

Colonial Policy and the Impact to the Politico-Economy Stability after Independence: The case of Indonesia under the Dutch and Malaysia under the British

Assoc. Prof. Dr. Mohd. Noor Mat Yazid¹

Abstract

This paper discusses the colonial policy of the Dutch in Indonesia and the British in Malaysia. Both colonial powers had different economic and political policies in their colonies. The Dutch in Indonesia implemented direct control, integrated development and economic centralisation. The British in Malaysia implemented different policies where the British administration was indirect control. Traditional political structure was not totally abolished by the British. The Malay sultan and local elite still maintained although the real political power in the British resident. The British run the modern and traditional development (Dualistic development) where modern economic activities dominated by the British and immigrant from China and India. Chinese labour actively involved in tin mining and retails business while Indian in rubber industries. The majority of Malays (as native people) stay in traditional village and did not actively involved in modern economic activities. Both colonial policies gave different impact to the Malaysia and Indonesia after Second World War and after independent day. The way how Indonesia gained independent (with five years struggle 1945-1949) and the lack of pro-Dutch dominant political group influenced the instability and the level of Indonesian economic development. The Malaysian peace way (with negotiation) of gaining independent from the British and the existing of dominant pro-West (and anti-communist) political group influenced the political stability and better level of economic development in Malaysia.

Key words: Colonial policy, Malaysia, Indonesia, British, Dutch, stability, dominant political group, pro-West, anti-communist

¹ Programme of International Relations, School of Social Sciences, Universiti Malaysia Sabah, 88400 Kota Kinabalu, Malaysia. Email: mohdnoory2011@yahoo.co.uk

Introduction

Malaysia and Indonesia were colonised by European powers directly and indirectly beginning from sixteenth centuries. Malaysia under the British and Indonesia under the Dutch. The Anglo Dutch Treaty 17 Mac 1824 clearly determined the boarder of the area under the British and under the Dutch. The 1824 Treaty was important in determining the British and Dutch sphere influence in Malay archipelagos. Malaysia was under the British power until Malay(si)a gained independence on 31 of August 1957. Indonesia was under the Dutch until the recognised independence by the United Nations on 27 December 1949. Both European powers were different in their political philosophy and economic policies. The different style of policies gave great different impact to their colonies after gaining independence.

Colonial Background of Malaysia and Indonesia

In the case of Malaysia, the first European contact was Portuguese who invaded Malacca in August 1511. After that the Dutch (since 1641) and British (1795/1824) arrived and in 1914, the British controlled the whole Malaysia region. Before 1824 the boarder and division between the Dutch and the British was not very clear. The British occupied some part in Sumatera and the Dutch also occupied some in Malayan Peninsular. The Napoleon War in Europe influenced the relationship between the Dutch and the British in Malay archipelago in the early nineteen century.

The political development in European continent (the rivalry between the German and British) in the late nineteen early twentieth century also influenced the action of the British in the Malaysian region. There was no serious intervention taken by the British towards Malay states during the period from 1824 until 1874 (after signing the 1824 Treaty and Pangkor Treaty 1874). The serious British intervention in Malaya began after 1870s. The changes policy of the British strongly influence by the political development in Europe. The Bangkok Treaty 1909 signed by the Thai and the British, which gave the British to control the Northern Malay States (Kedah, Kelantan, Terengganu and Perlis) had closely related with the international political rivalry in Europe. The state of Johore was the last state controlled by British in 1914. The political development in European continent influenced the British policy in Malaysia region.

The clear power expansion of Dutch and British started in early 1800, especially after the Napoleon War 1815.

The Malay world was divided between the Dutch and British in 1824, i.e. the Anglo-Dutch Treaty 1824. The 1824 Treaty between the both European powers became the basic modern boundary between both countries.² The guideline border was based on the economic and trade/geo-economic location for both European powers. The Dutch and the British have to cooperate in the Malay Archipelago in avoiding the expansion of French power.

Before the coming of both powers to the region, some parts of Malaysia and Indonesia were one nation. Local kingdoms in the region covered the areas of both the contemporary Malaysia and Indonesian regions. The one of the great traditional Malay Empire before the coming of the West, i.e. Malacca Sultanate (fifteen and early sixteen century) including parts of Malayan peninsular, Sumatra and Riau-Lingga Archipelago. The relations between Malayan-Sumatra, and Riau-Lingga Archipelago were very close during the traditional period. Even the founder of Malaccan Sultanate, King Parameswara was a prince from city of Palembang in the east coast of Sumatra, Indonesia. There was no clear boundary between Malaysia and Indonesia, especially Sumatra and the group of archipelagos in the southern part of Singapore. The people from both regions were free to move from one place to another. The very basic border between British and Dutch was formed in 1824 when both powers signed The London Treaty on 17 of March 1824. The last Malay Kingdom, Sultanate of Johore was divided into two parts after the 1824 treaty. The close relation and similarities between Malaya, Singapore, and Sumatra were tied again during the Japanese administration from 1942 until Japan was defeated by the Allied power in September 1945. After 1945 the sultanate of Johore empire was divided into three parts/nation states; island of Riau-Lingga (Indonesia), Republic of Singapore (because after Second World War with the Malayan Union (1946) and Federation of Malaya (1948), island of Singapore originally as a part of Johore empire was separated from Federation of Malaya) and Johor, Malaysia.

² See Tate, D.J.M. (1977). *The Making of Modern South-East Asia, volume 1-The European Conquest* (revised edition). Kuala Lumpur: Oxford University Press. pp.316-327

The Anglo-Dutch Treaty 1824

According to the London Treaty 1824, island of Sumatra and the area of southern from Singapore became under the Dutch influence.

The Malayan Peninsular and the territories of the north than Singapore position became under the British territories. The main objective of the treaty was to solve the problems of the new strategic port (Singapore, that was founded by Sir Stamford Raffles in 1819), the fighting and bad relations between Dutch and British in the Southeast Asian region after Napoleon War in Europe. Traditionally Singapore already established by Sang Nila Utama, hundreds years before the British founded and developed her settlement in Singapore. Singapore was very important for British economic advantages in Malay region and for protecting the trade routes from India to China (especially in the view of Stamford Raffles after the British surrendered the port of Batavia (Jakarta) to Dutch). The lack of information, limited time and geographical knowledge of Malay world to both parties (The British and Dutch officers in Europe) who signed the London Treaty in 1824, contributed to the unfinished fighting and bad relations between the Dutch and British in Malay region. The British and the Dutch senior government officers in Europe signed the 1824 Treaty in London. The senior officers who signed the treaty were poorly informed about the detailed of the geography of Malay world and had very limited time for any preparation. The treaty was signed purposely for the Dutch and British political and security advantages in Europe. The Dutch and British were enemies and opposed each other in Southeast Asia, but they had to co-operate in Europe for their political survival in fighting with France Napoleon. The conflict and unsettled issues between the British and Dutch in South East Asia would benefit the French.

The importance of establishing a centre in Malayan peninsular in the economically and for trade relations is clear in this case. Both colonial powers, British and the Dutch needed a port in Malay region for their trade interests on the trade route to China. The position of the Malayan peninsular between China (Japan, Taiwan, Korea) and India (Middle East, the Mediterranean and Africa) is very strategic and important for geo-economic factor. The important ports and trade centres in the peninsular Malaya are; Malacca (16th and 17th centuries), Penang (in 18th century) and Singapore (since 19th century up to present day). The rivalry between the Dutch and British during the colonial period was due to the competition between Batavia and Singapore in economic, trade and geographic factors.

The roles played by the Malay(si)an ports and commercial centres (especially Kuala Lumpur, Singapore and Penang) in international trade and economics also influenced the confrontation between Indonesia and Malaysia in the early 1960s.³ The position and geographic location of Singapore as an international trade centre was important for both side (i.e. Indonesia and Malaysia) after independent day.

After 1824 the British expanded her power into Malaysia and the Dutch to Indonesia extensively. The Dutch moved out from all of her centres in Malacca, Perak and Kedah (in Malayan Peninsular) according to the Treaty in 1824. The British moved out from her centres in Sumatra (Bencolen in southwest of Sumatra was one of the British main centres in Sumatra) and concentrated upon the Malayan peninsular after 1824.⁴

The British Policies in Malaysia

Both colonial powers, i.e. British and the Dutch were different in many aspects. The British economic policy and the administration in Malaysia were different from the Dutch colonial administration in Indonesia. For the British economic and political interest, the British exercised their power through local Malay rulers and coastal sultans. It is called 'indirect rule'. The ruler followed the 'advice' from the British officer, called "Resident". Indirectly, Malay traditional leaders slowly became involved in the British System of administration. Although traditional Malay leaders were powerless when compared to the British officers, they were involved in the state administration. The formation of Malay College of Kuala Kangsar for the sons of Malay aristocrats in the early twentieth century played an important role in the decades before and after Second World War. The rural peasant and local elite were separated during the British period. The peasant in remote rural areas continued their traditional life with paddy planter and other traditional economic activities at the subsistence level. They did not involve in the modern economic sectors introduced by the British. The chances and opportunities for better modern educations and modern economic activities only open to aristocrat and urban immigrant peoples.

³ . Curtis, Robert, 1964, 'Malaysia and Indonesia,' *New Left Review*, no. 28, Nov-Dec 1964, p. 6.

⁴ . The British expansion was really active after 1870s due to the changes in British economic and trade policy and the emergence of Germany as a new power in world politics after German unification. British successfully control whole Malaya after 1914. Bangkok Treaty in 1909 and a treaty in 1914 with Sultan of Johore were important in strengthening the position of British in Malayan Peninsular.

The Malays mass populations still continued their traditional way of economic activities such as small hold paddy planters and fisherman. Labourers for modern economic activities were imported from abroad. There were massive importations of foreign labour; Chinese peasants from southern China (mainly from Fukien and Kwantung) to work in tin-mining industry, and Indian labour (Tamil from southern part of India) for working in the new capitalist rubber estates, and some labourers from Indonesia. Malay mass population continued the traditional way of life and were 'controlled' by the Malay local leaders.

Malay culture, religion and traditional administration were still controlled by the Malay rulers (sultan). Sultan was the head of religion and Malay culture. But the real political power and economic policy were in 'British hands'. The position of Sultan was important in creating a political stability for the Malay community. Sultan was the symbol of Malays political integrity. The Malay livelihood was never clearly affected by the British. Modern activities such as tin mining and rubber industries were developed by the immigrant labour from China and India. The stability was created by the British with the Sultan as a chief leader for the Malay community. In tin-mining Chinese 'Kapitan' was recognised by the British. This structure of local administration was successful in creating the political and economic stability during the British administration of the late 19th century and the period before World War II.

Pro-British Political Parties in Malaysia

The Malay aristocrat and Chinese 'Kapitan' played their role in creating the dominant group in post-colonial Malaysia especially in the 1950s. The formation of UMNO (United Malay National Organisation) and MCA (Malayan Chinese Association) was based on the two dominant groups. UMNO was represented by Malay ethnic with strong power in politics. MCA was represented by Chinese ethnic with strong power economically. The alliance of UMNO and MCA was a coalition of political power (UMNO) and economic strength (MCA). This dominant political coalition became stronger when MIC (Malayan Indian Congress) joined the Alliance in late 1950s. In many aspects the Malays under UMNO played the most important roles especially after the formation of Federation of Malaya in 1948. The successful role played by UMNO in uniting and protected the Malay prevelidges after 1946 recognised by the British with the formation of Federation of Malaya in 1948.

Federation of Malaya in 1948 could be considered as the real basis of the Malay States.⁵

Both UMNO and MCA are anti-communist political parties. Political leaders in UMNO and MCA are Western educated and anti-communist. The British (and the United States) gave support to these political groups in containing the communist movement in Malay(si)a.⁶

The left wing of political parties in Malaysia were not getting support from the British because they had some related to the communist ideology/ or sympathy to the communist movement.⁷ The British support to this anti-communist political group as a security strategy in the early years of the Cold War (Malaya during 1948-1960 was in Emergency Period). The both political parties (with MIC represented the Indian ethnic) became the leader in the government of independence Malaya after gaining independence in 1957. Malay(si)an foreign policy leaned to the West because of the strong influenced of UMNO and MCA in Malay(si)an government. Closed relations with Great Britain continued after 1957.⁸

The Dutch Policies in Indonesia

The historical background of Indonesian economics is different with Malaysia. The Dutch economic policy was designed more to the Dutch economic advantages. The Culture System (since 1830), the Ethic economy system and the Liberal Economic System relatively gave little benefit to Indonesian development. Indonesian economic colonial policy was designed to provide raw materials to the Netherlands.

⁵ See Cheah Boon Kheng. (2002). *Malaysia: The Making of a Nation*. Pasir Panjang, Singapore: Institute of Southeast Asian Studies, pp. 15-22

⁶ See Sah-hadiyatan Ismail. (2012). 'Second Colonial Occupation': The United States and British Malaya 1945-1949.' *Asian Culture and History*, vol. 4, no. 1, pp. 34-37

⁷ Detailed discussion on the left wing and power configuration during the period 1945-1957, see Mohd. Noor Mat Yazid. (2010). 'Pembentukan One State, One Nation, Percaturan Kuasa dan Politik Melayu 1945-1957: Faktor Domestik dan Sistemik. (The Formation of One State, one nation, Malay Politics and power Configuration 1945-1957: Systemic and Domestic Factors).Prosiding Seminar Kebangsaan Sejarah Malaysia 1945-1957, Division of History, Centre of Humanities Studies, Universiti Sains Malaysia, Penang, Malaysia 25-26 October 2010, pp. 1-16.

⁸ Jatswan S. Sidhu. (2009). 'Malaysia's Defence and Security since 1957: An Overview.' In Abdul Razak baginda. (ed). *Malaysia's Defence and Security since 1957*. Kuala Lumpur: Malaysian Strategic Research Centre. pp. 1-30.

Subsistence agriculture and increased production in commercial crops (like sugar, indigo and rubber) for exporting to Europe were among the economic policy under colonial government. Industry and manufacturing economic activities were not promoted in Indonesia so as to avoid competing with the Netherlands industry. These policies did not provide much welfare and social benefits nor improve the standard of living to the Indonesian native population. The Dutch colonial economic policies only gave more benefit to the Dutch, not for all Indonesian people.

The Dutch economic policies main objective was to secure and protect the Netherlands' economy. The Culture System introduced in 1830 was designed by Van der Bosch with the main objective to protect the Netherlands' economy from collapse in 1830s.

The Dutch faced serious economic problems in the 1830s after the Belgium Revolt 1820s and Java War (Dipo Nigoro War 1825-1830). The Culture System was designed for solving the Netherlands economy problems. The economic policies during the colonial period gave a negative impact to the economic planning and level of Indonesian development after independence years. The economic development in Indonesia under Dutch colonial was different with the British economic policy in Malaysia.

The Malaya under the British (political and administration situation) was different with the Dutch administration and economic policy in Indonesia. In 1830 the Dutch set up the so-called 'Culture System' in Java. Under this system, the Javanese peasantry were forced to cultivate export crops (such as sugar cane, coffee, tea and tobacco) on their rice-land, and sell these crops at nominal prices to a royal monopoly, which then resold them at a huge profit in Europe. The intensive types of agricultural exploitation not only opened the enclosed village of Java to a modern economy, but also involved the creation of a highly organised system of direct administration. The 'renting' (in reality was an exploitation) of huge areas of rice-land for commercial crop cultivation during the 'Culture System' and then 'Liberal System' after 1870 heightened the disruption of Javanese rural life and increased the numbers of landless peasants. The landless peasants, rural social structure, and poverty level in Indonesia (especially in Java) was important in understanding the rise of communist party in Java in late 1950s and early 1960s. The great percentage of poor and landless peasants made easier for Communist Party of Indonesia (PKI) getting support from the rural and poor people in Indonesia.

The strong support of PKI under Chairman Aidit in late 1950s and early 1960s strongly related with the rural economic structure and the big percentage of poor peasant in rural island of Java.⁹

The Malaysia and Indonesia Situation after Second World War

Both countries faced new situation after Second World War ended. Indonesian launched The Five Years Independence Struggle 1945-1949 and British Malay(sia) facing conflict with Communist movement 1948-1960 (Emergency Period). The five years' independence struggle (1945-1949) against the Dutch affected Indonesian development process.

After the Japanese surrender in August 1945, the five years independence struggle against the Dutch who tried to re-establish their colonial rule in Indonesia disrupted the economic development during the post-world period. The disruption of the economic process caused by this independence struggle was ever greater than that which had arisen from the Japanese occupation (during the period from 1942 to 1945). The Dutch who held the main ports blockaded the Indonesian Republic in central Java (Jokjakarta), cutting off the import of machinery, spare parts and other goods that were necessary for the smooth production and improved economic development. On the other hand, the Indonesian revolution guerrillas pursued a scorched-earth policy because they thought the Dutch plan was to finance their campaign by the sale of tropical export commodities captured in Indonesia (as implemented during the period before World War II). In the scorched-earth policy a great part of the sugar-refining industry was destroyed in the course of military operations. All of the military activities affected the Indonesian development process.

The economic factor, level of development and socio-economic structure in Indonesia were among the important factors in explaining the rapid rise of communist power since early 1950s. The process was not begun in the post-war period. Dutch administration destroyed the royal system and traditional administration. The direct Dutch administration was enforced to the Indonesian.

⁹ see Saleh As'ad Djamhari.(eds). 2009.Komunisme in Indonesia (Jilid iii-Konsolidasi dan Infiltrasi 1950-1959 (Communism in Indonesia (vol. iii-Consolidation and Infiltration). Jakarta: Pusjarah TNI with cooperation with Yayasan Kajian Citra Bangsa.

The foundation of the creation of the dominant political group under Dutch control never existed in Indonesia during the colonial period. The dominance pro-British political parties like UMNO and MCA never exist in Indonesia. The lack of a dominant political group which pro-Dutch (like UMNO and MCA in Malaya) affected the political stability during the post-war period in a negative way.

The radical communist movement in Malaya began in June 1948 and ended in 1960 (Emergency Period). Communist failed to control the Federation of Malaya.¹⁰ The pro-British and anti-communist political group became stronger. In term of development basic facilities, the emergency period (1948-1960) gave positive impact to the Malayan infrastructure development.

Road, railways, new villages and health centres was developed by the British in containing communist and getting support from mass population.¹¹

The position of Malays (as a native people) became stronger and getting more support from the British. The British need anti-communist support in the Cold War political struggle. Very small number of Malays gave their supports to Malayan Communist Party (PKM), compared to the Chinese ethnic. The majority of the PKM members were from ethnic Chinese. The British more trusted Malays than Chinese. Under this consideration, the number of Malays in security forces (army and police forces) were dominated by the Malays.

There were relationships between levels of development, standards of living, basic needs and infrastructure facilities and dominant political groups and communist ideology in Indonesia and Malaysia. A better level of economic development, standard of living and better basic needs in Malaysia and with the emergence of a dominant group made it difficult for communists to influence their ideology. A dominant political group is a vital factor in creating economic and political stability in Malaysia.

¹⁰ Details discussion about Emergency Period 1948-1960, see Tan Ding Eing. (1975). *A Portrait of Malaysia and Singapore*. Kuala Lumpur and Singapore: Oxford University Press, pp. 236-243. See also Miller. H. (1972). *Jungle War in Malaya: The Campaign against Communism 1948-1960*. London: Arthur Barker Ltd. And Clutterbuck, R. (1967). *The Long Long war: The Emergency in Malaya 1948-1960*. London: Cassell.

¹¹ See Stubbs, R. (1994). 'The Political Economy of the Asia-Pacific Region.' In Stubbs, R. and Underhill, G.R.D. (eds.), *Political Economy and The Changing Global Order*. London: The Macmillan Press Ltd. p.368.

The Impact to the post-independent Political Stability: A discussion

Due to the different colonial administration and economic policies during the colonial era, the economic level, development and political stability of both countries after they gained independence from their European masters was different. The core fundamental differences between the two colonial hegemonic powers can be seen in table 1.

The Dutch practised economic centralisation, whereas the British practised the economic decentralisation. The Dutch in Indonesia implemented an integrated development, but the British in Malaysia implemented the dualistic economic development in Malaysia. In the administrative aspect, the Dutch colonised Indonesia with direct control whereas the British in Malaysia administered Malaysia with indirect control. The differences of both colonial powers affected the political and economic stability and instability after the colonial period.

Table 1: Core Fundamental Differences between Two Colonial Powers

Type	DUTCH (INDONESIA)	BRITISH (MALAYSIA)
Political	Lack of Dominant Political Group.	Dominant Political Group.
Economic	Economic Centralisation.	Economic Decentralisation.
Developmental	Integrated Development, Discontinuous Policies.	Dualistic Development, Gradualist Policies.
Administrative	Direct Control	Indirect Control

The differences between the two colonial powers can be seen in the political, economic, developmental and administrative aspects. The British created the pro-British dominant political group a few decades before leaving Malaysia in 1957. The Alliance Party (UMNO, MCA and MIC) under Tunku leadership of Tunku Abdul Rahman is a pro-British and very anti-Communist political party.¹² It was different with the Dutch in Indonesia where her radical administration created a radical group which was very anti-Dutch.

¹² See Faridah Jaafar, '2006.' Peribadi Politik Tunku Abdul Rahman dan Dasar Luar Malaysia, 1957-1970'

(Tunku Abdul Rahman Political Personality and Malaysia's Foreign Policy 1957-1970), in Mohammad Redzuan Othman et. al. (eds). *Sejarah Pembinaan Negara Bangsa* (History of Nation Building). Kuala Lumpur: University of Malaya Press. pp 239-262.

The lack of a pro-Dutch group led to the political and economic instability when the Dutch was forced to leave Indonesia in December 1949.

The different political situation and level of development in Malaysia and Indonesia influenced the political development of Indonesia and Malaysia after gaining independence. The situation in Indonesia and Malaysia was different because both countries were under different European powers during the colonial period. The situation in Indonesia and Malaysia during the period after the Second World War was the reflection of colonial role played by Britain and the Dutch. The British and Dutch had different economic policies towards their colonies. The Dutch and British policies affected the economic and political situation after the colonies gained independence.

The way that both countries gained independence from the European power was totally different. The British gave independence to Malaya through peace negotiation with a dominant political group that was pro-British (The Alliance party, UMNO-MCA and MIC).

The Indonesia gained independence through a rebellious way (Independence war and revolution movement 1945-1949). There was no dominant political group in Indonesia to control the political power and economic management.

The domestic communist ideology and movement during the period of post-1950 greatly influenced the political stability in both countries. The British agreed to give independence to Malaya after the communist was under control in 1957 to the anti-communist political group (pro-West under Tunku Abdul Rahman). Communist Political Party was illegal in Malaysian politics. It was different in Indonesia where the communist had a strong position in the years after independence, especially under Aidit leadership.¹³ The communist political party in Indonesia was a vital factor in determining political stability and instability. The British colonial power created a political and economic stability in Malaysia. The Dutch left the Indonesian economy and politics with an instability condition. The Dutch was forced to leave and gave independence to Indonesia in December 1949. The erupted of the Cold War and new power configuration in the international political structure worsened the situation.

¹³ Detailed discussion of communist strategy under Aidit see Arif Zulkifli & Bagja Hidayat (eds). 2010. *Aidit: Dua Wajah Dipa Nusantara*. Jakarta: Tempo.

Without a strong pro-West political dominance in the Independent Indonesia, the Indonesian politics was not in stable.

The situation of instability during the period 1949-1959 in Indonesia was due to the absence of a dominant political group. The result of the 1955 Indonesian General Election was not dominated by a single strong political party. The Masjumi, PNI, Nahdatul Ulama and PKI were the main political party which won the strong support by the Indonesian voters in the 1955 Indonesian General elections. The coalition between PNI, Nahdatul Ulama and Masjumi was not strong because the three political parties had different political philosophy. The breaking of PNI and Masjumi coalition in 1956, created a new phase in Indonesia when President Sukarno cooperated with PKI in balancing and consolidated his political situation.¹⁴ Sukarno decision to cooperate with PKI because PNI was not a dominant political party that could manage the Indonesian politics. ¹⁵ Cooperation with PKI created another problem that can be seen in late 1950s and early 1960s. The formation of 'guided democracy' during the period 1959-1965 was a temporary period until the Indonesian coup of 30 September 1965.

The creation of a dominant group is necessary in creating an economic and political stability in Indonesia. The emergence of the army leadership after the 1965 Indonesian Coup was successful in forming a stable economy and politics with strong assistance from the American power. The support from American as the world power is required in the formation of a dominant political group.

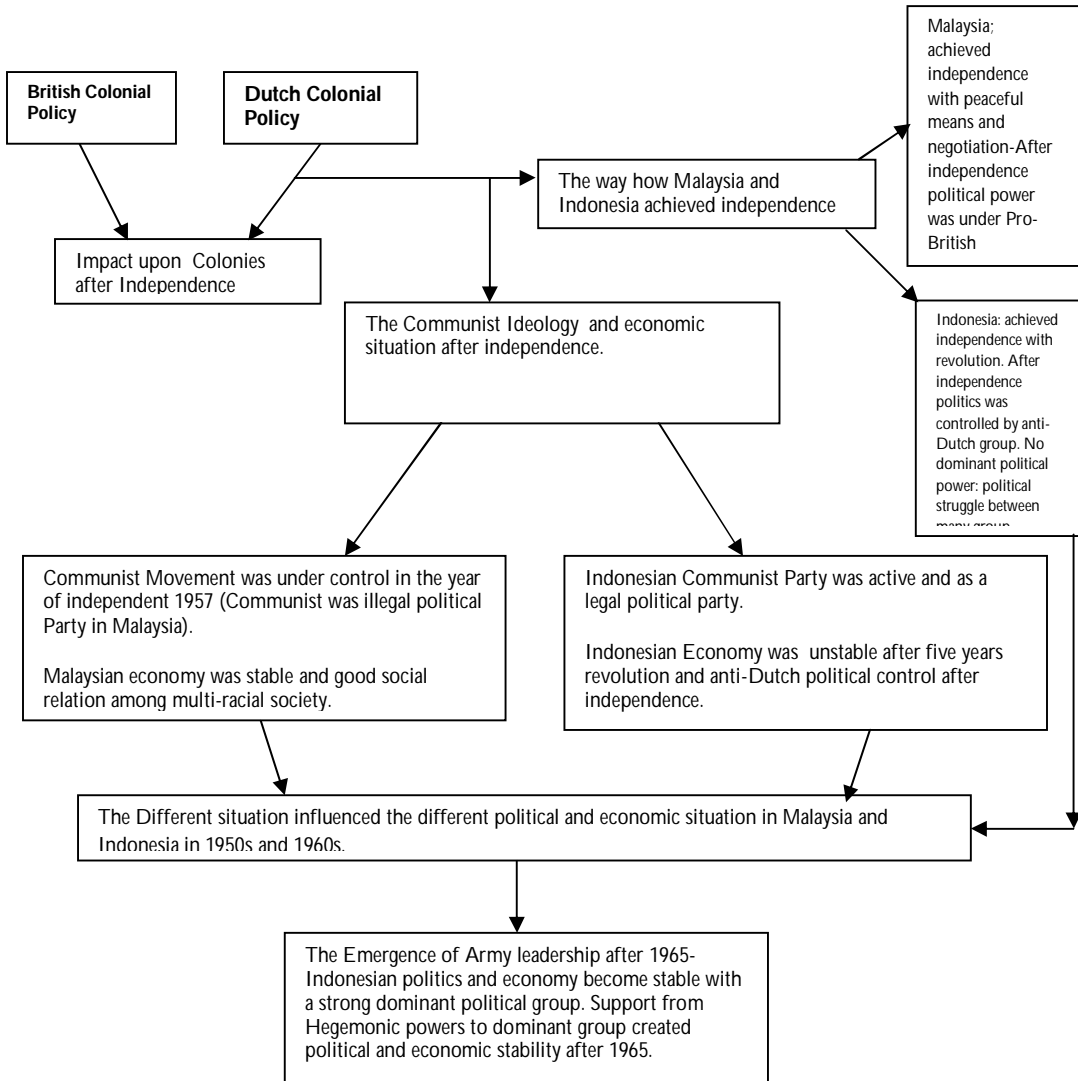
The stable situation in Indonesia could have been achieved in the 1950s if the Dutch played greater and earlier action of forming a dominant political party and group of politics that pro-West. The pro-West political group was already existed in 1950s in Indonesia, but it did not become a dominant political group. They had to fight against radical groups (communist and socialists group) that were anti-West. The domestic political 'fighting' in 1950s obstructed the economic and development programme.

¹⁴ See Saleh As'ad Djahhari.(eds). 2009. *Komunisme in Indonesia (Jilid iii-Konsolidasi dan Infiltrasi 1950-1959 (Communism in Indonesia (vol. iii-Consolidation and Infiltration))*. Jakarta: Pusjarah TNI with cooperation with Yayasan Kajian Citra Bangsa.

¹⁵ See Feith, Herbert. 1964. 'President Sukarno: The Army and the Communists: The Triangle Changes Shape.' *Asian Survey*, vol. 1v, no. 8, August, pp. 969-980.

The Cold war political structure paved the way for the communist group to interfere in the domestic politics and contributed to worsen the situation. The above discussion can be summarised in the diagram 1 below.

Diagram 1: The Colonial Power, the Stability and Instability in Indonesia and Malaysia



Conclusion

The Malaysian economy under British colonial administration generally provided much better conditions than Indonesian economic conditions under the Dutch colonial administration in many aspects. The political foundation, basic facilities and infrastructures developed by the British during the colonial period were still useful after the Malay(si)a independence in 1957. The Dutch refused to leave Indonesia after the Second World War. She also never trained Indonesian and created dominant political group (pro-Dutch) for administering the country.

Most of the basic facilities and economic foundations developed by the Dutch during the colonial period were destroyed during the independence struggle after the war, 1945-1949. During the period of emergency in Malaya 1948-1960, the basic facilities were developed by the British. Even the improvement of basic facilities was for controlling and containing communist movement, the basic facilities contributed to the positive impact to the Malaysian development. The social and political chaos in the first decade after independence in 1949 influenced the economic situation in Indonesia. The British left Malaysia in 1957 leaving behind a pro-British dominant group, but the Dutch was forced to leave Indonesia in 1949 by an anti-Dutch political group. The lack of a pro-Dutch dominant political group created political and economic instability in the post-colonial era in Indonesia. The pro-British and anti-communist political group in Malaysia maintain good relations with Great Britain and continuously gave positive impact to the Malaysian development.

References

- Arif Zulkifli & Bagja Hidayat (eds). 2010. *Audit: Dua Wajah Dipa Nusantara*. Jakarta: Tempo.
- Cheah Boon Kheng. (2002). *Malaysia: The Making of A Nation*. Pasir Panjang, Singapore: Institute of South East Asian Studies.
- Cheah Boon Kheng. ((1978). 'Malayan Chinese and The Citizenship Issue, 1945-1949.' *Review of Indonesian and Malayan Affairs*, vol. 12, no.2, pp. 1-25.
- Clutterbuck, R. (1967). *The Long Long War: The Emergency in Malaya 1948-1960*. London: Cassell.
- Curtis, Robert. (1964). 'Malaysia and Indonesia.' *New Left Review*, no. 28, Nov-Dec 1964, pp. 5-32.
- Faridah Jaafar.,2006.' *Peribadi Politik Tunku Abdul Rahman dan Dasar Luar Malaysia, 1957-1970'* (Tunku Abdul Rahman Political Personality and Malaysia's Foreign Policy 1957-1970), in Mohammad Redzuan Othman et. al. (eds). *Sejarah Pembinaan Negara Bangsa (History of Nation Building)*. Kuala Lumpur: University of Malaya Press. pp 239-262.

- Feith, Herbert. 1964. 'President Sukarno: The Army and the Communists: The Triangle Changes Shape.' *Asian Survey*, vol. 1v, no. 8, August, pp. 969-980.
- Harper, T.N. (1999). *The End of Empire and The Making of Malaya*. Cambridge: Cambridge University Press.
- Jatswan S. Sidhu. (2009). 'Malaysia's Defence and Security since 1957: An Overview.' In Abdul Razak baginda. (ed). *Malaysia's Defence and Security since 1957*. Kuala Lumpur: Malaysian Strategic Research Centre. pp. 1-30.
- Miller. H. (1972). *Jungle War in Malaya: The Campaign against Communism 1948-1960*. London: Arthur Barker Ltd.
- Mohd. Noor Mat Yazid. (2010). 'Pembentukan One State, One Nation, Percaturan Kuasa dan Politik Melayu 1945-1957: Faktor Domestik dan Sistemik. (The Formation of One State, one nation, Malay Politics and power Configuration 1945-1957: Systemic and Domestic Factors).Prosiding Seminar Kebangsaan Sejarah Malaysia 1945-1957, Division of History, Centre of Humanities Studies, Universiti Sains Malaysia, Penang, Malaysia 25-26 October 2010, pp. 1-16.
- Ratnam, K.J. (1967). *Communalism and the Political Process in Malaya*. University of Malaya Press.
- Sah-Hadiyatan Ismail. (2012). 'Second Colonial Occupation': The United States and British Malaya 1945-1949. *Asian Culture and History*. Vol. 4, no. 1, January 2012, pp. 29-40.
- Saleh As'ad Djamhari.(eds). 2009.*Komunisme in Indonesia (Jilid iii-Konsolidasi dan Infiltrasi 1950-1959 (Communism in Indonesia (vol. iii-Consolidation and Infiltration)*. Jakarta: Pusjarah TNI with cooperation with Yayasan Kajian Citra Bangsa.
- Stubbs, R. (1994). 'The Political Economy of the Asia-Pacific Region.' In Stubbs, R. and Underhill, G.R.D. (eds.). *Political Economy and The Changing Global Order*. London: The Macmillan Press Ltd.
- Tan Ding Eing. (1975). *A Portrait of Malaysia and Singapore*. Kuala Lumpur and Singapore: Oxford University Press,
- Tate, D.J.M. (1977). *The Making of Modern South-East Asia, volume 1 The European Conquest (revised edition)*. Kuala Lumpur: Oxford University Press.
- Yeo Kim Wah.(1973). 'The Anti-Federation Movement in Malaya, 1946- 1948'. *Journal of Southeast Asian Studies*, vol. 4, no. 1, pp.31-51