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Asymmetric Relations Between Indonesia and Singapore: A Study on the Failure of the 2016 Repatriation Program for Indonesian Citizens' Wealth and Assets Abroad

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The effort to repatriate funds stored abroad by Indonesian citizens, as part of the 2016 Tax Amnesty Program by the government, was deemed a failure. Only 14% of the expected funds were brought back into the country. This is very disappointing, considering the government needs substantial funds to support the financing of Indonesia's economic development, especially physical economic infrastructure development. Given that a significant portion of the funds held abroad by Indonesians is in Singapore and that the Indonesian government had requested Singapore's assistance to facilitate the repatriation of these funds, this phenomenon raises interesting questions. There are even suspicions that the Singaporean government did not care enough and may have even hindered these repatriation efforts. This paper attempts to highlight this issue and place it within the study of a central concept in political science and international relations, namely power. Considering physical geographical size (Indonesia being the largest), demographic (the largest population), and economic (the largest GDP), why can the much larger country not influence the smaller one? Why is "Goliath" powerless in front of "Lilliput"? This case triggers a theoretical discussion about the meaning of power in political science and international relations analysis. How is power discussed in this body of knowledge? Among the various approaches in the literature, one that aptly describes the situation where the "large" is powerless against the "small" is Benjamin Cohen's "power of the balance of payment.".

Even actors blessed with resources and opportunities suffer bad outcomes if they pursue unrealistic goals or employ bad strategies.

(Stephen Krasner. "Preface", Back to Basics, p. 3)

This paper discusses the power relations between two neighboring countries with many differences in various dimensions, namely Indonesia and Singapore. The discussion will be presented in two parts. The first part contains a brief substantive story about the Indonesian government's efforts under President Joko Widodo to mobilize funds for the economic development of his country. One interesting policy is the Tax Amnesty Program designed to mobilize funds and assets of Indonesian citizens scattered abroad. The relationship between this policy and the interactions between Indonesia and Singapore is the subject of discussion in this first part. The second part tries to place this issue into the debate about the most important concept in political science and international relations studies, namely "power." This is especially to understand the phenomenon of smaller countries that can avoid the influence of larger countries without provoking open conflict.

Anomaly?

President Joko Widodo began his administration with a massive infrastructure development agenda. This program was estimated to require IDR 346.6 trillion. Thus, large-scale fund mobilization was necessary. Given the limited government revenue from taxes and other income, alternative funding sources had to be found.

One such initiative was the Tax Amnesty Program launched by the government in 2016. The aim of this program was to increase state revenue by encouraging taxpayers' participation and the repatriation of funds held abroad by Indonesian citizens.

Considering the strong indications that many Indonesian citizens held substantial funds abroad, much of which could be classified as "capital flight," the government set a repatriation target of IDR 1,000 trillion. The program ended on March 31, 2017.

When the Tax Amnesty Program concluded, the achievements fell far short of the target. Only IDR 147 trillion was successfully repatriated, which is only 14.7% of the IDR 1,000 trillion target, and only 3% of the total declared assets amounting to IDR 4,854.63 trillion. Although there was a record increase in the number of taxpayers filing Annual Tax Returns (SPT), reaching 9 million people, only about 956,000 participated in the Tax Amnesty Program. Yet, there were 32.7 million registered taxpayers with a Taxpayer Identification Number (NPWP) and 20.1 million who received SPT forms.

The effort to mobilize funds by appealing to wealthy Indonesians who had placed their capital abroad cannot be considered successful. The government was apparently unable to persuade its citizens to repatriate their assets. This issue becomes more intriguing as it involves the relationship between Indonesia and Singapore, with

Singapore being the primary holder of the assets the Indonesian government sought to repatriate.

According to the order of the largest amounts of Indonesian taxpayers' assets held abroad, Singapore ranks first. It is noted that 73.08% of declared foreign assets are in Singapore, amounting to IDR 751.19 trillion. The second position is held by the Virgin Islands (IDR 76.92 trillion), followed by Hong Kong (IDR 56.27 trillion), the Cayman Islands (IDR 52.86 trillion), and Australia (IDR 41.15 trillion). In line with protocol, the Indonesian government under President Joko Widodo requested support from the Singaporean government to allow Indonesian citizens to repatriate their funds and assets from Singapore to Indonesia. Singapore responded to this request by promising support. However, in practice, this promise was not fulfilled.

From a commonsense perspective, considering the magnitude of the funds involved, it is not difficult to understand why the Singaporean government, despite receiving a request from the Indonesian government to assist in repatriating Indonesian capital accumulated in that neighboring country, could not fulfill the request. There are strong indications that Singapore undertook actions to impede the return of assets to Indonesia. Singapore's reluctance was predictable.

However, the more theoretically significant question is "why did the Singaporean government manage to avoid or resist Indonesia's influence to help in the repatriation process?"

Based on conventional power metrics in political and international relations literature, it can be said that Indonesia's potential to "influence the thoughts and behaviors" of others far exceeds Singapore's capabilities. However, in this case, that potential could not be realized. A country with a population of 250 million was powerless against a country with a population of 5 million.

How can this "anomaly" be explained? How can Singapore's behavior towards Indonesia in this case be understood? What conceptualization and theoretical framework are needed to understand the behavior of a small country in handling interactions with a larger country and successfully avoiding its influence?

Tax Amnesty Program July 2016 – March 2017

According to Article 2 of the 2016 Tax Amnesty Law, the program aimed to achieve three goals. **First**, to accelerate economic growth and restructuring through the transfer of assets, which would among other things, impact domestic liquidity, improve the rupiah exchange rate, lower interest rates, and increase investment. **Second**, to encourage tax reform towards a more valid, comprehensive, and integrated tax system. **Third**, to increase tax revenue, which would be used to finance development.

What were the results? According to Enny Sri Hartati, Executive Director of the Institute for Development of Economics and Finance, at the Indonesia Stock Exchange, Jakarta, on Tuesday, April 4, 2017, the results were as follows:

- Domestic asset declaration: IDR 3,676 trillion
- Foreign asset declaration: IDR 1,031 trillion
- Repatriation or transfer of assets: IDR 147 trillion
- Redemption money received by the state: IDR 114 trillion
- Arrears payment: IDR 18.6 trillion
- Initial proof payment: IDR 1.75 trillion (*Kompas*, April 4, 2017).

Based on the results by the end of March 2017, it was concluded that:

The first goal was not achieved. Repatriation only amounted to IDR 147 trillion. “This result did not significantly lower interest rates. Investment (reflected in PMTB/Gross Fixed Capital Formation) did not increase. The Rupiah exchange rate remains very vulnerable to external issues."

The second goal was somewhat successful. The result shows there is still hope for expanding the tax base, although the addition of new taxpayers from the tax amnesty program is far from the potential 45 million who do not have a Taxpayer Identification Number (NPWP). According to Enny, "from the IDR 4,855 trillion, profiling can be done by the Directorate General of Taxes to expand the tax base. This addition will come from those who previously did not fully report their Annual Tax Return (SPT).

The third goal, increasing tax revenue, also did not reach the target. According to Enny, this cannot be achieved solely through the tax amnesty program. The main issue with the low tax ratio is tax payment compliance. (Enny Sri Hartati (Executive Director of the Institute for Development of Economics and Finance) in ibid.)

In understanding Indonesia-Singapore relations, this paper focuses on the first goal, namely the transfer of Indonesian citizens' assets placed abroad back into the country or repatriation.

Why did the first goal fail?

According to many observers, there are two possible reasons: first, the low level of trust in Indonesian banks. Second, the suspicion of obstructions from Singapore's financial authorities.

The low success rate of repatriation is not due to a lack of prepared instruments. It relates to the main nature of banking transactions. The key consideration for someone to place funds or invest is trust. The low level of trust in Indonesian banking is suspected to have caused many fund owners to keep their money abroad.

This paper is more interested in the suspicion that Singapore's financial authorities obstructed the process. How was this obstruction carried out? Based on various reports and analyses, it can be illustrated that the Singaporean government, although possibly not openly, implemented a “carrot and sticks” strategy.

According to Shinta Widjaja Kamdani, Deputy Chair of the Indonesian Chamber of Commerce and Industry, to prevent Indonesian citizens from withdrawing their funds and bringing them back to Indonesia, the Singaporean government offered incentives. Through these incentives, it was hoped that Indonesian fund holders would only declare their funds and assets but not repatriate them to Indonesia (Deny, 2016).

The first scheme is described as follows. The Singaporean government offered incentives by paying the redemption fee for assets that Indonesian citizens wanted to declare. According to the regulations on this repatriation, for the first three months, the redemption fee on the declared foreign assets that Indonesian citizens had to pay to the Indonesian government was 4 percent. The Singaporean financial authorities were willing to subsidize the payment of this 4 percent penalty. By declaring and paying the tax penalty for these assets, Indonesian citizens were entitled to amnesty from the Indonesian government for unpaid tax liabilities. This was the “carrot,” the "lure." This way, it was hoped that funds originating from Indonesia would not leave Singapore. Meanwhile, the assets belonging to Indonesian citizens were believed to remain in Singapore because the process of transferring them was much more difficult. (Deny, 2016).

The second scheme involved sanctions (the "stick"). According to this analysis, when President Jokowi's government implemented the “Tax Amnesty” program, Singaporean banks reportedly planned to report suspicious transactions on the accounts of Indonesian citizens. This is actually a common policy in banking practices. In managing customer funds, banks worldwide certainly implement the principle of prudence. For instance, when there are indications of suspicious transactions conducted by their customers, banks will require thorough inspections. However, according to this information source, Singapore's financial authorities did not genuinely apply this prudential principle when accepting funds from their customers. There were no investigations into the origin of these funds. Only when the Indonesian government implemented the program to transfer Indonesian citizens' funds held in Singaporean financial institutions did the financial authorities of the neighboring country require their banks to report suspicious transactions, in accordance with the Financial Action Task Force (FATF) regulations (Deny, 2016).

According to a Reuters news report (September 15, 2016), based on information from Singaporean banking sources, in 2015, the Singaporean police unit handling financial crimes, the Commercial Affairs Department (CAD), required banks to report suspicious transactions (suspicious transaction report or STR) by customers if those customers intended to participate in Indonesia's tax amnesty program. Initially, the banks resisted this because they feared losing customers. However, after the Indonesian government announced the 2016 tax amnesty program aiming to attract back the funds of wealthy Indonesians placed in Singaporean banks, the Singaporean central bank (MAS, the Monetary Authority of Singapore) reinforced the police order.

As a result, private banks in Singapore reported suspicious transactions by their customers without informing the customers about these reports. This means that these banks provided the names of Indonesian clients who wanted to participate in Indonesia's tax amnesty program, many of whom were suspected of holding funds obtained through legally problematic means. This clearly hindered the transfer of funds to Indonesia and disrupted the tax amnesty's objectives. The rationale, of course, was that they did not want to lose the funds, which were estimated to be very large.

After the Reuters report was published, Singapore's central bank (MAS) announced that Singaporean banks were encouraged to prompt their Indonesian clients to take advantage of the Indonesian government's tax amnesty program to regularize their tax affairs. In the release, the central bank stated: “Banks are required to adhere to the Financial Action Task Force (FATF) standard of filing a suspicious transaction report (STR) when handling tax amnesty cases, similar to the practice in other jurisdictions.”

FATF is a global body that conducts regular evaluations of countries' performance in applying anti-money laundering standard rules. The Singapore central bank stated that participating in the tax amnesty program would not cause Singaporean police to launch criminal investigations. As quoted by Reuters, "The expectation for an STR to be filed on account of a client participating in a tax amnesty program should therefore not discourage clients from participation" (Reuters, 2016).

In July 2013, Singapore enacted the "Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (CDSA)." This new law stipulated that tax evasion was considered a criminal offense, akin to corruption, drug trafficking, money laundering, and the like. In September 2014, this law was amended, with an added clarification that the principle of "dual criminality" was not required. This means that if a Singaporean bank customer committed serious tax offenses outside Singapore, the Singaporean police were required to investigate regardless of whether such tax evasion would also be a criminal offense if committed in Singapore. Thus, since July 2013, Singaporean financial institutions that received or helped customers hold funds, knowing that these funds were the result of tax evasion, were deemed to be in violation of this stringent law. Enforcement of this law was tightened following a massive corruption scandal in Malaysia, namely the 1MDB case, which revealed that Singaporean banks were involved in managing problematic funds. The requirement to file an STR was intended to ensure that these banks did not repeat such negligence and seriously evaluated the flow of problematic funds.

As cited in the Reuters report, a senior executive at a Singapore-based asset management firm said: "The moment the client tells you he's participating in the amnesty, you have a suspicion that the assets with you are not compliant, and so you have to report to the authorities." Another source, Wilson Ang from the law firm Norton Rose Fulbright, stated: "In light of the toughening regulatory environment, banks need to conduct more proactive checks on the effectiveness of their internal controls and procedures." (Reuters, 2016). The story about the STR requirement reported by Reuters was confirmed by several senior bank officials, but they declined to comment further.

Why Did Singapore Seem Concerned About the Possible Exodus of Indonesian Capital from Singapore? The following data may provide some insight:

<u>A significant portion of the funds held abroad by Indonesian citizens is in Singapore.</u> Banks in the neighboring country are the primary place for wealthy Indonesians to store their money. According to Finance Minister Sri Mulyani: "A study by a credible international consultant explains that of the US$250 billion or Rp3,250 trillion of the wealth of the richest Indonesians placed abroad, about US$200 billion or Rp2,600 trillion is stored in Singapore." (Antara News Agency, 2017a).

Most of the repatriated funds of Indonesian citizens abroad come from Singapore. According to data from the Directorate General of Taxes as of September 15, 2016, the amount of asset repatriation from the tax amnesty program from Singapore reached Rp14.09 trillion or 76.14 percent of the total repatriation. Meanwhile, the net assets declared by Indonesian citizens residing in Singapore reached Rp103.16 trillion or 74.51 percent of the total foreign asset declarations.

Nearly half of the assets in Singapore's private banks are owned by Indonesian citizens. According to Reuters: ". . . Indonesians hold an estimated $200 billion in private banking assets . . . 40 percent of the island's total private banking" (Reuters, 2016).

It is very understandable why Singapore would be reluctant to support the possible exodus of Indonesian funds and would refuse to support President Jokowi's Tax Amnesty program. But the more theoretically significant question is why Singapore successfully resisted Indonesia's pressure. How can this be understood?

The Phenomenon of Power

Commonly, we tend to think that since the foundation of power is the abundance of natural resources, large territory, population size, and the like, those with more of these "endowments" will have greater influence. Consequently, they are more likely to succeed in the international arena. However, real-life experiences show that this is not always the case. Many countries with abundant natural resources remain weak and even fail to function as states, such as Congo in Africa and Venezuela in Latin America. Conversely, some island nations with limited territory and resources, like Japan and Singapore, have succeeded in becoming prominent international actors. This is the paradox.

Having abundant natural resources sometimes indeed results in significant power that succeeds internationally, as seen in the story of the United States since the 18th century, but not always. The relationship between power and its impact is not always clear. Even when abundant resources result in significant power, in the form of a large military force and an arsenal of advanced weaponry, this power does not guarantee policy success. This is also evident in the story of the United States during the Vietnam War and the events following the September 11, 2001 attacks.

The gap between "theory" and empirical reality is relevant for understanding the relationship between Indonesia (with various large endowments) and Singapore (which is much smaller in many conventional dimensions of power).

Various Dimensions of Power

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The perplexing paradox described above may be related to the lack of clarity in our conceptualization of power. To date, there is no consensus among scholars on how to define power conceptually or operationally.

This confusion and prolonged debate may occur due to three factors.

First, our understanding of "state power" and its impact is often too narrow. Therefore, it is essential to broaden it by considering its various forms, manifestations, faces, or dimensions. Power is not one-dimensional but multi-dimensional. By doing so, we can explain events that were previously inexplicable because they were not apparent.

Second, our understanding of the environment that allows a state to exercise its power is also very narrow. Therefore, it also needs to be broadened. International relations are not the monopoly of states and are not solely about conventional "power politics." The game in the international arena can involve conventional politics, but it can also include non-political dimensions, such as economics. Thus, the players are not only states but also non-state actors, such as giant multinational corporations. The assumption about the conventional distribution of power among states is not always adequate to understand 21st-century international politics. The emergence of various powerful non-state actors in different fields forces state actors to consider their behavior and interests and cannot maintain their prerogative as monopolists.

Third, we still adhere to the concept of national sovereignty formulated in the 17th-century Treaty of Westphalia. However, modern states today generally face a dilemma in this regard. In the world today, there are more than 200 nation-states. Many of these nation-states can no longer be described as autonomous actors, sovereign in domestic politics, and rational in foreign politics. Such assumptions can no longer be used to describe contemporary nation-states. In the process of adapting to changes leading to interdependence, most countries are forced to relinquish at least some of their national sovereignty. In fact, many of them experience a decline in national sovereignty. This dilemma is faced by both small and large countries. In many cases, they have to make "trade-offs," for example, between autonomy and economic growth. The desire to enhance economic growth often forces a country to open itself to foreign influences, thereby compromising its sovereignty and losing some of its national autonomy. Increasing autonomy (to the extreme of isolation) can lead to a decline in economic performance.

The implication of the above discussion is that power must be understood as a multi-dimensional phenomenon, not singular. The concept of power or "state power" is multi-dimensional. This conceptualization was proposed by Barnett and Duvall (2005). In the International Organization journal published in 2005, these two scholars proposed an alternative understanding of the "power" phenomenon.

> *Any discussion of power in international politics . . . must include a consideration of how, why, and when some actors have 'power over' others. Yet one also needs to reconsider the enduring structures and processes of global life that enable and constrain ability of actors to shape their fates and their futures. The extension of sovereignty from the West to the developing world gave decolonized states the authorityt o voice their interests and represent themselves, and the emergence of a human rights discourse helped to make possible the very category of human rights activists who give voice to humanrights norms. Analysis of power in international relations, then, must include a consideration of how social structures and processes generate differential social capacities for actors to define and pursue their interests and ideals* (Barnett dan Duvall, 2005:42).

They begin by defining power as "the production, in and through social relations, of effects that shape the capacities of actors to determine their circumstances and fate" (Barnett and Duvall, 2005:42). This conceptualization limits the understanding of power to the production of specific types of effects, namely, effects on the capacity of actors to determine the conditions of their existence. The effects resulting from the application of power create a distinction, benefiting one party and disadvantaging the other. Those who benefit from these effects will experience an increase in capacity, while those who are disadvantaged will experience the opposite.

This means that the analysis of power must involve two dimensions: the type of social relationship used to exercise power and the specificity of the social relationship used to produce effects on the capacity of actors.

In the first dimension (type of social relationship), there are two opposing positions: "interaction" social relationships and "constitution" social relationships. In "interaction" social relationships, power is an attribute of certain actors and the interaction between them. (For example, power is obtained by pointing a gun and ordering the victim to do something). In "constitution" social relationships, power is a social process that shapes actors as social beings, i.e., it shapes their social identity and capacity. (For example, power that emerges from the social structure prevalent in society or a knowledge system that benefits one party and disadvantages the other). In other words, these two types of relationships generate two types of power. "Interaction" social relationships result in "power over"; "constitution" social relationships result in "power to."

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The second dimension (specificity of the social relationship) concerns how directly the social relationship used to exercise power produces effects: directly and specifically directed at certain actors (for example, power emerges instantly when a gun is pointed); or indirectly and non-specifically (for example, power emerges through a diffusion process within international institutions that establish the rules of the game determining who participates in decision-making processes).

Using these two dimensions, Barnett and Duvall developed a taxonomy of power: "compulsory power," "institutional power," "structural power," and "productive power."

Taxonomy of Power

> institutions have shown how evolving rules and decision-making procedures can shape outcomes in ways that favor some groups over others; these effects can operate over time and at a distance, and often in ways that were not intended or anticipated by the architects of the institution.[27] Similarly, scholars influenced by poststructuralism examine how historically and contingently produced discourses shape the subjectivities of actors; the very reason for genealogical and discourse-analytic methods is to demonstrate how systems of knowledge and discursive practices produce subjects through social relations that are quite indirect, socially diffuse, and temporally distant.[28] For instance, students of gender, race, and nation routinely recognize how socially diffuse discourses, and not isolated, direct, and proximate actions, produce the subjects of the modern world.[29]

Source: Barnett and Duvall (2005:48)

In brief, the argument of these two scholars can be summarized as follows: Compulsory power is the power that arises from the direct control of one actor over the existence or behavior of another actor. Institutional power is exercised through institutions that reflect the interests of stronger actors. These two categories of power align with the logic of most political science analyses that emphasize the role of actors. Structural power manifests as constitutive relationships where one actor (usually the stronger actor) determines the identity, preferences, and capabilities of the involved actors. A classic example is the relationship within a slavery system between the "master" and the "slave." Productive relations involve the process of identity and capacity formation through diffuse, non-specific social discourse. This taxonomy is not intended to depict types of power as mutually exclusive: different types of power can emerge in any transaction.

According to Barnett and Duvall, this multidimensional thinking allows us to escape the confines of realism à la Morgenthau and Waltz. Scholars who apply other

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perspectives, especially constructivism, can discuss power, but the basis of power according to Constructivists is not material factors.

International political theory from a Realist perspective, falling into the "behavioralist" category, as proposed by Hans Morgenthau and Ken Waltz, and domestic American political theory formulated by Robert Dahl, understand power as a phenomenon arising from interactions between actors. In Barnett and Duvall's taxonomy, they fall into the category of "compulsory power."

Theorization emphasizing the significant role of institutions in facilitating interactions between actors by reducing transaction costs ("institutional power") is proposed by liberal-institutionalist international political scientists. In this way of thinking, institutional rules can prioritize one issue for discussion and resolution while ignoring others.

While "compulsory power" manifests as direct control of one party over another and "institutional power" takes the form of control of one party over another socially distant party, "structural power" is understood as "the direct and mutual constitution of the capacities of actors," i.e., power that emerges through direct and mutually-constitutive social relationships. In these relationships, each party forms its identity and capacity reciprocally.

In this structural conception, each party is involved in the mutual formation of their identity, capacity, and interests. The actors are shaped by these social relationships. If the holder of "institutional power" can prioritize one issue and exclude others, the controller of "structural power" can do more than that. An issue is not only overlooked but considered non-existent. Using an example of "structural power" in the issue of slavery: a slave does not only refrain from attempting to escape to freedom but cannot even imagine a life free from slavery.

The last type of power is "productive power." This is similar to "structural power" in that both emphasize constitutive social processes, not controlled by specific actors but by actors through indirect processes. Both consider how the social capacities of actors are formed through social relationships.

However, "productive power" differs from "structural power": "structural power" operates through direct structural relationships, whereas "productive power" operates through more general and diffuse social processes.

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What can we learn and apply to understand our phenomenon, namely, small actors who can resist the power of big actors?

As illustrated in the taxonomy, there is no theory that can be satisfactorily used to understand the ability of small actors to negate the power of big actors. But with some adjustments, we can utilize the thinking approach of one theory that can be categorized as power in the upper-left cell: its type of social relationship is direct and actor-oriented, not structural. This can be found in the theorization within the perspective of international political economy proposed by Benjamin Cohen.

Cohen's analysis is still colored by conventional thinking that emphasizes the role of "state power" in International Relations. Applying the International Political Economy perspective, Cohen discusses the connection between power and a country's monetary capacity. This scholar's discussion on the relationship between money and power is rooted in an "actor-oriented" way of thinking (that power functions through actor interactions) and "materially-based" (that the foundation of a country's power is its material capacity, and this is the determining factor for its success). Like most Realist scholars, Cohen holds the assumption that the state is the primary actor, behaving as a "rational utility maximizer," actively taking initiative based on cost-benefit calculations. Such a state indeed faces external constraints, such as the role of other actors in the international arena, such as increasingly active and assertive organizations or international institutions. However, the state is capable of overcoming or adapting to these constraints. What determines a country's success in the international arena is its relative capability compared to other actors in that arena.

However, even though both discuss power as a primary focus of Realist analysts, Cohen employs a different approach. He reveals that there are two elements in the concept of power: first, power as influence, and second, power as autonomy. In the literature of political science and International Relations, the popular conception of power is the ability to "influence" others to do something they do not actually want to do. However, there is another understanding, namely power as "autonomy," which means the ability to act freely, without external constraints due to the lack of need for monetary adjustments. The implication is that autonomy as the second element of power allows a country to resist or avoid pressure or coercion from others.

Defining the concept of power in these two dimensions has actually been done in various fields. Some categorize power into "external dimension" and "internal dimension." Others distinguish these two dimensions as "power over" and "power to."

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Analysts who focus on power as one actor's control over another ("power over") actually interpret it as influence or its "external dimension." Conversely, scholars who emphasize which actor can achieve something ("power to") are actually discussing power as autonomy or its "internal dimension." This means it is clear that "power" has two dimensions, not a single dimension. Quoting Robert Dahl (1984:33), Cohen asserts that "the logical complement of influence is autonomy."

In conventional International Relations literature, discussions of power are dominated by two schools of thought. Political realism prioritizes the concept of "hard power," which relies on the element of physical coercion; while liberalism focuses on the concept of "soft power," which is formed as a result of the ability to attract.

As an alternative, especially for understanding international political economy phenomena, Cohen introduces the concept of "currency power" or "monetary power." This unique power is described as stemming from a country's ability to implement macroeconomic policies such that its balance of payments remains positive, not in deficit; the continued success in ensuring a positive balance of payments allows the country to accumulate foreign exchange reserves used in international economic relations (foreign exchange, abbreviated as FOREX). This set of international payment instruments functions as a foreign exchange reserve.

Cohen conducts a thorough examination of the international political economy process, particularly international monetary relations, and presents an argument that positions the status of foreign exchange reserves as an indicator of power, something previously overlooked. He also demonstrates that in the international political economy arena, shifts in foreign exchange reserve status can alter the distribution of power among countries, resulting in some experiencing increases and others decreases in power. Cohen finds that countries capable of maintaining high foreign exchange reserve status enjoy macroeconomic flexibility. The larger the foreign exchange reserves, the higher the degree of freedom for the respective country to implement its macroeconomic policies. Consequently, such a country can act without being too dependent on other actors and, in turn, can negate the pressure or coercion from other powers (Cohen, 2013:19). Why and how does this happen? Cohen explains this phenomenon in the following account.

Cohen on Power and International Monetary Relations

Conventionally, power in international monetary relations is understood as the ability of a government to play an authoritative or leadership role in crisis management,

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financial regulatory politics, or the supply of payment financing. But to truly understand "monetary power," we need to focus on the two elements of power analysis, namely autonomy and interaction.

Autonomy and Influence

Autonomy is the ability to act free from external constraints. In the arena of international monetary relations, the ability to act autonomously is crucial because autonomy is a fundamental prerequisite for exerting influence. If a country is dependent on other actors in monetary matters, it is difficult for that country to exert its influence on other international actors.

In international monetary relations, an open national economy must seriously manage its balance of payments. This balance records the inflow and outflow of money to and from a country due to trade and investment. If the inflow is smaller (-) or larger (+) than the outflow, the balance is said to be imbalanced.

When such an imbalance occurs, especially if the balance is negative, the national government must make adjustments, which are not easy to execute. For example, to restore balance, the government might encourage increased exports and/or reduce imports; cut public spending by reducing development expenditure and/or increase government revenue through enhanced taxation and excise duties; seek foreign investment and foreign aid, and such policies. In practice, these policies can lead to significant domestic and external political challenges. In international monetary relations, many countries that have to make such adjustments end up depending on international creditors. In other words, a country suffering from a balance of payments deficit experiences a decline in autonomy. A chronic long-term balance of payments deficit can cause the respective country to lose independence in making and implementing its monetary policies.

This is the important lesson we learn from Cohen: the condition of the balance of payments, whether surplus or deficit, is an indicator of "monetary power." A positive balance reflects an increase in monetary strength; whereas a negative or deficit balance indicates a decline in monetary strength. A country with a sustainable positive balance of payments will be able to cultivate monetary power. Such a country will be able to avoid the risk of bearing the burden of adjustments due to balance of payments imbalances. In other words, the respective country can enjoy autonomy.

A country that is autonomous in this way becomes strong. Strength in this conception can be understood in the "internal" sense, which means being able to avoid

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the influence of other powers, as well as in the "external" sense, which means being able to influence others. A country with monetary power has power in the sense of autonomy, i.e., free from the influence of other powers, while also having power in the sense of influence, i.e., having the opportunity to exert influence over others. Conversely, a country with a persistently deficit balance of payments is threatened with a loss of power, unable to be autonomous.

In social reality, "influence" is inherently present in "autonomy." Because monetary relations are reciprocal, if one party is capable of being independent, then that party has the potential to have "leverage." If the independent party refuses to make adjustments, then the other party has to bear the burden of adjustments to restore balance to the balance of payments. This is passive influence, which arises from the ability to be independent. Passive influence does not take the form of "purposeful acts," as conventionally understood.

Monetary autonomy (which gives rise to passive influence) can be transformed into conventional influence (influence as an element of power aimed at affecting the actions of others) if the potential for leverage is consciously applied to achieve economic or political goals.

The conception of monetary power based on the ability to maintain the equilibrium of the balance of payments can explain the ability of small countries to evade the influence of larger countries. If the small country has an independent position, i.e., free from the necessity of making adjustments because its balance of payments is in positive condition, then it has the potential to avoid the pressure of influence from larger countries experiencing a balance of payments deficit.

Social Power and Relational Asymmetry

In conventional International Relations literature, interactions between countries are understood using the "resources-as-power" approach, where power arises from the possession of power-forming factors. For example, Morgenthau describes a country's power as depending on its possession of "elements of national power." The more of these elements a country possesses, the more powerful it is. In this context, power is associated with tangible resources.

In the context of international monetary relations, this approach is not useful. The more important source of power is the "structure of transactional relationships between countries." This can be understood using the "social power" approach, power

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formed in the context of social relationships. In monetary matters, what is important is not "what resources are possessed," but "who depends on whom and in what matters."

In the context of contemporary international monetary relations, the relationship between countries with a balance of payments deficit and those with a surplus creates asymmetrical relationships. Therefore, the important question to ask when examining international monetary relations is how asymmetrical the ongoing relationship is and how central a country's position is in the global interaction network. Relational asymmetry is the root of monetary autonomy. Therefore, it can be considered that relational asymmetry is the source of influential ability.

Explaining Singapore's Ability to Deny Indonesia's Influence

In summary, it can be argued that Singapore's ability to resist Indonesia's influence to help implement the Tax Amnesty program arises, among other things, from its ability to ensure its monetary economic autonomy by maintaining a balance of payments that is not in deficit. Meanwhile, Indonesia's difficulty in obtaining Singapore's support for the implementation of the capital repatriation program is related to the fact that Indonesia's balance of payments performance tends to be negative. This "relational asymmetry" in the monetary context is what can explain this phenomenon more convincingly.

The data in the following charts show the performance of Singapore and Indonesia in monetary policy. The pattern is clear that, although experiencing ups and downs, Singapore has been more consistent in maintaining a positive balance of payments from 1980 to the present; whereas Indonesia tends to face more challenges in its monetary economy. From Cohen's theoretical perspective on monetary political economy, it can be said that Singapore has been able to develop "monetary power," primarily in the form of the ability to avoid pressure from other actors (autonomy), whereas Indonesia, on the other hand, faces significant challenges in maintaining the ability to influence other actors (influence).

Figure 1: Singapore - Balance of Payments, 1980-2020

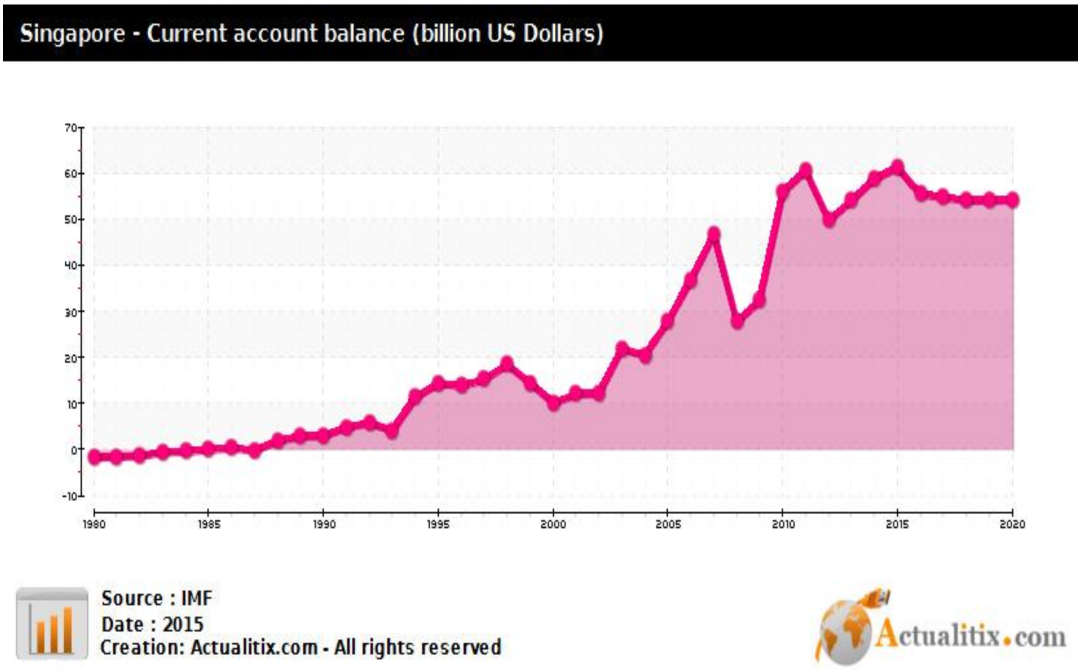
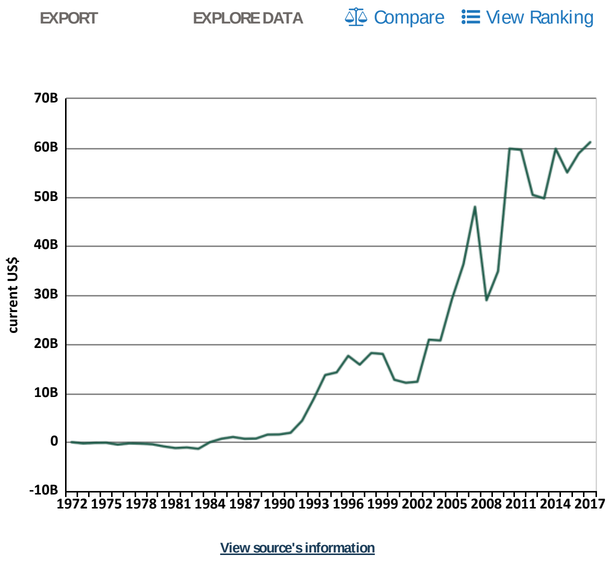


Figure 2: Singapore - Net Financial Balance, 1972-2017



DATE	VALUE	CHANGE, %
2017	61,075,728,226	3.87 %
2016	58,802,514,442	7.09 %
2015	54,910,115,833	-8.08 %
2014	59,736,000,947	20.37 %
2013	49,627,027,891	-1.41 %
2012	50,339,039,676	-15.42 %
2011	59,519,983,932	-0.40 %
2010	59,761,130,906	71.85 %
2009	34,774,553,693	20.45 %
2008	28,870,259,914	-39.74 %
2007	47,911,299,945	32.31 %
2006	36,210,392,716	

Source: Knoema

Note: In 2017, Singapore's net financial balance was recorded at 61.075 billion USD. Although Singapore's net financial balance has experienced significant fluctuations recently, the trend has been steadily increasing from 1998 to 2017, reaching 61.075 billion USD in 2017.

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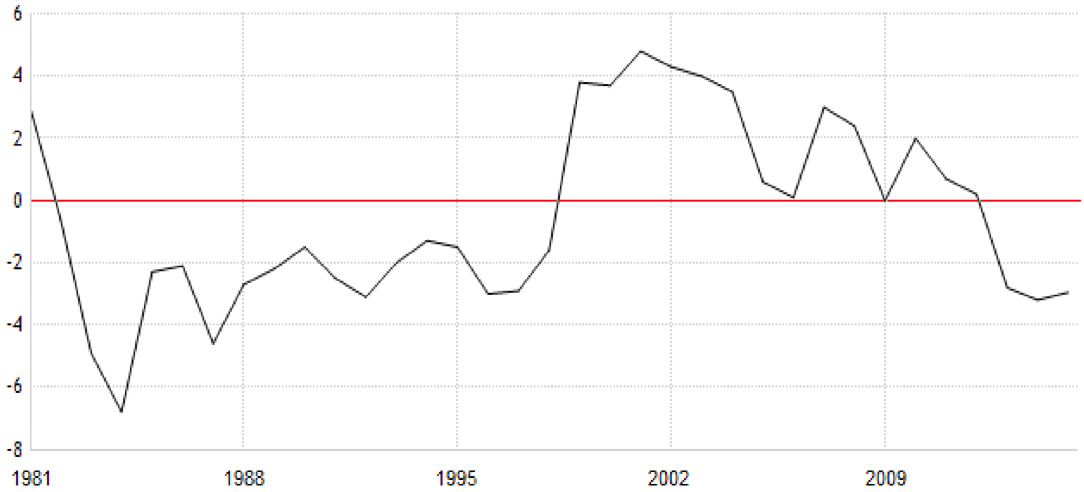
The net financial balance represents the acquisition and disposal of net financial assets and liabilities. Conceptually, the net financial balance is equal to the current account balance plus the capital account balance. This balance illustrates how debt transactions with foreign entities (non-residents) are financed.

Figure 3: Indonesia - Balance of Payments, 1981-2009



Source: www.tradingeconomics.com

Figure 4: Indonesia – Balance of Payments, 2000-2016

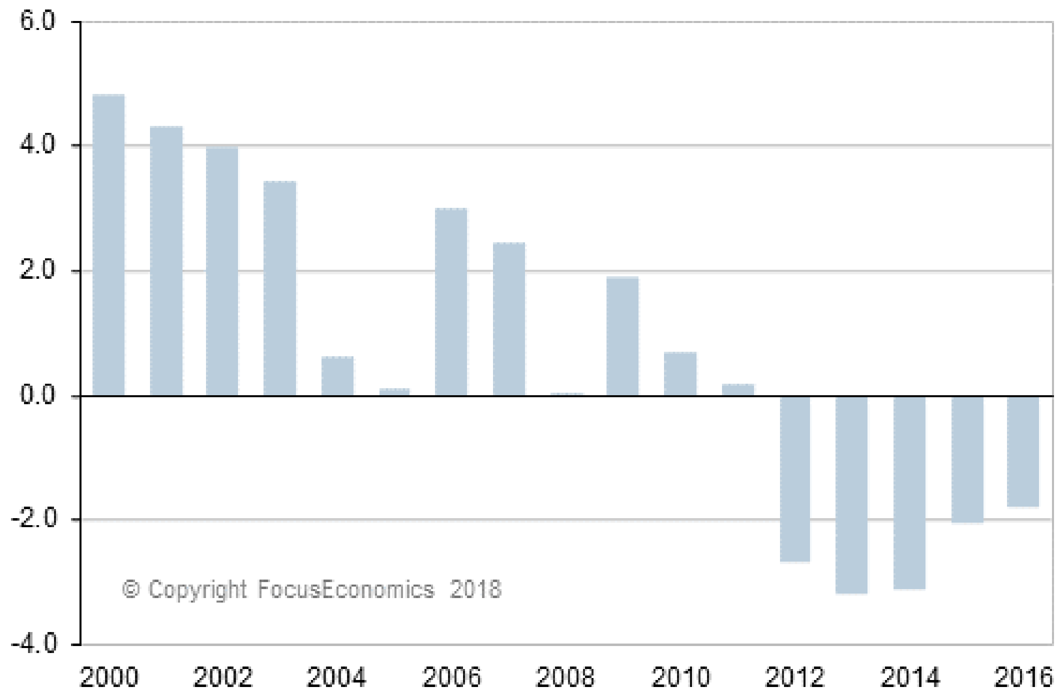


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Figure 5: Indonesia: Balance of Payments, 2008-2016

Sources: www.tradingeconomics.com and Bank Indonesia

Figure 6: Indonesia – Balance of Payments as a Percentage of GNP

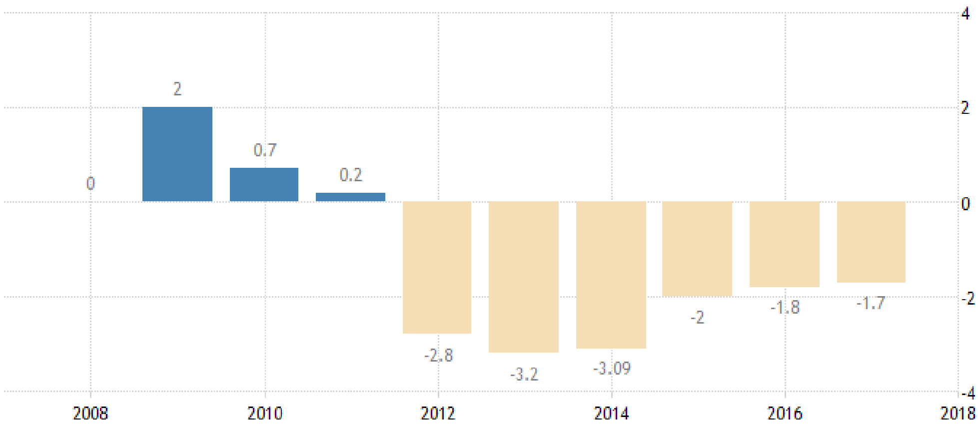

Figure 7: Indonesia - Trade Balance, 2018

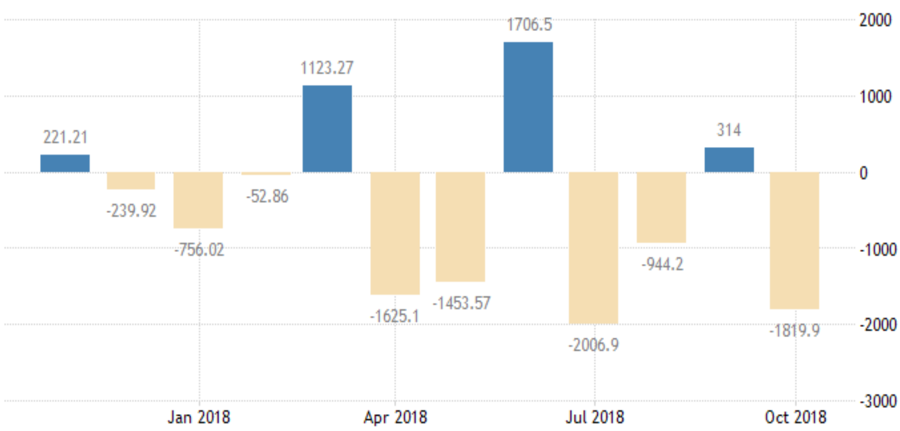

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Figure 8: Indonesia – Foreign Exchange Reserves, 2014-2015

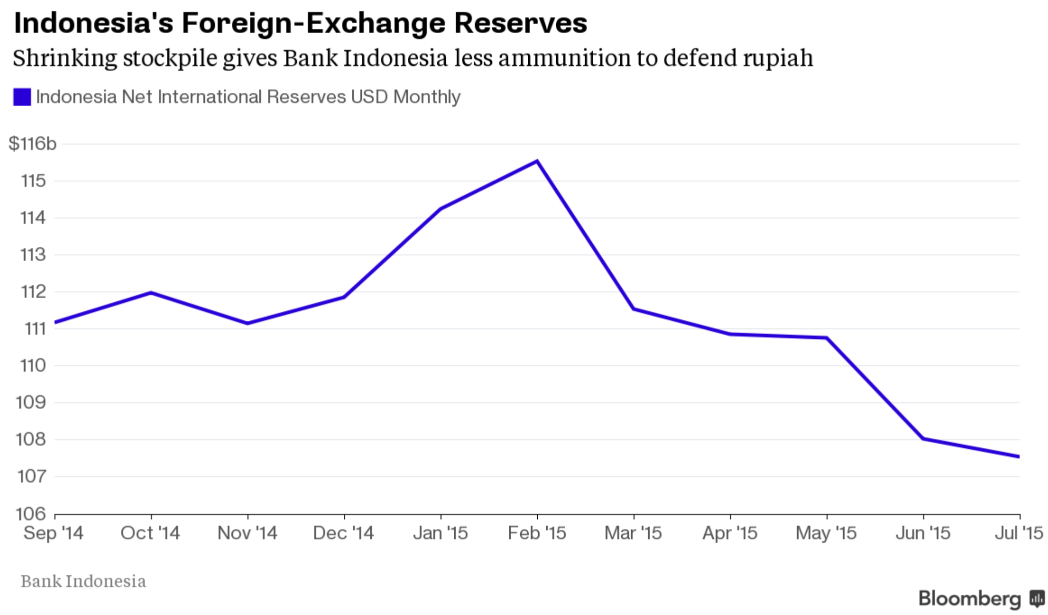
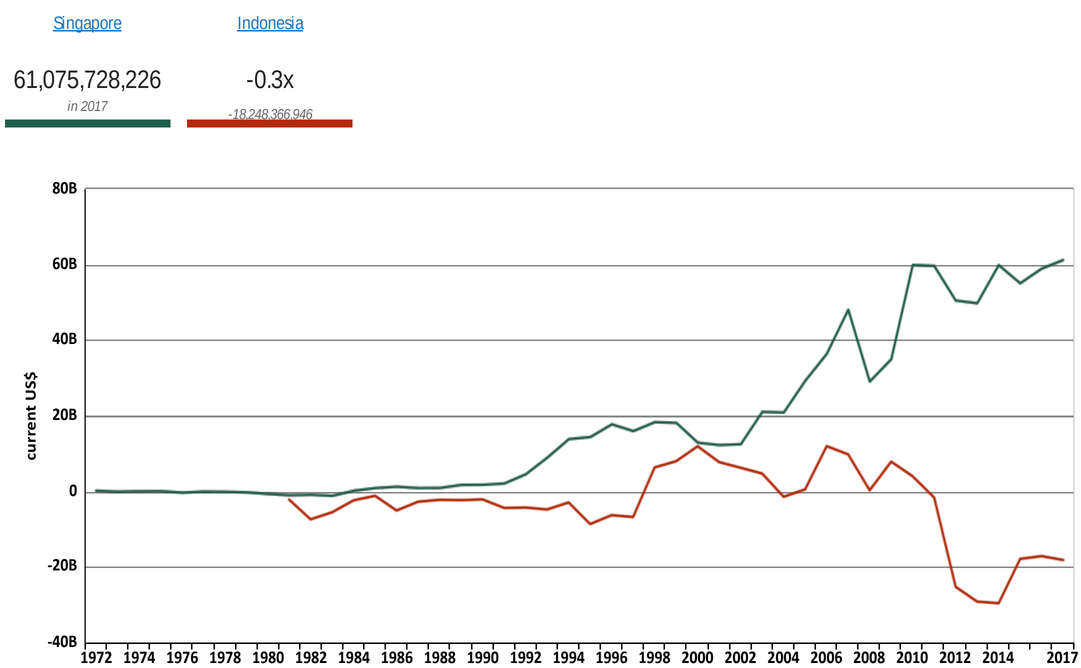


Figure 9: Singapore vs. Indonesia - Balance of Payments Performance, 1972-2017



Source: Knoema

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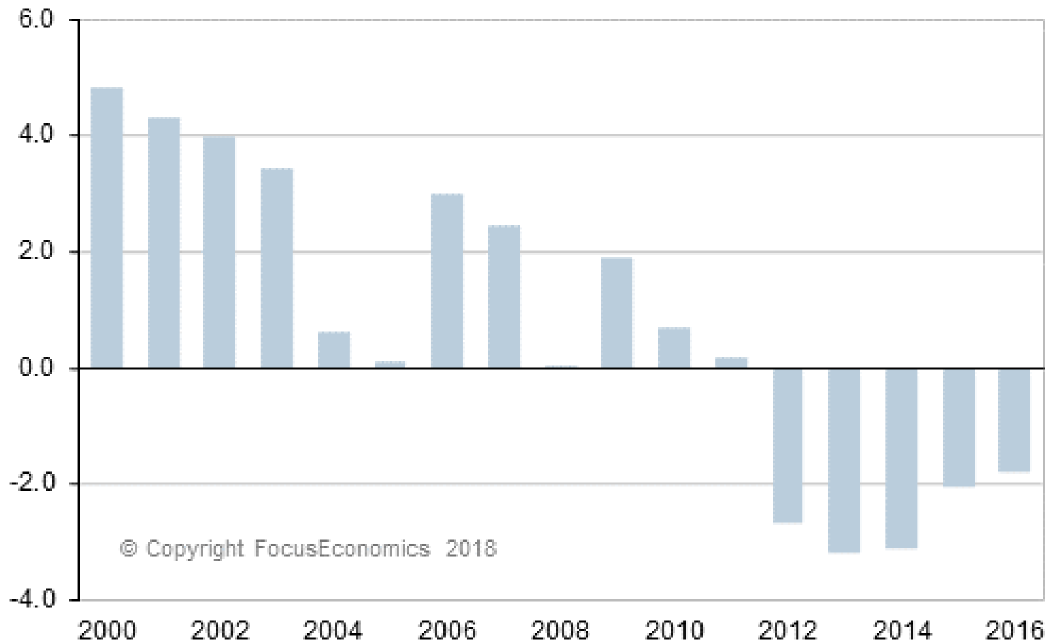
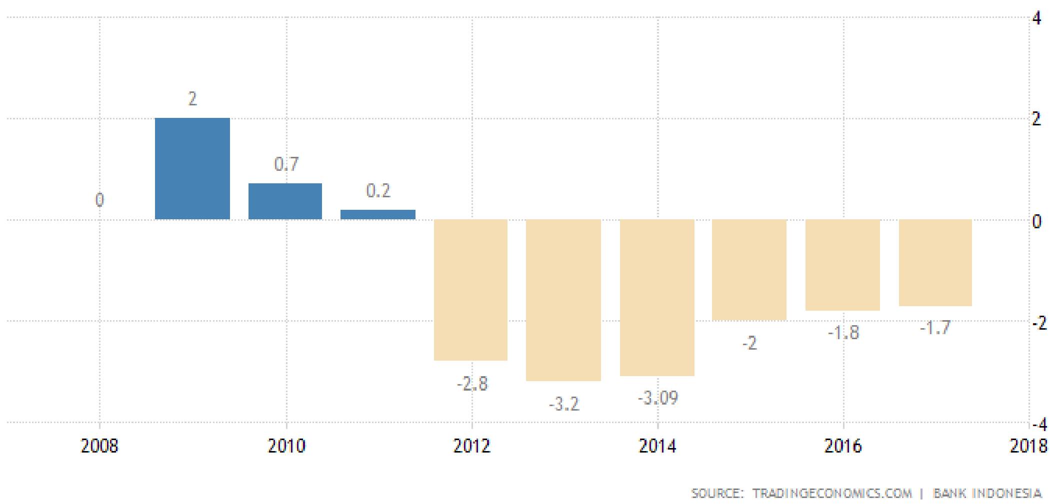
Figure 10: Indonesia - Current Account, 2000 – 2016



Notes: The current account is the sum of the balance of trade (the value of exports minus imports of goods and services), net factor income (such as interest and dividends), and net transfer payments (such as foreign aid).

Figure 11: Indonesia – Balance of Payments, 2008-2018



Conclusion: Not an Anomaly

The phenomenon of the inability to achieve the goal of repatriating funds owned by Indonesian citizens stored in Singaporean banks through the Tax Amnesty Program, from the perspective of International Political Economy, particularly the international monetary analysis proposed by Cohen, is not unusual. This phenomenon may not be apparent when viewed through conventional lenses, such as those used by Realist and Liberal analysts who believe that power is solely a matter of resources and has a single dimension. Applying a perspective that differentiates the concept of power into two dimensions, namely influence and autonomy, can easily reveal phenomena that were previously considered anomalies.

The conduct of political relations is closely related to each country's ability to manage its domestic affairs, particularly monetary affairs. Countries that implement "good housekeeping policies" generally enjoy national autonomy.

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