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## A JAVANESE “KING” AND HIS *CUKONG*

One hankered after power, the other after money, and when they paired up they made a potent team that kept them on top in Indonesian politics and business respectively for three decades. President Suharto and Liem Sioe Liong worked very closely together, building a symbiotic relationship that resulted in huge benefits for both. Liem, founder of the colossal business conglomerate known as the Salim Group, proved himself to be a reliable businessman and became Suharto's main *cukong*<sup>1</sup> — a Chinese financial backer who is given protection by powerful political or military leaders. In his rise from an itinerant peddler to Indonesia's wealthiest businessman, Liem received patronage from several generals, but most importantly from Suharto himself. The strongman acquired unchecked and, for a long time, uncheckable power and until his shocking resignation in May 1998, was one of the world's longest-serving heads of government. In 1983, sycophantic parliamentarians conferred on him the title *Bapak Pembangunan* — “Father of Development”, which Suharto cherished, as he liked to claim that all his endeavours were for the good of the “common man”. But while he claimed to identify with the “*wong cilik*” (Javanese for “little people”), Suharto saw himself as possessing the *wahyu*, sort

of a divine right, to be the country's ruler. An Indonesian historian once commented: "Like a Javanese monarch, Suharto always equated his self-control and harmony in relation to the spiritual world with the well-being of the nation and the state."<sup>2</sup>

He surrounded himself with people who could serve faithfully and unquestioningly. To stay at the apex of power, Suharto relied on several pillars. One was the military — which the general used effectively. He used money to keep the armed forces loyal to him and used them to suppress political opponents — both real and perceived ones. The military had stepped in to run companies of the colonial Dutch that Sukarno, the first president, nationalized in 1957, and top generals became used to having opportunities to enrich themselves. They became an even bigger player in Suharto's New Order. Another crucial prop for Suharto was financial and other aid from the West. Indonesia was in dire straits when he came into power, and the way he and his team of Western-trained technocrats opened the country for foreign investment was vital for economic growth. But the nation also needed to generate wealth domestically, and here is where Liem made substantial contributions to the New Order. The *cukong* and his Salim Group became a pillar for Suharto.

## A BEAUTIFUL FRIENDSHIP

During Suharto's authoritarian regime, politics and business were closely intertwined. Throughout his military career, Suharto had shown a keen interest in business, stemming from the days when he, like all regimental commanders, was expected to secure additional income to supplement the meagre pay of the soldiers. From as early as the 1950s, he had several trusted military aides and businessmen such as Sudjono Humardani and Mohamad "Bob" Hasan engage in ventures to raise funds. An early endeavour involved bartering sugar from Java for rice. Suharto's overzealousness in generating money later earned him a rebuke and a transfer out of active command in 1959. The need for extra-budgetary funds predates the New Order; during President Sukarno's time, the government also leaned on businessmen to fund his projects. Sukarno had a so-called "Revolution Fund", from which he could dip into for his pet projects. But that paled in comparison to the fund-raising endeavours of his successor. Suharto was a master at squeezing money, which he needed to cement political support. These "unscrutinized off-budget sources of income" amounted to perhaps one-half of actual government

expenditures in the New Order’s formative years, said an academic.<sup>3</sup> One of his early prime contributors was Ibnu Sutowo, boss of state oil company Pertamina. This was one reason the president was so hesitant to hold the oil honcho accountable when he nearly bankrupted the country in the mid-1970s. Suharto’s early group of advisors included the influential “financial generals” who helped him network with Chinese businessmen, among whom was Liem.

After the Japanese Occupation ended in 1945, Chinese traders such as Liem scrambled to revive their interrupted businesses. They started provisioning soldiers of the new republic, who sometimes camped in the hills of Central Java in their fight with the Dutch troops. Liem was one of the suppliers to Suharto’s unit and managed to impress the soldiers with his eagerness, diligence and personable nature. One officer in charge of logistics, named Sulardi, was a cousin of Suharto. Some twenty years later, Sulardi’s younger brother Sudwikatmono would become Liem’s business partner. According to Sudwikatmono, it was his brother who introduced Liem to the man who became the second president of the republic.<sup>4</sup> It was shortly after Sukarno relinquished power to Suharto in March 1966 that the seeds of the Liem-Suharto collaboration began to germinate. The following March, Suharto became Acting President, and he took an active interest in exploring business ventures with Chinese businessmen as well as members of his family.

In 1952, Liem moved to Jakarta, capital of the young republic, to hunt for opportunities. He left his business in Kudus to be looked after by his two brothers, although he still regularly travelled there as well as to Semarang. In 1956, Suharto was appointed commander of the Diponegoro Division, based in Semarang, and several of his aides in charge of finance continued their friendship with Liem. A few of them went on to assume important roles in the Suharto presidency; at least one recommended Liem as a worthy *cukong* for Suharto. Over time, Liem became what journalist David Jenkins called a “*cukong extraordinaire*”.<sup>5</sup> He evolved into the president’s top “go-to guy” in money matters, transplanting other Chinese businessmen who jostled for proximity. Suharto, his limited formal education notwithstanding, was as wily as a fox when it came to making use of people, discarding those who could not consistently deliver the results he sought.

Although Liem and Suharto were born in different countries, they shared many attributes and character traits. Foremost was their humble backgrounds: Both were born to rural families and had limited access to

formal education. They were superstitious and ascribed to mysticism. Character-wise, both men were usually unstintingly polite who hid their true feelings behind a pleasant countenance. This, however, belied the steeliness of their character. The Liem-Suharto partnership sustained each man's ambitions. The Chinese migrant who arrived penniless in Java in 1938 became one of Asia's wealthiest individuals, thanks to a combination of his character, link with the president, his business instincts and his networking skills. Liem, a big believer in *feng shui*, or Chinese geomancy, attributed his good fortune to *hokie*, or luck.

Suharto and Liem had a classic patron-client relationship, with the president "protecting" Liem, and ensuring his formative ventures succeeded by allowing him monopolies and preferential treatment. The payback was funds channelled the president's way — either to family members, senior generals, the Golkar<sup>6</sup> political machine or Suharto's many foundations. Liem gave shares in his companies to Suharto's family, starting with the president's cousin Sudwikatmono, who was the designated partner for the Chinese businessman. He gave equity to Suharto's two older children in his bank, Bank Central Asia. The conglomerate that Liem founded became known as the Salim Group, after the Indonesian surname he adopted in 1967, when Chinese in Indonesia were exhorted to adopt Indonesian-sounding names to facilitate their integration. Liem's Indonesian name was Soedono (sometimes spelled Sudono) Salim. The "Soedono" part was picked for him by the president. It was an apt choice: the prefix "soe" means "good" in Javanese (and many Javanese names, such as Suharto's own start with that). It also jelled with Liem's Chinese name, Liong, actually spelled Liang in *hanyu pinyin*,<sup>7</sup> which also means good. The "dono" part is Javanese for *dana* — the Indonesian word for funds or money. Salim, an Indonesian-sounding name indeed, resembled the Chinese for *san Lin*, *san* being the Chinese for three. It stood for the three Lins, Liem and his two brothers who migrated to Java. The fact that Suharto chose Liem's Indonesian name in 1967 indicated how fully he came to trust Liem early in his tenure.

Liem withstood the test of time, proving his usefulness to the president over many years. He and Bob Hasan were Suharto's closest cronies to the end. Bob was a foster son of Suharto's ex-commanding officer Gen. Gatot Subroto. Aside from carrying out Suharto's business assignments (since the 1950s), Bob was more of a chum to Suharto — his lifelong fishing and golfing partner. He was long-time chairman of the Indonesian Wood Panel Association, known as Apkindo, which operated in effect as a cartel. His

companies received preferential treatment over the course of the New Order. A Chinese convert to Islam, Bob was given the Trade and Industry portfolio in Suharto’s last Cabinet in March 1998; the government lasted less than ten weeks (instead of the intended five years) when riots culminated in Suharto’s resignation. Never one to shy from controversy, the moustachioed Bob once declared he was “proud” to be a Suharto crony.<sup>8</sup>

Like Bob Hasan, Liem admitted to being the president’s crony, despite the negative connotations the term had. In a 2006 interview with the authors, he said: “Yes, I was an *antek* (crony, or lackey), but I was not a bad one.”<sup>9</sup> Over the years, Liem was the one the president turned to as his main milk cow. He was trustworthy and could be counted on rallying fellow Chinese Indonesian tycoons to cough up contributions for Suharto’s many foundations — his “spigots” as Jusuf Wanandi called them.<sup>10</sup> Wanandi, an important behind-the-scenes political player and co-founder of the Jakarta-based Centre for Strategic and International Studies, wrote in his memoir that Liem was the coordinator for donations by the Chinese tycoons for the president. Before each election, for instance, Suharto would summon Chinese tycoons to his ranch at Tapos, and drum up money for his political machine, Golkar. “We must make sure Golkar wins. For that I will ask Liem Sioe Liong to ask donations from you,” Wanandi quoted the president as saying... “He [Liem] would decide (how much each would give) because he knew how much they were worth. And they wouldn’t dare not to give. They would transfer the money to Sioe Liong and he would give it to Suharto.”

In the early days of Suharto’s presidency, there were several Chinese businessmen who enjoyed closer links to the general, and got chances to do business for him. One was a Peranakan<sup>11</sup> businessman, Jantje Liem, whose Chinese name was Lim Poo Hien. He later adopted the Indonesian name Yani Haryanto. Jantje’s father was a motorcycle distributor, but the son had an engine business. Jantje was introduced to Suharto by one of his generals, and soon won over the trust of the new president. His Indonesian name — Haryanto — was picked by Suharto, who injected Yan (which is how Jan is pronounced; the “tje” is Dutch for “little”) into the contraction of his own name — Harto. The Dutch-educated Jantje was debonair and mingled easily with Westerners. His fondness for hunting brought him in close contact with another wild game aficionado, Ken Crane, who worked at the U.S. embassy, and a firm and lifelong friendship developed. Jantje lived on Jalan Cendana in Jakarta’s Menteng district, and got Suharto to move there from his house on Jalan Agus Salim. Jantje became wealthy

from his sugar plantations and became a business partner with various members of Suharto's family, including Mrs Tien Suharto's brothers and later, with the president's children (who grew up with his own kids). Suharto's suggestion that Jantje partnered Liem in business did not work out due to the different personalities, styles and cultural backgrounds.<sup>12</sup>

Among the Totok (more recent arrivals of the Chinese) preceding Liem as having close links with Suharto were a small group of Hokchia, including Djuhar Sutanto, who were already supplying uniforms to the navy. But Liem came highly recommended by some of Suharto's closest advisors including Maj. Gen. Sudjono Humardani, one of the financial generals, whose special relationship with Suharto was enhanced by his role as mystical advisor. Through him, Liem won Suharto's confidence. When Liem became the *cukong* closest to Suharto and the one the president tended to turn to for getting big schemes started, one major factor may have been that Liem was spectacularly successful in getting capable partners to work with him. Also, he was able to get capital from outside the country — hard to come by in the early New Order, when foreign banks were not making loans to the country.

Liem's trustworthiness stood him apart; once he gave his word to undertake a mission, he would fulfil it, even if he had to make a loss. It was the way that Liem could be depended on, that was the glue for the strong bond that developed between the two men. In 1967, Suharto asked Liem to take Sudwikatmono as a partner, which signalled the start of what became referred to as "Cendana's business interests", Cendana being the name of the street where Suharto lived in Menteng, central Jakarta. Suharto tried to pair Liem with his wife's brother, but that did not work out. The winning partnership turned out to be Liem, Sudwikatmono and two others — Djuhar Sutanto, who brought with him his associate, Ibrahim Risjad. These four formed the foundation of the Salim Group. The Indonesian media dubbed the four men "*Empat Serangkai*", meaning a quartet, but the moniker which stuck was "the Gang of Four".

## THE JAVANESE "KING"

*"Serving his master is the religion of the Javanese." — Multatuli's Max Havelaar*

The earliest English language biography of Suharto, published in 1969, was written by journalist O.G. Roeder, who aptly described him as *The Smiling General*. Like the quintessential Javanese, Suharto sought to mask

his feelings behind a smile (although there were occasions during his presidency when he showed flashes of anger). His cousin Sudwikatmono once noted that the word *sabar*, meaning calm or patient, is often associated with Suharto. It is one of three “S” words in the motto Suharto displayed on his office door: “*Sabar, Sareh, and Soleh*”. The motto, Sudwikatmono said, represented “Pak Harto’s [as Suharto was called] philosophy of life. The words stood for patience; thoughtful consideration; and piety or virtue.” He wrote:

If, for example, a staff member reports something in a hasty and nervous manner (Suharto) as a supervisor would accept it with “*sabar*”, not become excited himself. With “*sareh*”, a matter must be considered thoroughly before making a decision. Further, once a decision is taken, it should not be changed. As for “*soleh*”, we must always pray for HIS blessing as God will ultimately decide everything. For the Moslems, this is done by praying five times a day.<sup>13</sup>

Because Suharto was so understated compared with his flamboyant predecessor, it was easy to underestimate him. When he took over the presidency from Sukarno, the U.S. embassy in Jakarta sent a cable to headquarters describing him as a “devious, slow-moving, mystical Javanese”. Another embassy report filed later called him inscrutable — “a contradictory mixture of modernizer, single-minded military officer and Javanese traditionalist”.<sup>14</sup> Brian May, a journalist living in Jakarta in the 1970s wrote in his book *Indonesian Tragedy*:

there were rare occasions when the man who overthrew Sukarno, and then brought to heel all the generals who helped him, shows himself for a second or two. The soft features suddenly sharpen and the kindly eyes glint menacingly. Few people have seen this steely transformation, but those who have, are struck by it. I saw it only once, when Suharto suddenly turned and fixed his glance on a suspected general who was talking to a European at a reception. At this moment he immediately appeared as a man who could not only lead, but rule, Indonesia.<sup>15</sup>

Suharto was Javanese to the core — circumspect and deliberately slow to act, like a chess player pondering his next moves. The Javanese are polite and frown on emotional displays and flamboyant conduct. Retnowati Abdulgani-Knapp, author of an authorized biography of Suharto, commented on the nation’s second president: “His reserved approach and reluctance to make anyone feel uncomfortable or to

embarrass anyone in public makes it hard to understand or guess what he is really thinking ... there are hints in his expression and gestures but they are not easy to decipher."<sup>16</sup> R.E. Elson, in his 2001 biography on Suharto, said "patience, stubbornness and calculation were Suharto's watchwords — pushing forward when he saw openings, holding ground when opportunities closed, orchestrating the isolation and departure of potential obstacles or troublemakers."<sup>17</sup> On Suharto's deceptively calm demeanour, Elson wrote:

It took many of the Jakarta elite some time to realise that the cool, restrained, taciturn and ever-smiling Suharto had grown into a devastating, ruthless, manipulative politician, who had managed by shrewd calculations of timing, bluff and threat to dethrone the father of nationhood and himself attain the highest office in the nation within thirty months of the October 1 (1965) affair.<sup>18</sup>

American political scientist Ben Anderson, banned for many years by the government from entering Indonesia for implying in his writings that Suharto might have had advance knowledge of the coup attempt launched the night of 30 September 1965, wrote after the strongman's death: "Resentful, suspicious and cunning, the dictator made sure that no potential rivals, military or civilian, could develop any independent social or political base."<sup>19</sup> The late Mangunwijaya, a respected Catholic priest, once contended that Suharto felt he owned and *was* the state, remarking: "Suharto combines in himself the attributes of a King of Mataram, a Japanese military commander and a Dutch plantation lord."<sup>20</sup>

As a young man, Suharto did not stand out as someone destined for great things. He showed no burning ambition. He did not speak Dutch and was not fluent in English, unlike Sukarno who could converse in seven languages. And unlike promising officers in his peer group, Suharto was not picked for a training course overseas. Compared to Sukarno, who was university educated, suave and charming, Suharto was dull and rather wooden. Elson related the time Suharto nearly hung up his uniform; in 1950, when he was reprimanded by his divisional commander, Gen. Gatot Subroto, for starting a transport business to benefit his veterans, Suharto became so disheartened that he "almost decided to quit military service and pursue another profession; if need be [he] was prepared to become a taxi driver." His wife quickly disabused him of the idea: "I told him that I did not marry a taxi driver; I married a soldier."<sup>21</sup> Despite his apparent



lack of ambition, Suharto demonstrated that he was capable of seizing opportunity, something that Liem was also good at in business. And unbeknown to many in the early days, Suharto had a streak of ruthlessness in him. In the uncertain days following the attempted coup, his superior, Gen. Nasution (himself the target of the coup plotters) also underestimated him. While Nasution wavered (he was said to be traumatized by his daughter’s death, from gunshot wounds sustained the night of the coup), Suharto did not, and forced Sukarno to sign over power to him on 11 March 1966. Those who had their doubts about Suharto’s staying power would be proven wrong.

When Suharto spoke — unlike Sukarno, he could not excite or inspire crowds — he regularly used the word “framework” (*rangka*). His personal framework heavily reflected how the feudal traditions of Javanese culture were firmly embedded. In politics, Suharto proved to be a masterful *dalang* — the puppeteer who control the characters in the Javanese shadow puppet play, *wayang kulit*. Liem’s youngest son Anthony Salim, who after his return from studies in the United Kingdom often accompanied his father to meet Suharto, noted that there were multiple characters on Suharto’s screen, and “we are just only one of the players”. The president, he added was “a very strong man... He took advice from various sources but he made his own decisions.”<sup>22</sup> Often trying to weigh in were Suharto’s team of technocrats, led by economist Widjojo Nitisastro, and dubbed “Berkeley Mafia” as most were graduates of the University of California at Berkeley. But they had to compete for the president’s ear with a big cast, including *cukongs*, army generals and a group called the “nationalists”, led by influential Research and Technology Minister B.J. Habibie, whose big-spending national aircraft programme the technocrats hated but Suharto loved. (Habibie was Suharto’s last vice-president; he was sworn in as president when Suharto resigned on 21 May 1998.) Like the *dalang*, Suharto adeptly directed the political theatre. He masterfully played rivals off against each other and balanced competing interests. He would summon his advisors to see him individually — leading to people dubbing the process “KISS”, for *ke-Istana sendiri-sendiri*, or “going to the palace one by one”. People seeking time with the president often bumped into each other at Cendana. Anthony recalled multiple occasions when he and his father would bump into Widjojo coming out of meetings with Suharto. “He didn’t like us very much,” Anthony said of Widjojo.<sup>23</sup>

Once his confidence grew, Suharto had his technocrats, politicians and military running scared. He brooked no dissent, and effectively sidelined those advisors deemed too big for their boots, or who were perceived to pose possible threats to his power. An early rare public display of anger was manifested after student protesters in 1971 slammed his wife's grandiose plans to build a multimillion dollar theme park, Taman Mini Indonesia Indah (for which Liem and other tycoons were squeezed for donations). Armed toughs bashed the students while Suharto threatened to use the military to "pummel anyone who tries to violate the constitution".<sup>24</sup> Later, when a group of disaffected distinguished retired generals and former ministers signed a petition to parliament (referred to as *Petisi 50*) criticizing the president's "self-serving" interpretation of the national ideology Pancasila, an enraged Suharto made their lives miserable for years, banning them from overseas travel, cutting off their credit and impeding their business activities.

### AN IDEAL *CUKONG*

If Suharto needed a crony, there couldn't be a better one than Liem. The Chinese businessman had a natural entrepreneurial flair, a pleasant personality and a charming mannerism that was an advantage when it came to networking. Moreover, he was generous, discreet and trustworthy. Liem's credibility with the president grew when he was able to consistently deliver the goods. (Reliability was of paramount importance to Suharto. Long-time Singapore leader Lee Kuan Yew wrote in his memoirs of his Indonesian counterpart: "I found him to be a man of his word ... his forte was his consistency."<sup>25</sup>) Being Chinese, Liem posed no political threat to Suharto. Their relationship — formed from mutual need — became a real friendship. In 2006, when asked what kind of man Suharto was, Liem replied: "Kind and compassionate... He set up charities to help people; I told him, I have money, we can work together."<sup>26</sup> Kindness and compassion were not adjectives normally associated with the country's second president, as his political enemies would attest. Naturally, Liem viewed the president from a different perspective, being beholden to Suharto. On his part, Liem could have been called "the genial tycoon". People close to Liem describe him as even-tempered. His cousin Djoni Prananto said he never once saw Liem get angry or raise his voice. "Om [using the Dutch word for 'uncle', which is how most people address Liem] is *sabar*

(calm or patient); he never got mad. Everyone liked him. And if someone crosses him, he doesn't seek revenge. If he ever got angry, he was quick to forget", added Djoni.<sup>27</sup> Suharto quickly got comfortable with the Chinese businessman, who became a frequent visitor, dropping by casually some evenings without prior appointment at the residence on Jalan Agus Salim, and then at Jalan Cendana No. 10 after Suharto moved there. Unlike some of the leader's relatives and aides, who treated him with condescension and occasionally even disdain, Suharto was always courteous with Liem. Liem recalled: "Pak Harto would stand up when I entered the room. Once I said to him, 'Please don't do that; we only stand up for our seniors ... but he laughed and replied: 'I am an ordinary person'."<sup>28</sup>

Both Liem and Suharto had good instincts about people, and valued loyalty. Liem lined up an impressive array of partners who enabled him to achieve his goals. Suharto, thrown into decision-making at the highest level when he was ill-prepared, initially relied heavily on advice from a coterie of trusted aides and technocrats. But as they gained confidence and experience, both trusted their own judgements most of all. Suharto's long list of advisors in the early days of the New Order got whittled down, and by early 1990s, he seemed to be listening only to a handful of sycophantic people and his immediate family. In the early years of his presidency, Liem and Suharto frequently exchanged ideas on business, with the *cukong* offering suggestions, but these would have been raised in the only way Javanese would do it — carefully, indirectly and in private. Later, Liem was the conduit for feedback from the private sector.

In dealing with Suharto, it was prudent to know one's place. The president let it be known in no uncertain terms that he was the ultimate decision-maker. Anthony Salim made this comment about Suharto: "When speaking to any boss, you know where you stand. He is *the* boss. In any organisation, the boss is still the boss, whether you think the boss is stupid or [is] right or wrong ... it doesn't matter — he is the holder of power."<sup>29</sup> His father's decades-long relationship with Suharto was predicated on Liem knowing where he stood in relation to the president. Only then could he continue to be in Suharto's good graces and receive protection for his businesses.

Suharto and Liem both wanted to make money and that desire helped fuel their friendship. Although money made them powerful, and they lived for decades with the trappings of wealth and prestige associated with their station in life, both men clung to the nostalgia of their village

childhood — the president was most relaxed being around the folksy-ness of farmers and Liem was content to have a simple breakfast of porridge and fried tofu with his family. Throughout his presidency, Suharto lived in the same unpretentious house on Jalan Cendana. His chief weakness was his indulgence in his children, and allowed them to enjoy the privileged life he never had when he was young. Although after his fall, many allegations were made about Suharto's ill-gotten wealth (in a May 1999 issue, *Time* magazine claimed its correspondents found indications that at least US\$73 billion passed through the family's hands between 1966 and 1998),<sup>30</sup> but Elson wrote that he believed Suharto was "not personally a greedy man ... he was interested in money because it was central to his capacity to maintain power and to move Indonesia in the directions he desired."<sup>31</sup> Liem never publicly criticized the president, but years after Suharto's resignation, the *cukong* opined that the president "indulged his children too much".<sup>32</sup> On his part, Suharto almost never publicly talked about Liem, even when the Indonesian media were critical of favours accorded the *cukong* and his group. On one occasion he directly addressed these criticisms — meeting with *pribumi* (indigenous) bosses of small and medium-sized enterprises at his Tapos ranch in September 1995, he denied that he was in "collusion" with the Chinese financier. The reason Liem enjoyed big positions in cement and flour-milling was that he had been asked to invest in industries needed by the state, the president said.

Liem said Suharto enjoyed listening to stories about Chinese history and folktales, even if initially he did not understand everything Liem said. Speaking in a mixture of Indonesian and Javanese but with a very heavy Chinese accent, Liem could not always make himself understood to the president. Sudwikatmono once half-jokingly said whenever he was present at their meetings, he had to be translator for Liem. Liem said he introduced Suharto to Chinese herbs, and made sure the president was supplied with ginseng, bird's nests, cordyceps and other expensive herbs and tonics.

So intertwined were the fortunes of the two men that it was inevitable that Suharto's fall in 1998 imperilled Salim. Just as Suharto had a long list of enemies that grew over his thirty-two-year rule, Liem attracted a host of business rivals and foes, both Chinese and *pribumi* who resented Salim's special position. May 1998 opened payback and backlash time. Liem's time as strategist and deal-maker was over; it fell to Anthony to prevent the crushing of the empire. In retrospect, Anthony said, one of

Suharto’s main failures was that he did not embrace change because he became too powerful and stopped listening to things he did not want to hear. “Suharto ruled the country based on [the concept of] Javanese king and philosophy ... Society could accept that, at the time. But it takes two hands to clap. [Over time], the situation changed, the social structure changed, expectations changed ... So you have to embrace change in order to adapt, otherwise you become a dinosaur.”<sup>33</sup> The close association that Liem had with Suharto came at a price — enmity. When the strongman fell, the knives came out for all those associated with him. Naturally, Liem was a prime target. During the frenzied May 1998 rioting, mobs (thought to be organized) broke into Liem’s Jakarta residential compound, setting fire to his house and cars. Liem would never live in Indonesia again.

## SHARED BELIEF IN MYSTICISM

Another common ground shared by Liem and Suharto was their interest and belief in mysticism. Liem was deeply superstitious, often seeking advice from Buddhist monks and Taoist fortune-tellers before embarking on ventures. Before he became more overtly Muslim, Suharto was a practitioner of *kebatinan* — Javanese mysticism — and often consulted with *dukun*, or spiritual advisors. For a period in his youth, he studied under a Javanese mystic Kiai Daryatmo, from whom he “absorbed a great deal of spiritual backboning”.<sup>34</sup> He learnt meditation in his quest to attain inner development and spiritual wisdom. He meditated in holy caves in Java. The late Indonesian historian Onghokham wrote:

If former President Sukarno became a dictator because he was the Great Leader of the Revolution, Suharto became one because, like the old Javanese kings praised in song and myth, he was Paku-Buwono, the “Nail of the Universe.” If you take the nail away, the universe collapses.<sup>35</sup>

Suharto surrounded himself with sacred heirlooms of power, noted the historian. Called *pusaka*, these objects helped leaders maintain their hold on power. Among them were a gong from the palace of Surakarta (Solo) and the Gajah Mada masks of Bali, dating to the thirteenth century Majapahit empire.<sup>36</sup> Of course, the most dominant *pusaka* in his possession was his wife, Ibu Tien, a descendant of the Mangkunegara royal family. From her, he derived his *wahyu*, the God-given right to rule. To many observers, it was no coincidence that after her death in 1996, things went downhill.

It was said that Suharto identified with Semar, the clown-god from Javanese mythology, who entertained audiences in the *wayang kulit* shadow puppet performances. Although Semar was a comical figure, he was actually wise and powerful and was regarded as the guardian spirit of Java. According to an anthropologist, Semar represents the common folks, and their suffering.<sup>37</sup> Semar was in effect, Suharto's alter ego. In 1974, the year before Indonesia invaded East Timor, Suharto took the highly unusual step of inviting Australian Prime Minister Gough Whitlam to a cave in Central Java called Gua Semar (Semar's cave) where he used to meditate. The occasion was significant for the Indonesians and interpreted as Suharto's taking the Australian leader into his confidence.<sup>38</sup>

Liem, too, was familiar with Javanese holy sites. He often made pilgrimages to a sacred area in East Java called Gunung Kawi, where he consulted fortune-tellers before undertaking substantial business commitments. Gunung Kawi, said to be the burial site of two Javanese saints, is revered by worshippers of different faiths. It gets more than 100,000 pilgrims each year, many of them Indonesian Chinese — but quite a few Javanese — seeking blessings or favours. Believers maintain that meditating under the "goddess tree" (Dewa Ndaru in Javanese) enhances prospects of having one's dreams realized. Many believers sit under the tree with hopes that a leaf may drift onto their laps, an indication that their prayers would be answered. For years, Liem was a regular pilgrim, making the three-hour drive from Surabaya four or five times a year. Chinese temples coexist with a mosque, and it is at one of the temples located here that Liem used to seek divination about his business plans. Liem must have had many prayers answered, as he donated heavily for upkeep of the area, paying for road improvements and building a dormitory for worshippers. He also donated towards construction of a Goddess of Mercy statue in the area. According to him, Suharto had also visited the site. Liem adhered closely to the advice proffered by monks.

At temples where he worshipped, Liem often resorted to divination methods to help him decide on what course to take. One commonly used involved the shaking of inscribed sticks from a bamboo cylinder until one falls out, which is then read and interpreted by a monk or fortune-teller. The timings of the inauguration of factories were all calculated to the minute, using the time and date of his birth according to the Chinese calendar. His divine consultations even reached the more mundane levels, such as whether the timing was right for his banks to obtain a foreign exchange licence.<sup>39</sup>

His adherence to the principles of Chinese geomancy, or *feng shui*, led him to be extremely cautious about undertaking unnecessary changes. He would often keep things as they were, just so that his *hokie*, or luck, would not be compromised. Thus, the decrepit-looking house in Kudus where the peanuts were pressed and the weekend bungalow in the hills in Central Java where he sometimes sought solitude still look quite unchanged. His modest single-storey home in Jalan Gunung Sahari was hardly renovated, although the soothsayers did not object to his building a modern double-storey mansion right next door (this was the one that was attacked and burnt by rioters in May 1998). He would not even dare touch the very simple headstones that marked his ancestors’ graves in his hometown in China, never mind that they were so small they could barely be seen.

He consulted monks and seers often about a whole range of subjects. He said he once asked a clairvoyant about the duration of Suharto’s presidency and was told it would last no more than seven terms.<sup>40</sup> (Suharto resigned less than three months into his seventh term.) In 1998, while recuperating in the United States from eye surgery during the darkest days as Jakarta burned and the Suharto regime was collapsing, Liem visited a Buddhist temple in Los Angeles. The monk told him to be patient. While it was “winter” for him now, the “Sakura” (spring) season would arrive, the monk said.<sup>41</sup>

## ESTABLISHING BIG BUSINESS

In the early days of his presidency, Suharto was advised by Liem to strive to fulfil people’s “four basic needs” — *yi, shi, zhu, xing*, in Chinese, namely, clothing, food, shelter, and transportation. Only then, Liem said, citing a Chinese belief, would society become more stable and the population more content (and presumably, more pliant). The Javanese equivalent of these basic necessities is encapsulated in the expression *sandang pangan* — meaning food and clothing. Liem indicated that he was ready to do the president’s bidding, and Suharto did, in some cases, effectively assign him to build a factory or enterprise. When Liem entered a new area such as flour-milling, it was not exactly risky as Suharto ensured the investor would have a sole or dominant position in the market.

Besides helping to fulfil the “four basic needs”, Liem added a fifth. For many Indonesians, taking a puff of their clove-infused cigarette, called *kretek*, was almost a basic need. Liem — and Suharto’s half-brother — got exclusive rights for years to import cloves from Zanzibar and Madagascar.



Getting the balance right between supply and demand for cloves had always been tricky, and although cloves were native to Indonesia, the country had in the past resorted to importing the spice from those two African countries. Smuggling of the commodity from the entrepôt centre of Singapore also earned some individuals a pretty penny.

Clothing was the area in which Liem would have a very small role. Because textiles was a highly competitive area in much of Asia and not one in which Suharto could make him dominant, Liem switched attention to other areas. Japanese researcher Yuri Sato, the first to look at the Salim Group in detail, wrote in 1993 that after receiving early on lucrative profits from government-licensed businesses that it could dominate, "pursuing monopolistic and oligopolistic market positions became a cornerstone of the group's corporate behaviour".<sup>42</sup> Being in privileged positions helped put Salim on a fast growth track. In 1992, Sato wrote, Salim "accounted for 39 per cent of the total sales of the 10 largest Indonesian business groups, making it by far the largest conglomerate in the country and the largest in Southeast Asia, ahead of those in Singapore, Taiwan and Hong Kong and just behind the Republic of Korea".<sup>43</sup>

To the public, the Salim Group became huge because of monopolies, which gave it the cash-flow to invest in businesses where there was competition. Before it branched out into a vast array of businesses, the group had three main pillars which gave it a solid foundation:

*Food:* Bogasari Flour Mills was the first substantial investment for Salim. Established in 1969, it was to become the world's biggest miller. It was a crucial pillar of his empire, with its history illustrating some aspects of Suharto's Indonesia: while it was a privately owned company, its articles of association stipulated that 26 per cent of profits go to two foundations linked to Suharto. The company's position was controversial throughout the New Order. Suharto maintained its business position until the International Monetary Fund (IMF) forced him to end the protection, but through the years the president could not stop the milling company from being a significant target for criticism. Indofood Sukses Makmur in the 1990s became the world's biggest maker of instant noodles, even overtaking the Japanese manufacturer that invented it. In 1995, the company had captured 90 per cent market share in Indonesia.

*Cement:* Another pillar was cement, a business in the area of "shelter". It had an oligopolistic position although there were state-owned manufacturers, and, in 1985, its company Indocement received a state bailout that was essential to the group's survival.



*Banking:* Liem became a kingpin through PT Bank Central Asia (BCA). With help from seasoned banker Mochtar Riady, it became a behemoth and the country's largest privately owned bank. Liem allocated 30 per cent shares for Suharto, put in the names of his two older children, Sigit Haryoyudanto and Siti Hardiyanti Hastuti Rukmana, better known as Tutut. The bank suffered a massive run in May 1998 after Suharto's resignation and Liem lost his flagship financial institution.

In the area of transport, Salim was not in the dominant position in Indonesia, though it rose to become number 2, behind Astra International, founded by William Soeryadjaya. Financial woes of the Soeryadjaya family led to Salim owning stakes in Astra (for a few years) as well as its own Indomobil. Liem entered property primarily in partnership with Ciputra, a savvy developer who also worked with the Jakarta government. Salim expanded into scores of other areas, including chemicals, sugar and oil palm plantations, mining, forestry, pharmaceuticals, shipping, distribution and retail, communications and the leisure industry. The group described itself as "opportunity-driven" and there was no shortage of opportunities, especially as Suharto pushed import-substitution policies for many years. Anthony Salim, who became the group's chief executive, was quoted as saying: "In the 1990s, it was as if every business you touched turned into gold."<sup>44</sup> As Liem was close to Suharto, many business people sought partnerships with Liem.

Salim was not content simply to be a large domestic player. In the early New Order years, Liem registered companies in Singapore, where he could take loans more easily than in Indonesia (until he obtained Indonesian citizenship). But it was only after Anthony's return in 1971 from studies in England, that Salim actively pursued geographic expansion beyond Indonesia so that not all eggs were in one basket. With Salim money, Anthony and Filipino banker Manny Pangilinan, in 1981 started First Pacific, an investment company in Hong Kong. In the first of waves of asset acquisition and shuffling, First Pacific bought a Dutch trading company, Hagemeyer (founded in Java during the colonial days), and a California bank, Hibernia Bank. At one time, First Pacific had operations in more than forty countries. In 1996, it became a component stock in Hong Kong's Hang Seng Index. After Suharto fell in 1998, Salim's eggs outside Indonesia proved very helpful to efforts to deal with debts and keep Salim in Indofood.

A combination of risk-taking, winning personality and the willingness to share the spoils contributed to Liem's emergence as the best-suited

Chinese-Indonesian crony for Suharto. Many Chinese entrepreneurs had to latch onto senior military figures for their businesses to grow — and it could be said vice versa, for the benefits were mutual. After laying claim to power in the aftermath of the 1965 abortive coup, Suharto wasted no time in using his *cukongs* to raise funds for the military, whose full support he needed to consolidate his position. But it was not just a strong relationship with the president that propelled the Salim Group. Liem exhibited excellent intuition and foresight, demonstrating an uncanny ability to pick good managers and partners. Also, his successor, Anthony, born a month after Liem survived a horrific car collision, possessed needed skills and tried to steer Salim to go global. However, as pointed out by an academic, the effort did little to change the group's image in the eyes of the public, "which interpreted the business of the group as an extension of the Suharto family".<sup>45</sup>

Responding to charges that the Salim Group became synonymous with Cendana (the president's family) interests, Anthony admitted: "We know too, but unfortunately we had no choice ... we had to have two feet on the accelerator, not because we wanted to, but we cannot be separated. How can you move away when all the major industries of the country are with you? All the important commodities — food, banking, construction — [we were] the nerve and muscle."<sup>46</sup> He added: "The main thing is knowing where you put yourself. You get burned if you're too close to the fire; when you're too far away, you get cold and die. That's very important ... Just to be warm [enough to] feel the heat, but you don't get burned."<sup>47</sup>

## Notes

1. *Cukong* is derived from a Hokkien term meaning "boss" (*zhu gong*). See Leo Suryadinata, ed., *Ethnic Chinese in Contemporary Indonesia* (Singapore: Chinese Heritage Centre and ISEAS, 2008), p. xiii.
2. Ongkhokham, "Soeharto and the Javanese tradition of monarchy", *Indonesia and the Soeharto Years: Issues, Incidents and Images* (Jakarta: Lontar, 2005), p. 320.
3. R.E. Elson, *Suharto: A Political Biography* (Cambridge: Cambridge University Press, 2001), p. 151.
4. Interview with Sudwikatmono, 8 August 2006.
5. David Jenkins, "The quiet, bald moneymaker of Jakarta's elite", *Sydney Morning Herald*, 10 April 1986.
6. Abbreviated for Golongan Karya, meaning functional groups. It later became in effect, Suharto's political party.

7. *Hanyu pinyin* is the official romanization system of Chinese characters adopted by China and other nations.
8. Interview with Bob Hasan, 29 May 2003.
9. Interview with Liem, 3 June 2006.
10. Jusuf Wanandi, *Shades of Grey: A Political Memoir of Modern Indonesia, 1965–1998* (Jakarta: Equinox, 2012), pp. 236–37.
11. A Peranakan was an assimilated Chinese whose ancestors may have arrived in Indonesia several generations ago. Usually unable to speak Chinese, the men were sometimes referred to as “Baba” and the women as “Nonya”.
12. Given his U.S. embassy connections — which Liem did not have — Jantje expected to play a part in milling the American wheat that Washington gave Suharto as aid. But Jantje found himself cut out of a role in flour-milling, which went to Liem. According to a confidential source, Jantje got lucrative sugar plantations as a consolation.
13. Sudwikatmono, “Manajemen 3 Sa: (catatan seorang pengusaha)”, in *Manajemen Presiden Suharto: Penuturan 17 Menteri*, edited by Riant Nugroho Dwidjowijoto (Jakarta: Yayasan Bina Generasi Bangsa, 1996).
14. Bradley Simpson, *Economists with Guns: Authoritarian Development and US-Indonesian Relations, 1960–1968* (Stanford: Stanford University Press, 2008), pp. 214, 219–20.
15. Brian May, *The Indonesian Tragedy* (Routledge & Kegan Paul, 1978), pp. 156–57.
16. Retnowati Abdulgani-Knapp, *Soeharto: The Life and Legacy of Indonesia’s Second President* (Singapore: Marshall Cavendish, 2007), p. 329.
17. Elson, *Suharto: A Political Biography*, p. 166.
18. Ibid.
19. Benedict Anderson, “Exit Suharto: Obituary for a mediocre tyrant”, *New Left Review*, no. 50 (Mar–Apr 2008).
20. Theodore Friend, *Indonesian Destinies* (Cambridge, MA: Belknap Press of Harvard University, 2003), p. 258.
21. Elson, *Suharto: A Political Biography*, p. 50.
22. Interview with Anthony, 22 July 2007.
23. The authors tried on several occasions to talk with the ailing Widjojo, one of modern Indonesia’s most important planners, but were told that the time was not suitable or that he was not feeling well. He died in March 2012.
24. Elson, *Suharto: A Political Biography*, p. 199.
25. Lee Kuan Yew, *From Third World to First: The Singapore Story: 1965–2000* (New York: Harper Collins, 2000), p. 305.
26. Interview with Liem, 3 June 2006.
27. Interview with Djoni Prananto, 3 May 2006.
28. Interview with Liem, 6 May 2006.
29. Interview with Anthony, 22 July 2007.

30. "Indonesia: It's All In The Family", *Time*, 31 May 1999.
31. Elson, *Suharto: A Political Biography*, p. 281.
32. Interview with Liem, 6 May 2006.
33. Interview with Anthony, 14 October 2007.
34. Elson, *Suharto: A Political Biography*, p. 6.
35. Onghokham, "Soeharto and the Javanese tradition of monarchy".
36. Ibid.
37. Niels Mulder, *Mysticism in Java: Ideology in Indonesia* (Amsterdam: Pepin, 1998), p. 31.
38. Lee Khoon Choy, *Indonesia: Between Myth and Reality* (Singapore: Federal Publications, 1977), p. 147.
39. Confidential interview, Jakarta.
40. Interview with Liem, 6 May 2006.
41. Ibid.
42. Yuri Sato, "The Salim Group in Indonesia: The development and behavior of the largest conglomerate in Southeast Asia", *Developing Economies XXXI*, no. 4 (December 1993), p. 437.
43. Ibid., p. 408.
44. Marleen Dieleman, *The Rhythm of Strategy: A Corporate Biography of the Salim Group of Indonesia* (Amsterdam: ICAS/Amsterdam University Press, 2007), p. 59.
45. Ibid., p. 126.
46. Interview with Anthony, 4 March 2007.
47. Interview with Anthony, 22 July 2007.