Srivijaya is believed to have been centered on Palembang or the South Sumatra region, dominating international maritime trade until the thirteenth century. In the historiography of Palembang, however, the name of the kingdom gradually disappeared or became associated with the term “Melayu” after the fourteenth century. What people in Palembang in the twentieth century remembered about their history was not Srivijaya, but rather the Palembang Sultanate. Then, how and why did Srivijaya emerge as a new symbol of regional identity? Before investigating the development projects initiated by the military and the central government, this section first discusses the resurrection of Srivijaya as a focus of regional identity and regional development plans.

It is not known exactly when the name Srivijaya began to be used and recognized as a sign of regional identity by people in Palembang. However, it is certain that the people of Palembang and all Indonesians had never heard the name until the 1920s, when Georges Coedes and other Western scholars first published works on Srivijaya.⁶ Nevertheless, before long the name Srivijaya became prevalent in the social lives of the Palembang people, dominating the names of the majority of governmental, economic, and other institutions.

As briefly explained in the introduction, scholarly interest in Srivijaya began in the circle of European scholars. In Palembang, W. J. W. Wellan, a scholar and an official in the Dutch colonial government, published an article on Palembang as the center of Srivijaya.⁷ Yet in the 1930s, Indonesian intellectuals, especially Sumatran scholars had an interest in Srivijaya. Led by

⁶ Jean Taylor, *Indonesia: Peoples and Histories* (New Haven: Yale University Press, 2005), 26. Pierre-Yves Manguin points out that it was Hendrik Kern who was the first scholar to publish the name Sriwijaya in 1913 after discovering it in the 686 Kota Kapur inscription in Old Malay. Pierre-Yves Manguin, “‘Welcome to Bumi Sriwijaya’ or the Building of a Provincial Identity in Contemporary Indonesia,” Asia Research Institute Working Paper 102 (February 2008), 7.

⁷ W. J. W. Wellan, “Crijijaya: 1250 Jaren Geleden Gesticht,” *Tijdschrift van het Koninklijk Nederlandsch Aardlijkskundig Genootschap* 2, no. 3 (1934): 348-402

Muhammad Yamin, young intellectuals in the Jong Sumatranen Bond published articles on Srivijaya. As youths from a high social background in Sumatra, they were excited by the existence of a great kingdom there, and by delving into the stories of Srivijaya they wanted to discover the glorious past of Sumatra.⁸ Owing to the lack of evidence, the exact location of the Srivijaya kingdom remains controversial to this day. Yet the interest in the kingdom has lasted, and the archaeological excavation has continued.⁹ In the 1950s, it was Muhammad Yamin who recognized the nationalistic significance in Srivijaya. While the Jong Sumatranen Bond was mostly interested in the “Sumatran nation,” Yamin celebrated Srivijaya as the first Indonesian nation (Negara Indonesia) and a great empire encompassing maritime Southeast Asia. After him, Sukarno also acknowledged Srivijaya as the first nation of Indonesian history, followed by Majapahit.¹⁰ In Palembang, R. H. M. Akib followed in the footsteps of Yamin, and actively propagated the glory and prosperity of Srivijaya, with its center in Palembang.

In addition to historical and archaeological research, there have been sociocultural representations of Srivijaya as a symbol of the regional identity. First, there was an attempt to establish Palembang as the site for a Srivijaya tour. On February 13, 1954, inspired by the compliments paid by W. O. Hentig, the West German ambassador, to the relics of Srivijaya Kingdom in Palembang, there emerged an urge to restore the kingdom’s relics to benefit the

⁸ For analysis of the authors and articles about Srivijaya in the magazine of the Jong Sumatranen Bond, see Hans van Miert, “Land of Future: The ‘Jong Sumatranen Bond (1917-1930) and its Image of the Nation,” *Modern Asian Studies* 30, no. 3 (1996): 591-616.

⁹ For the excavation of archaeological sites in Indonesia in the 1950s, see Marieke Bloembergen and Martijn Eickhoff, “Conserving the Past, Mobilizing the Indonesian Future: Archaeological Sites, Regime Change and Heritage Politics in Indonesia in the 1950s,” *Bijdragen tot de Taal-, Land- en Volkenkunde* 167, no. 4 (2011): 405-436.

¹⁰ Manguin, “Welcome to Bumi Sriwijaya,” 9-10. Manguin points out that the apparent lack of local heroes in Palembang is due to the existence of Srivijaya, which takes the role of a hero.

tourist industry.¹¹ In 1965, the municipal government of Palembang invented a city tour along the Musi River, named “Trip Sriwidjaja.”¹² Today, the sociocultural manifestation of Srivijaya is evident in the creation of the “Festival Sriwijaya,” an event to promote the provincial identity of South Sumatra and tourism.¹³

The most telling example of the cultural representation and “modernization” of Srivijaya was “Gending Sriwijaya,” a song composed by local artists in Palembang in 1944, and first performed in 1945 during the Japanese Occupation period.¹⁴ The song was originally created with the support of the Japanese Occupation government to welcome official guests, and was designed to be accompanied by a specific dance, called “Tari Sriwijaya.” In the 1950s, Gending Sriwijaya became popular among Indonesians because it was often aired on the radio, and began to be performed using various musical instruments. Although the lyrics center on the glorious days and the Buddhist tradition of Srivijaya, the melody originated from the *kromongan* orchestra in the Palembang palace, which was based on seventeenth-century Javanese music.¹⁵ In the 1950s, the song was even performed with Javanese Gamelan, which was recorded by the Indonesian Radio (Radio Republik Indonesia). In the mid-1950s, the song was recommended as

¹¹ *Suara Jakjat*, February 13, 1954. The Srivijaya Kingdom Park (*Taman Purbakala Kerajaan Sriwijaya*, TPKS), a museum to exhibit the relics of Srivijaya, was opened in 1994 and became a tourist attraction. See Manguin, “Welcome to Bumi Sriwijaya,” 13-14.

¹² “Trip ‘Sriwidjaja’ Akan Mendjebol Keindahan Sungai Musi,” *Fikiran Rakjat*, June 11, 1965.

¹³ Timothy P. Daniels, “Imagining Selves and Inventing Festival Sriwijaya,” *Journal of Southeast Asian Studies* 30, no. 1 (March 1999): 38-53.

¹⁴ The melody of the song was composed by Ahmad Dahlan Mahibat, and the lyrics were composed by Nungtjik A. R., Salam Asterokusumo, and M. J. Suud. Then a member of the PNI, Nungtjik later became a member of the PKI. Because of him, a communist party member, the song was banned in the New Order period. It was reinstated in 1970. The information on Gending Sriwijaya is dependent on Margaret J. Kartomi, “The Paradoxical and Nostalgic History of <Gending Sriwijaya> in South Sumatra,” *Archipel* 45 (1993): 37-46.

¹⁵ Kartomi, *ibid*, 38.

an official song of the Province of South Sumatra, which was accepted by President Sukarno. The musical style and the historical development of Gending Sriwijaya is an example of the strong sociocultural influence of Java on Palembang society. It also testifies to the modernization of the tradition and history related to Srivijaya in Palembang and South Sumatra.

In the 1950s, while the people in Palembang identified themselves as “Bumi Srivijaya,” “Gending Sriwijaya” became a source of inspiration for regional identities, and was used to promote nationalist spirit. In May 1959, a film titled “Gending Sriwidjaja” was shown at the Initium theatre in Palembang. The film was produced by the DIAN corporation in Palembang, and the story depicted the struggle of South Sumatrans against the Dutch, and their current efforts for development in diverse fields.¹⁶ As shown here, this history and the image of Srivijaya was inscribed in the minds of Palembang people as the symbol of their glorious past. Due to this, the name Srivijaya was “mobilized” in regional development project, and manipulated by the political and military elites in the region.

How Srivijaya Became Palembang: Development and the Traditionalization of the Modern

As Srivijaya emerged as the symbol of regional identity, the name became prevalent in Palembang society. One of the telling examples of this was the link between Srivijaya and the military in Palembang. As explained in other chapters, the military emerged as the most influential political power through the PRRI rebellion, which instigated the militarization of society. The military did not only control the regional politics, it also emerged as the major decision maker in economic policies. As mentioned in chapter three, because of economic

¹⁶ ““Gending Sriwidjaja’ Dihadapan Para Tamu,” *Fikiran Rakjat*, May 9, 1959.

nationalization and the expulsion of the Dutch, the military took over many companies and businesses previously owned by foreign capitalists. In addition, from the mid-1950s, in the middle of the development boom, the military proclaimed itself as the leading force of regional development. The military leaders argued that the Kodam IV/Sriwijaya (the Military Commando of South Sumatra and Jambi) was the real pioneer of development projects, and that change was occurring from “prajurit konsumen” (consumer soldier) to “prajurit produsen” (producer soldier).¹⁷

In 1954, the South Sumatra Military unveiled its new emblem, a combination of the name Srivijaya and a picture of Garuda. The military chose Srivijaya as its symbol because of the kingdom’s victorious history, and in the hope this would inspire Indonesians to maintain their independence.¹⁸ The word “SRIWIDJAJA” appeared in red on a white background, a similar color combination to the Indonesian national flag. In 1957, the military proposed organizing “Hari Sriwidjaja” (Srivijaya Day) to commemorate the struggle of the regional commando of South Sumatra (KODAM IV) against the Dutch from 1945. Because the military commando was first formed on August 25, 1945, that was the day suggested for Hari Sriwidjaja. It was officially proposed by Barlian, the head of the South Sumatra Commando, yet was finally approved in 1961 by Harun Sohar, who succeeded Barlian in 1958.¹⁹ As such, the emblem of the regional

¹⁷ Mohd. Ali et al (eds), *Untuk Diingat and Dikenang: Menyambut HUT Kodam IV Sriwijaya ke XXVLL* (Palembang: Dinas Penerangan Daerah TNI-AD IV/Sriwijaya, 1972), 124.

¹⁸ “Sriwidjaja Keradjaan Nasional Jang Djaja Adalah Satu Lambang Baru untuk Tentara Territorium II,” *Suara Rakjat*, October 8, 1954. See also Mohd. Ali et al. (eds.), *Untuk Diingat and Dikenang*, 81.

¹⁹ See “Surat-Keputusan No. KPTS-0156/3/1957 tentang Pembentukan Panitia Hari Sriwidjaja,” March 28, 1957; “Surat-Keputusan No. KPTS-675-2/8/61.” These primary documents are included in Mohd. Ali et al. (eds.), *Untuk Diingat and Dikenang*.

military commando and Hari Sriwijaya linked the Indonesian Revolution and nationalism to the newly-discovered regional history and identity.

The manipulation of the history of Srivijaya was not limited to the military and its means of identification. It also impinged on the socioeconomic life of Palembang society, especially the discourses and processes of development. From the mid-1950s, diverse economic and social development projects were launched on the initiative of the central government, and most of the main projects were named after the first empire of Indonesia, centered in the Palembang area: Srivijaya. Together with the petroleum industry that already existed in the region, the central government established a fertilizer industry named “Pupuk Sriwidjaja” (Srivijaya Fertilizer Company, PUSRI). More importantly, in 1960, a local higher educational institution, Perguruan Tinggi Sjakhyakirti, was nationalized, and developed into Universitas Sriwidjaja (Srivijaya University, UNSRI).

Development, State and Space: The Spatialization of a Region

In the latter half of the 1950s, the central government established its hegemony in the political, economic and social life of Palembang society. As the term hegemony implies, however, the predominance of the central government and the military forces in Palembang could not be established without the voluntary cooperation of political leaders and the masses of the society, and development was an essential part in that deliberate cooperation. First, the regional development plans such as the building of UNSRI and PUSRI, not to mention the Musi Bridge, were impossible to realize without financial and technological support from the central government. Moreover, factories and schools were built with the initiative of the central government rather than the will of local societies, as parts of the national development plan.

Second, as explained in the previous section, the development projects in the region were often closely connected to enhancements of regional identity. As easily seen in Palembang, in the 1950s the name Srivijaya began to be used for the main development projects such as UNSRI and PUSRI, and, as mentioned above, even the regional Military Command of South Sumatra instituted a commemoration of Sriwijaya Day (*Hari Sriwijaya*) to celebrate its anniversary. Because Srivijaya was regarded as the first kingdom in the genealogy of Indonesia, it became a source of Palembang's pride, while serving as the evidence that the region had been a crucial part of Indonesian society and history. Thus, developmental ideology, local military forces, and the modernization of local tradition and local history all contributed to the State's success in nationalizing the region.

Regarding the central government's dominant role in regional development and modernization, there were two contrasting sentiments. For some, the Center, or Jakarta, was seen as a place of progress and development.²⁰ To them, development of Sumatra was something to be coordinated and led by the central government. However, many others, especially in the first half of the 1950s, complained that the central government would hamper the development of Palembang and South Sumatra Province, as witnessed in the case of A. K. Gani in chapter two.²¹ The antipathy against the central government came to the climax when the central government relocated M. Isa, the governor of South Sumatra. At the same time, there was anticipation that

²⁰ "Palembang-Djakarta," *Suara Rakjat Sumatera*, April 26, 1950.

²¹ Ali Gathmijr, the head of the Provincial Parliament of South Sumatra, criticized that the central government block the development of the Province by intervening regional affairs. *Suara Rakjat Sumatera*, January 23, 1952; "Kita Ingin Membangun, tapi Pusat Selalu tak Tegas," *Suara Rakjat Sumatera*, March 2, 1953. From the early 1950s, Gani criticized the central government's program on regional economy and politics. For Gani's detailed critiques on the central government, see a series of newspaper articles in *Suara Rakjat Sumatera* in 1951: "Program Pemerintah Pusat: Kritik dan Komentar Bahan bahan untuk Pedoman," *Suara Rakjat Sumatera*, February 26, 27, 1951.

the State of South Sumatra (Negara Sumatera Selatan, NSS) would be restored because of the anti-Center sentiment.²² Moreover, the regional government and leaders had concern that the region's resources and production were being exploited by the central government.²³

However, after the end of the PRRI rebellion, such anti-Pusat (Center) voices subsided, and the presence of the state became more apparent. From the mid-1950s, especially in the midst of the PRRI Rebellion, the central government softened its tone towards the regions. By promising more autonomy to the regions and recognizing a certain amount of arrogance and "centralist" attitude of the Center, the central government attempted to appease regional antipathy against them.²⁴ In this situation, the plans for regional development were mainly introduced as integral to regional autonomy, and the central government was therefore able to establish its presence in the region more easily.²⁵ The development process in Palembang, exemplified by the case of UNSRI and PUSRI in the 1950s, and later by the founding of the national petroleum company (Persatuan Minyak Nasional, Pertamina) in the 1960s, testifies to this. Contrary to strong antipathy against the Center in the first half of the 1950s, now the regional elites welcomed and even sought support from the central government.

Henri Lefebvre argues that the state attempts to homogenize, hierarchize and fragment social spaces, through which it controls flows and stocks by its coordination. According to Lefebvre, through the threefold process of growth, urbanization and spatialization, the state

²² "'Negara Sumatera Selatan' Akan Dihidupkan Kembali?" *Suara Rakjat Sumatera*, April 10, 1954.

²³ "Sumatera Selatan Bergolak: Hasil Daerah untuk Daerah," *Suara Rakjat Sumatera*, December 27, 1956.

²⁴ This is what was stated by the Prime Minister Juanda in 1957. See "Bukan untuk Berunding, tetapi untuk Meletakkan Dasar Pengertian antara Pusat dan Daerah," *Fikiran Rakjat*, April 25, 1957.

²⁵ The integration of regional autonomy and development was also supported by Moh. Hatta, the ex-Prime Minister supported by the PRRI rebels. "Dengan Otonomi, Pembangunan Daerah Akan Segera Terlaksana," *Fikiran Rakjat*, May 14, 1957.

establishes itself and “owns” the space.²⁶ The process of state involvement in Palembang from the second half of the 1950s serves as a good example of Lefebvre’s statement and adds detailed information to the history of South Sumatra in the mid-twentieth century.

The (Un)Making of a Region

As explained in the introduction, this dissertation has argued for the dual meaning of a “region” – as a space socioeconomically produced by the labor and movement of people, and as a space politically defined for specific purposes, mainly for colonial and postcolonial states. Despite this dichotomization, it is hard to find a clear line between the two. Both characteristics of a region have been made and unmade throughout the modern history of Indonesia and Palembang, especially in the 1950s. The distinction between these two features of a region certainly exists, yet it was deliberately emphasized in this dissertation to show the different political and economic backdrops between the first and the second half of the 1950s. Despite the increase of state power in the second half, the Indonesian state was never an omnipotent power dominating all the regions in the archipelago. As evidenced by many scholars, such as Eric Tagliacozzo and Andrew Walker, the presence and authority of the state has been challenged by smugglers, travelers, and trespassers, either in the colonial period or postcolonial period. Moreover, the seeming hegemony of the state in the region was not achieved without the voluntary participation of people in the region. This dissertation, especially the first part of it, has exposed both the mobility of a region and the incapacity of the state to control it.

²⁶ Henri Lefebvre, “Space and Time,” in *State, Space, World: Selected Essays*, ed. Neil Brenner and Stuart Elden (Minneapolis: University of Minnesota Press, 2009), 223-226.

However, at the same time, the dissertation clarifies the clear emergence of a strong state and its control over the region throughout the 1950s. The political and economic changes caused by the PRRI Rebellion, economic nationalization and the social militarization all contributed to the strengthening of state power over regional affairs. More importantly, the discourse of regional development, together with the increasing recognition of regional autonomy, encouraged regional elites to cooperate with the central government's plan for national development, not only for the nation, but also for their regions. The case of Palembang in the 1950s exemplifies the dual characteristics of the "region," and discloses rising state power in the region. The case of Palembang also shows the continuing transnational characteristics of one of the "Outer Islands" of Indonesia from the precolonial and colonial period, while showing the symptoms of the strong authoritarian regime that would emerge in the next decade. In that sense, the 1950s is not an "aberration," and Palembang is not an insignificant place to study. As stated in the introduction, every place can be the center of its own history and any time period is worth studying, and this cannot be truer than in the case of Palembang in the 1950s.

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