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Smuggling Cultures in the Indonesia-Singapore Borderlands

Michele Ford and Lenore Lyons

The smuggling will never stop. As long as seawater is still seawater and as long as the sea still has water in it, smuggling will continue in the Riau Islands.

Tengku Umar, owner of an import-export business

Borders are lucrative zones of exchange and trade, much of it clandestine. Smuggling, by definition, 'depends on the presence of a border, and on what the state declares can be legally imported or exported' (Donnan & Wilson 1999: 101), and while free trade zones and growth triangles welcome the free movement of goods and services, border regions can also become heightened areas of state control that provide an environment in which smuggling thrives. Donnan and Wilson (1999: 88) argue that acts of smuggling are a form of subversion or resistance to the existence of the border, and therefore the state. However, there is not always a conflict of interest and struggle between state authorities and smugglers (Megoran, Raballand, & Bouyjou 2005). Synergies between the formal and informal economies ensure that illegal cross-border trade does not operate independently of systems of formal regulatory authority. Smugglers are frequently subject to a system of unofficial 'rules of law' developed through tacit agreement among trading parties, which operates in parallel to regulations imposed by the state (cf. Chang 2004; Walker 1999). The existence of these parallel regulatory systems creates a situation where smuggling can constitute a form of informal power in opposition to state power while at the same time being integrated into state apparatuses. Indeed, studies of smuggling demonstrate that collusion by state authorities is almost always essential for illegal cross-border trade to occur (Chang 2004; Niger-Thomas 2001; Van Schendel 1993). Like many other forms of illicit cross-border exchange, smuggling thus reveals the paradox of the border: even as illegal cross-border trade works to undermine the state, it also works to constitute it (Donnan & Wilson 1999: 106).

In this chapter, we examine the unauthorised movement of goods across the border to and from Indonesia's Riau Islands from the perspective of the individuals who smuggle and consume them, and from the perspective of local agents of the state - individuals whose stories demonstrate the multiple meanings associated with cross-border flows across the straits and, in doing so, shed light on how state practices intersect with competing ideas about legality and licitness.¹ The first part of the chapter examines this nexus between the historical

formation of the border and cross-border flows of goods in the colonial and post-colonial periods.² Here we show that although many individuals who live in the Riau Islands experience the border as a boundary and as the imposition of state rule, it also represents a resource that can be exploited. The second part of the chapter demonstrates how the often contradictory processes of bordering have shaped not only the ways that Riau Islanders imagine the border but also the state's changing definitions of, and responses to, smuggling. In particular, our study of the Riau Islands reveals that local state involvement in 'illegal' acts (such as corruption that supports smuggling) can be seen as a legitimate response to local needs and the perceived failures of the national government and legal system- a fact that points to the need to explore local ecologies of licitness (and illegality) not just in terms of community perceptions but also in terms of different levels of the state.

Local responses to evolving practices of bordering

Smuggling has been an integral part of life in the Riau Islands since the British and Dutch began to carve out spaces of economic interest in the Straits of Malacca. Since the late 1800s, cross-border flows of goods (and people) have been shaped by efforts to create borders through the establishment of colonial territories and then new sovereign states. The Straits of Malacca, which divide Singapore and Malaysia from Indonesia, have long been the site of a flourishing economy of smuggling (Trocki 1979, 1990). In fact, the history of the border is a history of attempts to control the flow of people and goods across the straits. The Anglo-Dutch Treaty of 1824 gave the Malay Peninsula and the island of Singapore at its tip to the British, and Sumatra and the Riau Islands to the south of the Straits of Singapore to the Dutch. At that time, the Dutch were much more interested in establishing and policing the border between Singapore and the Riau Islands than the English (Tagliacozzo 2007) - an interest that reflected their desire to control the movement of contraband across the Anglo/Dutch frontier and to regulate the flow of taxes into the colonial coffers. Attempts to do so were only partially successful, and a booming cross-border economy (much of it deemed illegal by the Dutch) developed that led to the Riau Islands becoming far more closely integrated into the Straits economy than they did with the rest of Dutch East Indies.³

Map 1: Map of Riau Islands



During the Second World War, the boundary between the Dutch and British spheres was even further weakened with the creation of the Japanese 'co-prosperity sphere'. Administratively, Malaya and Sumatra were ruled by the 25th Army, which encouraged civilian maritime trade, and the Riau islands fell under the administration of Syonan (Singapore). The Japanese occupiers played a central role in facilitating smuggling across the Straits through the setting up of *kumiai* (co-operatives) engaged in cross-Straits trade. Shortages in food and other products provided opportunities for a new form of smuggling to emerge - *danbang* trade - a type of business conducted by self-employed itinerant traders (Twang 1998: 13). The brief period of Allied Occupation that followed was heralded a 'golden age of smuggling' (Twang 1998: 2T4), but this changed when the Dutch colonial authorities returned. Because smuggling was vital to sustaining the economy in Republican areas, the Dutch were determined to control the flow of goods across the Straits (Yong 2003). However, *danbang* trade continued and other firms involved in anti-Dutch smuggling mushroomed, leading to the founding of import-export associations in Singapore and Penang that were directly involved in cross-border barter trade (Twang 1998: 13). Using a combination of naval blockades and increased regulation, including the introduction of a new banking system that controlled foreign exchange, the Dutch succeeded in controlling the trade by the end of 1947. The more determined smugglers, however, were harder to eliminate, and the smuggling trade continued, albeit on a much smaller scale and no longer openly backed by the British. As a consequence, it became more covert (Twang 1998: 240).

Cross-border trade remained the mainstay of the islands' economy in the immediate post-colonial period due to strong demand in Singapore for items from the islands, including coconut, copra, rubber and fish.⁴ Islanders in turn relied on a range of products 'imported' from Singapore, including fresh vegetables, rice and clothing. This was the 'Era of the Dollar' (*zaman dollar*) when islanders frequently travelled to Singapore to purchase goods and services. Our informants recounted that the islands were 'flooded by Singaporean goods' and even local officials were paid in Singapore dollars or 'KS' (Kepulauan Riau dollars). Not only were dollars used to buy and sell goods, but price differences between Singapore and the Riau Islands were quite stable: local regulations put in place in the 1950s required ships bringing in goods from Singapore to present a purchase receipt to Indonesian trade officials on arrival into port. The official would then determine a selling price that took into account transportation costs.

In addition to this regulated trade, there was also a considerable amount of what the new Indonesian government regarded as smuggling. Some of this trade was highly organised and visible. Awang, a Malay teacher from Tanjung Balai Karimun, recalls that during the 1950s he was one of the richest men in his community because of the high prices his copra attracted. He would ship coconuts from Sumatra to the islands and manufacture copra, which was then sent by ship to Singapore. Other cross-border trade activities were conducted on a much smaller scale. Sugiyanto, a Javanese day labourer who has lived in Tanjung Pinang since 1959, recalled that going to Singapore was 'just like going to the market', as islanders would regularly row over to Singapore to sell a few kilograms of chillies or rubber. He recollects that 'there were no obstacles and no-one bothered us'. Hamzah, a 62-year-old Bugis fisher living in the north of the island of Bintan, recalls that he and his brother-in-law regularly

traded dried coconut and fish in Singapore and bought rice, sugar and clothes in return. None of these islanders regarded their business as a form of 'illegal' activity but rather a form of 'unregulated' cross-border trade.

All this changed with the period of military brinkmanship and associated low-level skirmishes between Indonesia and the Malay Federation in 1963, known as Confrontation.⁵ Although Confrontation did not turn the islands into a war zone, its impact on local communities was nevertheless dramatic and abrupt, as the movement of goods and people across the border became more restricted (Ng 1976). As a result, Riau Islanders were cut off from 'their paddies and fields' (*sawah ladang*) in Singapore and Malaysia. There was little agricultural production in the islands and they relied on the importation of fresh vegetables and staples such as rice, so when their traditional trade routes were cut, supply dried up and food became extremely expensive, as they had to rely on shipments of foodstuffs from Java. The goods were first sent to Tanjung Pinang and from there they were transported by boat to the outer islands. As Hamzah remembers it:

During Confrontation it became really hard to get to and from the islands, so it was very difficult to keep our relationships with Singapore going. As a result, we really suffered economically. It was very difficult to get even basic necessities. Sometimes we'd have the money to buy food, and there'd simply be none that we could buy.

According to Rizki, a 65-year-old retired civil servant, islanders 'did it tough' during this period because all their official connections with Singapore were cut; although it became more dangerous to do so, 'the only thing people could do was to become involved in smuggling'. Confrontation affected different ethnic groups in different ways. While Malays like Rizki and Hamzah suffered, Bataks and Chinese itinerant traders were able to take advantage of their connections in Medan and Jakarta to continue trading (Ng 1976). During this period, older generations of Chinese businessmen in Tanjung Pinang also suffered, but a new group of businessmen emerged and, using their connections with Indonesian officials, were able to establish lucrative smuggling businesses (Ng 1976: 51).

Remote communities suffered the most in the aftermath of Confrontation because of the time and distance it took to deliver food and other commodities to the islands. Raja Ali, a Malay who lived in Natuna before moving to work in Tanjung Balai Karimun in 1964, recounts that shipments from Tanjung Pinang took several days to reach their destination. The quality of rice and sugar shipped from Java was 'terrible'. However, he considered himself relatively lucky because as a school teacher, his family received 10 kilograms of rice per person. Other people received only 200 grams. This did not mean that Raja Ali's family was spared from hunger. They shared their rice with a large number of relatives and mixed it with cassava to make it last longer. However, his relatives were worse off because they had almost no rice at all, and were forced to eat cassava and sago and considered themselves lucky if they could mix in a spoonful of rice.

The end of Confrontation did not signal the end of hardship. The rupiah finally replaced the Singapore dollar, and mainland Riau began to dominate the trade of primary products. Food

and other goods continued to be shipped from Jakarta. Government wages were lower as a result of the change in currency, and many public servants turned to smuggling to supplement their income. Then, as Zamri, a school principal in Tanjung Balai Karimun, recalls:

In 1965, we faced a new problem with the Communist rebellion. Suddenly everything had to come from Jakarta and our wages just weren't enough. Lots of teachers were involved in smuggling. In those days, all the government officials had two functions (*dwifungsi*). On weekdays they sat in their offices, but on Saturday they'd catch a boat straight to Singapore or Malaysia and buy stuff to smuggle back. That's what my family did.

While small-scale, petty smuggling became almost routine during this period, large-scale shipments across the border became more difficult to secure. Awang continued to sell his copra in Singapore, smuggling about five tons a week, but the situation became more and more difficult.

It was not until 1968, when relations between Singapore and Indonesia were normalised, that things began to improve again as a result of restored cross-border mobility. Ethnic Chinese and Malays resumed their movements back and forth across the Straits, although now the process of border crossing had become more formal with the imposition of immigration controls. Older residents recalled that islanders entering Singapore did not carry passports but were required to have their photograph taken and were given a stamp from the Singapore immigration post that would allow them to stay in Singapore for 48 hours. Although by this time the rupiah had long been the official currency of the islands, a large proportion of economic transactions were again being conducted in dollars. A flourishing culture of smuggling ensured that islanders evaded import duties and continued to have access to cheap products from Singapore.

In the 1970s and 1980s, most traders operated as they had before the border was regulated. During this period, Raja Ali recalled, 'All the armed forces were here, but not because there was a war. They were here to trade'. In the 1970s, a 'floating market' ship from Singapore was moored in the Malacca Straits and people from Karimun would take their goods to barter at the market. Raja Ali claimed that the direct involvement of the Indonesian armed forces in smuggling activities like the floating market helped to improve the quality of life in the islands from 1968. Awang also commented on the armed forces' active engagement in smuggling during the Suharto years:

When Suharto was in power, the generals owned the ships. They flew a yellow flag so if they were caught by customs, the customs officers would know who owned them. It was a good arrangement though, because it meant that it was possible for people in Balai to do business in Singapore and Malaysia, and that benefited everyone.

The use of the Singapore dollar for everyday trading and the continued culture of smuggling meant that - in contrast to most Indonesian communities at that time - many residents of Tanjung Pinang on the island of Bintan had access to television sets (watching Singapore channels) and a range of electronic goods (Ford & Lyons 2006).

A decade later, Dasril, an ex-smuggler from Karimun who now has a vegetable stall in the local market, travelled to Singapore regularly:

My brother and I would go to Pasir Panjang to sell rambutan. We'd use the profits to buy second-hand goods to bring back to Karimun, like foam mattresses, armchairs and electric appliances. It wasn't difficult in Suharto's time. We used to make a good profit out of the goods we brought from Singapore. You could make a really good living from smuggling.

Some locals became involved in grand clandestine schemes. One former teacher from Tanjung Balai Karimun recounts his induction into the smuggling culture in the mid-1970s after he was approached by the son of an Indonesian general. He couriered thousands of watches from Singapore to Jakarta for almost a year, earning five dollars per piece, stopping only when he was detained by officers of the national intelligence agency and recruited as a spy to track illegal money and drugs coming in from Singapore. However, most smuggling was conducted on a much more modest scale, targeting local consumption. According to Kifli, a middle-class public servant from Tanjung Pinang, in the mid-1980s, 'everything in Pinang was from Singapore'. In recollecting the culture of smuggling in the 1980s, Raja Khaerudin, an ex-teacher and former member of the local parliament and now a high-ranking official within the local branch of the Golkar Party, claims that it was considered 'just to be a form of trade that had grown out of local practices'. Not only was smuggling considered to be a lucrative form of trade, it was also considered to be normal. While some foodstuffs and luxury items were cheaper than their Indonesian counterparts, their most desirable characteristics were the convenience and speed of delivery and the inherent 'quality' characterised by superior performance, durability or taste. Faced with the choice between Indonesian products and smuggled Singaporean or Malaysian goods, many islanders chose the latter.

Things had changed considerably by the late 1980s, as the border began to play a much stronger symbolic role in marking out the differences between a developing Singapore and a backward Indonesia, even though physical movement across the border by traders and smugglers continued as it had for decades. At the same time, improved transport routes between Sumatra and Java made smuggling less attractive for some traders. For Zald, a Chinese businessman originally from Tembilahan, the improved flow of goods from Pekanbaru and Jakarta meant that he began to buy mostly Indonesian goods, although if he wanted high-tech products he continued to source them from Singapore. However, shortages continued to be inevitable because of delays in delivery from Java, and when goods arrived they were frequently damaged because of the distances travelled. By contrast, goods coming 'from across the water' (*dari seberang*) arrived in perfect condition in a matter of hours.

The establishment of the Indonesia-Malaysia-Singapore Growth Triangle (IMS-GT) in 1990 brought a new twist in the relationship between the state and the community with regard to cross-border trade. The IMS-GT aimed to reduce Singapore's reliance on foreign investment and overseas markets and make the economy more resilient in times of recession (Yeung 1998). The underpinning philosophy of the IMS-GT was economic complementarity in which

Singaporean capital would be combined with Indonesian and Malaysian labour and land to facilitate cross-border regional growth (Sparke, Sidaway, Bunnell & Grundy-Wan 2004). As a direct result of the growth triangle initiative, industrial manufacturing zones and tourism projects were established on Batam and Bintan.⁶ Despite the rapid industrialisation that followed, the promise of economic growth that underpinned the IMS-GT initiative was not entirely fulfilled.

Yet despite the limitations of the IMS-GT, our respondents perceived the early 1990s as another time of prosperity. For Jali, a Bugis man born in Tanjung Pinang, the early 1990s was a period of opportunity. He would buy damaged second-hand electronics in Singapore and rebuild them for sale in Tanjung Pinang. He describes his activity as 'a form of smuggling. You could say we were "playing behind the scenes" (*main belakang*), on the black market'. He would charter a small boat in Tanjung Pinang and load it with mangrove wood. The wood was dropped at an unofficial port in the mouth of a small stream near Jurong, where he would buy second-hand goods to smuggle back. The entire transaction occurred at the illegal port and although he took money with him in case he needed to pay off an official, it was rarely required. According to Jali, 'The Singaporean customs guys didn't care what we brought in, but the Indonesian customs boats patrol the straits. The most that ever happened though is that they'd ask for one of the TVs'.

Smuggled goods became much less attractive in the wake of the Asian Financial Crisis of 1997-98, when weak exchange rates made it more difficult for smugglers to make a profit. Singaporean and Malaysian products were still available but were now much more expensive than products brought from Java and elsewhere in Indonesia. However, entrepreneurial traders were able to take advantage of the growing size of the middle classes in the islands. Topan, a Batak man living in Tanjung Pinang, started smuggling clothing and electronics from Singapore in 2002 because of the strong demand for international brands. He trades in second-hand goods, which he claims are discarded by rich Singaporeans who constantly seek to have the latest products. In spite of the unfavourable exchange rates, Topan claims that he is able to buy goods at a reasonable price and make much more money selling them in Tanjung Pinang than if he sold brand-new, Indonesian-made products. As Domartin, a former journalist and party official from the Karimun branch of the Peace and Welfare Party (Partai Damai Sejahtera), says, 'It's not that middle and lower class people in the islands really want second-hand goods, but they're a great bargain. Even the bureaucrats will buy them. They're often 90% as good as new'.

The evolving political context in the post-Reformasi period had an even more dramatic impact on cross-border trade than changes in the exchange rate over the same decade. As Hendri, a hotel worker employed in the Bintan Resort Zone, observed:

Things have gotten really tough since SBY [Susilo Bambang Yudhoyono] became president in 2004. In the past, there'd be a bit of a shake-up when a new official was appointed, but it only ever lasted a month or two. A new police chief would be appointed and things would tighten up for a month and then go back to normal. This is the first time it's been like this. Lots of people are really unhappy about it.

One immediate effect of the new political regime has been a crackdown on smuggling. According to Leo, a middle-class Malay from the town of Kijang on Bintan, once Yudhoyono became President, 'the only people brave enough to bring in rice without paying tax were Chinese businessmen'.

In our interviews with active and former smugglers, many claimed that the central government's policy on smuggling had seriously affected them. Tengku Umar, a Malay from Tanjung Balai Karimun who runs an import-export business, asserted that the customs duties imposed under the new regulations are designed to make particular items more expensive in the islands. While some items continue to be easy to smuggle, others have become more difficult. For example, the timber and furniture industry has experienced a significant reduction in the availability of building materials. According to Nanang, a Javanese from Tanjung Pinang, for example, the strict new laws meant it became difficult to buy wood: 'lots of shops just don't have any anymore. And when you ask them why they're out of stock they say it's difficult to get it in. What they mean is that they can't get it in illegally'. But smuggling continued despite attempts by the central government to stop illegal cross-border trade. For example, Lini, a Chinese furniture shop owner in Tanjung Pinang still mostly sells furniture from Malaysia, travelling there every week or two to buy stock.

Local ecologies of licitness

Just as illegal logging generates direct or indirect employment for many people in the local community in Aceh (McCarthy 2002: 880), smuggling - along with other illegal or legally marginal industries like gambling and commercial sex - plays a vital role in the local economy of the Riau Islands.⁷ As our discussion suggests, communities like those located on Indonesia's borders with Singapore and Malaysia regard smuggling as a natural part of life in the islands and consider their involvement in it, or their purchase of smuggled goods, as legitimate acts that reflect the special character of border life. Abraham and Van Schendel (2005: 17) use the concept of licitness to take into account this gap between the state's understanding of illegal activity and the understanding deployed by individuals within borderland communities, calling for the need to identify the origins of regulatory authority and to distinguish between political authority (whether something is legal or illegal) and social authority (whether it is licit or illicit). In their study of smuggling between the Gambia and Senegal, Golub and Mbaye (2009: 597) argue that smuggling is a 'natural outcome' of long trading traditions in Africa which, along with pervasive poverty, creates a drive to obtain goods at the lowest possible cost and to earn a living. Niger-Thomas (2001) also invokes the concept of licitness (although she does not use this term) in her discussion of smuggling along the border of Cameroon and Nigeria, arguing that women traders 'perceived their activities as just another business enterprise and saw themselves in a favourable light, as entrepreneurs taking risks' (Niger-Thomas 2001: 46).

While different state responses to cross-border trade have resulted in some of these goods being deemed at one time by at least one state to be 'illegal', many Riau Islanders also regard these unauthorised flows of products to be a form of licit commerce between traditional trading partners. As in Nunukan (see Bakker & Crain in this volume), they are both an important source of livelihood and an integral part of the dense web of relationships that bind

them to friends and kin on either side of the international border. Small-scale smuggling by individuals continues to represent an important means of making a living or earning a little extra income, and the Chinese and Malays who visit family members in Singapore and Malaysia routinely purchase consumer goods like clothes and jewellery, which they smuggle back into the islands for sale. Despite the crackdown, there also remains a 'systemic synergy' (Passas cited in Antonopoulos 2008: 275) between businesses in the formal sector (such as supermarkets, furniture shops, electronics retailers, hardware shops and clothing stores) and those that engage in smuggling.

We propose that smuggling, along with other illegal and semi-legal industries, in fact sits at the core of a kind of 'local ecology' in which some forms of illegal activity associated with the borderlands are clearly licit. This in part reflects the fact that at different times, the same cross-border flows have been designated as 'trade' or 'smuggling', and the goods themselves as 'legal commodities' or 'contraband'. As Aseong, a former customs officer and fish exporter, observes:

It usen't to be called smuggling. That term didn't exist then. But now it's there in a law. If we bring goods in without the proper paperwork, that's called smuggling. It just didn't exist before. In fruit season, everyone used to take fruit from here in fruit season - mangoes or rambutan or pineapples or coconuts - and trade it in Malaysia or Singapore for other kinds of food. People would see their family at the same time. The law has made it more difficult but it hasn't destroyed that trading relationship. It's a necessary part of life.

While locals recognise the authority of the central government to issue laws on smuggling and to impose taxes on cross-border trade, they insist that such laws unfairly disadvantage islander communities. In the Riau Islands, we were repeatedly told by people from all kinds of backgrounds and walks of life that without smuggling, the islands simply could not survive. Many Riau Islanders argue that they should have special permission from the central government to import staples from Singapore and Malaysia. As Gusril, the computer trader, commented:

To my mind - to the mind of an ordinary person - it doesn't make sense to ban imports of things like sugar and rice because we need those things and it's difficult to get them from Java. They have to go to Batam first and then they sit around in a warehouse for months before they make it to Karimun. If you want staples from Singapore, you just need to make a phone call and they arrive the next day.

According to Arnunidin, who works in a large private firm in Tanjung Balai Karimun, 'We'd be much better off if they let us trade freely'. As Hendri, a second-hand clothes seller in Tanjung Pinang, argues, 'We're on the border here. We should be given a special exemption'. Importantly, even in the absence of such an exemption, Gusril doesn't regard his 'importation' of computers from Singapore as a form of smuggling. He and other local business owners who sell illegally imported goods do not see themselves as smugglers. Rather, they see themselves as entrepreneurs seeking to maximise their profits through clever strategies to import cheaper, better-quality products from Singapore and Malaysia.

There is considerable public support in the islands for this view. These claims for the licitness of smuggling rest on a range of intersecting discourses about the proximity of the Riau Islands to Singapore and Malaysia, and the price and quality of goods from other parts of Indonesia. In our interviews with members of the community who purchased smuggled goods, many claimed that the local economy would suffer enormously if smuggling stopped because Indonesian products are much more expensive. The 'moral status' (Tremblay, Cusson & Morselli 1998) of smuggled foodstuffs and consumer goods is thus very high.⁸ Not only are smuggled goods often still cheaper than similar items produced in Java, they are also considered to be of a better quality. Riau Islanders acknowledge that the quality of products from Java has improved dramatically since the 1970s but still consider the vast majority of them to be inferior. As Awang observed:

Sometimes domestic products look the same, but after a week or so they start disintegrating. So even though imported products are more expensive now, we still try to buy them. We only buy domestic products if they're the only ones on offer.

Shopkeepers actively promote the qualities of Singaporean products, often displaying foreign products next to Indonesian products and encouraging their salespeople to demonstrate the differences in quality. This technique is commonly employed in shops selling foreign items that are considerably more expensive than local products. As the Javanese day labourer Sugiyanto says, 'Even if the imported stuff is dearer, I still buy it. It might cost more, but at least I'm satisfied'. There are, however, limits inherent in the moral discourse of licitness. For example, Gusril asserts that unregulated cross-border trade becomes smuggling when large-scale operators try to sell their products outside of the islands.⁹

The problem with the fancy businessmen is that if we ordered ten they'd bring in 1,000 and smuggle the 990 others out. I'm not sure how they were doing it. So that's when all the fuss blew up and importation of electronic goods was banned. And we're the ones who suffer. We just want to trade to make a living for our families, we're not looking to get rich.

Many other importers similarly blamed this kind of behaviour on 'outsiders' who break the unwritten rules of cross-border trade in the islands and try to make a profit by selling on goods to other parts of Indonesia, ruining things for local residents.

The community also invokes its local ecology of licitness when assessing state engagement in illegal cross-border trade, rejecting unreasonable levels of corruption such as that perceived to be characteristic of the new layers of local government, but at the same time recognising the role that local agents of the state play in ensuring the welfare of borderlanders. In the literature, the actions of a central government are often contrasted with those of its officials, many of whom benefit from smuggling through the taking of bribes. As Niger-Thomas (2001: 46) has observed in another context, 'official corruption is an integral part of all smuggling operations, thus grafting informal activities onto the formal sector'. However, central government officials are not always in opposition to smuggling, as many of these accounts imply. As Sugiyanto observed, 'Groups of officials who come from Jakarta to stop smuggling don't apprehend any of the smugglers. They get given smuggled goods as gifts!'

Importantly, also, local state authorities are not only involved in supporting smuggling through corrupt practices; government agencies are also frequent customers of smugglers, both individually and as institutions. For example, a senior officer in the Police intelligence and Security Unit interviewed in 2010 acknowledged that his wife purchases contraband Milo and sugar from a Chinese-owned shop, arguing that there was no reason why they or other local people should purchase expensive, inferior Indonesian products.¹⁰ Meanwhile, some of the smugglers of high-tech goods that we interviewed reported that government agencies were among their best customers.

This systematic engagement of agents of the state in the economy of smuggling is reflected in the extent to which the industry is regularised. As Zainul, a civil engineer and contractor working in Tanjung Balai Karimun, observed, 'When goods are smuggled, the person selling them only has to pay 'administration costs'. They don't have to pay tax, so they can keep the prices down. The costs referred to by Zainul are usually paid by the boat owners or those who hire the boats. These costs are then passed on to local entrepreneurs who engage the boat owners to 'import' their goods. Gusril sums up the sentiments of the local business community:

I don't think too much about whether the goods I buy in Singapore come through official channels. All I need to know is that the goods I buy can be shipped to Karimun. What happens on the way here doesn't concern me. It's up to the people who own the boat to deal with that. All I do is pay the bill and get the goods. It's no big deal.

As with the scale of smuggling operations, however, there are limits to this routine and institutionalised support for what could be called 'mundane' smuggling. For example, Anai Oi, a Chinese vegetable trader from Tanjung Balai Karimun, openly brings in vegetables from Malaysia. He does not pay taxes on the import of the vegetables but instead pays an informal fee to the people who own the boat. He claims that this arrangement has been successful because local officials 'don't care too much about veggies. It'd be different if I was trying to bring in meat. Then I really would have to have the right paperwork to get my stock in'.

Equally, the community imposes moral boundaries on state interference in cross-border trade in ways that are recognisable in other contexts. For example, Prokkola (2008: 671) argues that in the context of smuggling between Sweden and Finland, 'the border does not separate people but marks a confrontation between state governance and the local way of life'. Similarly, in her account of the Benin-Nigeria border, Flynn (1997: 318) claims that for the Shabe:

[B]orderland marginality is made ever clearer by the hovering, hoarding, commanding presence of the state, the perceived purpose of which is not to help border residents but to hinder their advancement by stifling what was once their promising path to development- lucrative transborder trade.

Regional autonomy and the creation of a new province (Propinsi Kepulauan Riau, Kepri) has resulted in a proliferation of government agencies and added a new dimension to state

corruption in the islands. Local communities have begun to complain about rent-seeking by different arms of government, particularly in Karimun, where new layers of administration were added when it became a Regency in 2000, creating a range of new positions with the result that smugglers who used to have to pay one set of bribes now have to pay two.¹¹ The increased presence of the police and navy has also dramatically affected the flow of goods across the border. For example, Ahui, a former customs officer in Tanjung Balai Karimun, complained to us that suddenly the navy and the police began to interfere with the work of customs officials and began to extract additional 'fines' from smugglers. Not only did this reduce the profits of smugglers, it also undermined the 'side incomes' (*penghasilan sampingan*) earned by customs officials.

Ahui's views should not be seen simply as a response to increasing competition for pay-offs. He expresses the sentiments of many local officials who argue that these new agents of the central government do not appreciate the importance of smuggling to the local economy. Similarly, a common reason given for rejecting the post-2004 crackdown on smuggling to and from the islands is the view that the central government, which is believed to be synonymous with Javanese interests, is working to protect Javanese industries. According to Amunidin, a Malay who works for a large private business in Karimun, the government does not let Riau Islanders import products from Singapore 'because the Javanese produce these things and have trouble selling them here if we're not forced to buy them'. In response to pressure from businesspeople, local authorities have lobbied the central government to introduce special laws for the islands that would allow them to import foodstuffs from Singapore and Malaysia. Mukhlis, a former head of what was then the sub-district of Karimun, also argued that changes to the regulations governing the import of food stocks from Singapore had an enormous impact on people living in the district, asserting that, 'Sure, there can't be room for large-scale trade, but restrictions on the importation of basic needs like food and clothing has a terrible effect on local people'. When still in power, Mukhlis approached the Minister for Trade to allow basic necessities such as rice and sugar into the islands without taxes, but the Minister refused on the grounds that it was not possible under the existing laws.¹²

Local politicians and officials like Mukhlis both criticise the central government's policy and at least in part condone local smuggling activities, which they too see as a necessary part of life. This view is summed up in the following observation from Kartini, a former member of parliament from the Indonesian Democratic Party of Struggle (Partai Demokrasi Indonesia-Perjuangan, PDI-P):

People at the centre think that those of us who live in the borderlands should go to Jakarta to buy and sell things. But if you think about a small island on the border of another country, it makes sense to sell its products there. They shouldn't be taxed. Take our little islands close to Singapore, for example. The people who lived there just needed a sampan to sell their goods in Singapore. Why should they be taxed? There's no way they can get to Jakarta! They shouldn't be penalised for smuggling even if it does hurt the national economy. Rice, oil, that sort of stuff, all comes illegally

from Singapore. But what made people around here get involved in smuggling is the fact that the national law doesn't take account of local conditions. The regulations just don't make sense. I understand that Indonesian law applies to the whole of Indonesia. But it's not fair for the people of Kepri ... People in Kepri are penalised because we live on the border of a country that doesn't have a border with anywhere else in Indonesia. So who do you say is creating corruption in Kepri? It's the central government!

These ongoing conflicts between legal processes imposed by the central government, official corruption and local discourses of licitness may in part be resolved by the fact that decentralisation has allowed locally-based state agents to pass regulations that permit locally licit (socially accepted) but formally illegal practices, sometimes even in contravention of national laws.¹³ Where resolution in this way is not possible or perhaps desirable, local ecologies of licitness may continue to provide moral sanction for illegal state activity. What we are talking about, therefore, is *not* a gap between the state's understanding of criminal activity and individuals' understanding of criminal activity, as proposed by Abraham and Van Schendel (2005: 17), but rather a situation in which the agents of local state structures act in ways that defy centrally defined notions of legality but conform to the local community's understandings of licitness.

Conclusion

Smuggling relies on a two-way flow of goods, and therefore the importation of unauthorised products goes hand-in-hand with the sale of produce from the Riau Islands in the markets of Singapore and Malaysia. Farmers, fishers and small-scale manufacturers depend on the regular passage of boats across the straits to reach their markets. For the boat owners and transport companies involved in shipping goods across the straits, smuggling is a state-imposed term to describe their involvement in the reciprocal flow of goods between trading partners. Although they pay the special 'shipping charges' involved in bringing goods into the islands, the businesses that use their transportation services are generally not interested in knowing about the techniques used to evade customs officials, the police or the military. The 'naturalness' of smuggling is attributed - by smugglers, their customers and by those who purchase smuggled goods - to the unique characteristics of island life. These special features include the geographical proximity of the littoral states to the border, pre-existing kinship and trade ties, and economic complementarity that arises between the trading partners. Smuggling is thus an integral part of a reciprocal trade process that has evolved over centuries and is so embedded in the local economy of the Riau Islands that it is almost meaningless to try and differentiate between the formal/legal and informal/illegal sectors.

As we have argued here, the experience of the Riau Islands demonstrates the importance of exploring how local ecologies of licitness and illegality are shaped by intersecting perceptions of community members and local state officials of cross-border trade. In Kepri, the licitness of legitimate but illegal cross-border trade and local government corruption is juxtaposed against the repressive actions of the central government as it attempts to control the border. As our interviews with current and former local government officials and

politicians revealed, many of these actors view local state involvement in corruption that supports smuggling to be a legitimate response to the perceived failures of the national government and its lack of appreciation for the special character of border life. In other words, distinctions between the legal/licit and the illegal/illicit are complicated by local state practices deemed by the community to be a legitimate response to bad laws. According to officials and ordinary citizens alike, then, a certain level of local government corruption is a legitimate response to the perceived failures of the central government, which is located far away in Java and thus unresponsive to the needs of Riau Islanders.

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Notes

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² Donnan and Wilson (1999: 101) have noted that much of the scholarship on smuggling gives attention to the smuggling of goods *into* a country rather than *out* of it. Although Indonesian authorities have given much more attention to the flows of goods into Indonesia than they do to flows out of the islands, one exception to this is the Singapore government's involvement in the 'illegal' (from the Indonesian perspective) importation of sand. By contrast, the Singaporean government has taken little interest in the flows of goods into and out of its jurisdiction, with the main exceptions of people smuggling, contraband cigarettes and alcohol and illegal drugs.

³ The Dutch also imposed regulations on trade between the Riau Islands and Mainland Sumatra.

⁴ The islands were incorporated into the Republic of Indonesia after the Dutch finally granted independence in 1949.

⁵ For an account of the background to Confrontation, see Hindley (1964) and Mackie (1974).

⁶ For details of major IMS-GT projects, see Peachey et al. (1998) and Pereira (2004).

⁷ For an account of the sex industry, see Ford & Lyons (2008).

⁸ Wiltshire et al. (2001: 206) found that smokers in the UK expressed a similar view about contraband cigarettes. They expressed a positive attitude towards smuggling in view of the high taxes imposed on legal cigarettes. as summed up in the following quote: 'to me, they're doing you a favour ... They're doing people a service'.

⁹ In her study of the Swedish-Finnish border, Prokkola (2008) makes a similar distinction between the ways border communities viewed 'traditional' and 'modern' forms of smuggling. Traditional smuggling was not regarded as a crime but simply as an activity carried out by 'local heroes' designed to benefit the local community. In contrast, modern-day smuggling (e.g. of drugs) is seen to be a form of criminal activity.

¹⁰ According to the officer, there is no tolerance for smuggled luxury goods like televisions, which robs the Indonesian government of substantial amounts of tax revenue, but crackdowns on daily commodities only occur when prompted by directives from Jakarta.

¹¹ Kabupaten Karimun was formed with the passing of Law No.13/2000 on the Alteration of Law No.53/1999 regarding the Formation of Kabupaten Pelalawan, Kabupaten Rokan Hulu, Kabupaten Rokan Hilir, Kabupaten Siak, Kabupaten Karimun, Kabupaten Natuna, Kabupaten Kuantan Singingi and the City of Batam.

¹² This is not to suggest that the view that the islands should receive special dispensation is not shared by all local officials. Leo, an economic adviser to the Bupati, claims that goods from Jakarta are more expensive than foreign products because the local government hasn't 'cracked down hard enough' on smugglers. In his view, local authorities should close the border so that smugglers are unable to sell foreign goods more cheaply than locally-made products.

¹³ Ford and Tjandra (2007) observed similar struggles for control in the labour sphere in Surabaya and Batam. According to Agung Pambudhi, the Director of the Committee for Regional Autonomy Implementation Monitoring (KPPOD, *Komite Pemantauan Pelaksanaan Otonomi Daerah*), a large proportion of the local regulations dealing with labour passed in 2007 were later annulled because they contravened national labour law (interview by Michele Ford, 16 May 2007).