

## BOOK REVIEWS

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***Business and Politics in Indonesia.* By Andrew MacIntyre.** Asian Studies Association of Australia, Southeast Asia Publications Series no. 21. Sydney: Allen & Unwin, 1992. 282 pp.

Academics have often found it difficult to identify the forces behind political change in Indonesia. Political power is concentrated and discussion of policy alternatives restricted to a relatively small élite, so that decision-making processes are rarely subject to public scrutiny. The political culture also hinders investigation: the dominant discourse is one of decisions made autonomously by senior state officials and implemented by the state apparatus, unfettered by social pressures. The combination of a centralized political structure and an exclusivist political culture means that the public is generally unaware of the intense horse-trading which takes place before important political decisions are announced. Both foreign and local commentators are often forced to rely on that fickle source of information, the Jakarta gossip mill.

This study delves into the “black box” of decision-making in Indonesia and throws light on a process that, for many, remains obscure. The author has a good understanding of Indonesian politics, the complexities of which often make decision-making processes unpenetrable to outsiders. Rarely are conflicts between and within state departments described so fully, nor the complex relationships between state officials and the private sector examined in such detail. The author discusses complicated negotiations in a way that makes them accessible to the reader, and has thus made a considerable contribution to Australia’s reputation as an emerging centre of Indonesian studies.

Yet, despite these strengths, the discussion about the growing importance of the business class generally in Indonesian politics is not entirely convincing, and the reader is left with as many questions as answers.

### *The Growing Political Influence of Business*

The book's argument is straightforward and can be summarized briefly. It begins with the observation that most accounts of Indonesian politics emphasize how the government dominates societal forces. As the New Order government of President Soeharto consolidated itself in the 1970s and early 1980s, a diverse range of social forces were progressively excluded from politics. But if non-state forces had little political influence in the past, the book's theme is that this is certainly not the case now. Taking the business class as the example, we are told that state-society relations changed fundamentally with the economic difficulties of the mid-1980s. In three detailed case studies, blow-by-blow descriptions of the conflicts between departmental heads and business associations indicate that business leaders, increasingly, have been able to bring about important policy changes. More than that, these cases indicate that the state monopoly over political power generally is breaking down.

It is thus clear that this study has a broader purpose than the book's title may suggest, relating interest representation to theoretical debates about the nature of political power in Indonesia. Chapter One is a thoughtful and useful survey of writing on contemporary Indonesian politics. The literature is large, and the author provides a concise summary of the works of about two dozen major writers, grouped into six distinct schools of thought. The point of this chapter is that despite major differences on other issues, there is a broad consensus in this literature, a common perception that policy-making is usually restricted to state actors.

Chapter Two provides an overview of the evolution of political institutions in the 1970s and 1980s, describing the various corporatist organizations established to control the political parties, the press, the parliament, labour — and business. Until recently, the organizations were generally able to prevent overt pressures being brought to bear on policy-makers. Business is used to exemplify this corporatist strategy, as representative associations became tools for organizing the private sector according to state development goals, and capitalists came to rely on connections to political leaders for their success.

These corporatist institutions were put under strain in the mid-1980s, when the government began to rely more heavily on private investors to realize its development goals. MacIntyre's particular concern is to describe how this new environment affected the government's response to business

pressure. The case studies of the following three chapters constitute the heart of the study. It is shown that state-centred accounts no longer accurately depict state–business relations. The longest and best case study is the first, an absorbing account of pressure group activity in the *textile industry*. Initially, a conjuncture of conflicting economic interests and personal differences in the mid-1980s led several business groups to break out of the corporatist structure established by the government. These groups then set up a representative organization which, significantly, successfully pressured for a change in government legislation, overturning a decision of the Department of Trade to grant a monopoly to a client business group in the import of raw materials used for spinning.

This example of business activism is supported in the following two chapters by two shorter case studies. In the *pharmaceutical industry*, manufacturers reacted strongly to an attempt by the Ministry of Health to control prices. Forging an alliance with a section of the ministry, the business organization representing local manufacturers was eventually able to deflect government attempts to halt price rises. In the process, business groups were gradually able to transform an organization which had previously served to organize the private sector, into an organization that acted, politically, to advance business interests.

In the case of the *insurance industry*, financial companies had for years been urging the promulgation of a new law to regulate the industry. However, between 1985 and 1988 — the years covered by this study — the organization representing insurance firms was not able to force the Department of Finance to bring the long-debated law into existence, even though a draft law already existed. Nevertheless, the organization representing the industry was acting more skilfully and openly in support of business, and MacIntyre predicts that interest representation in this industry will follow a similar course to the pharmaceutical industry, transforming a corporatist organization into one acting to support business politically.

### Some Reservations

These accounts of interest representation offer a number of important insights into political processes in Indonesia. Perhaps the most interesting is the discussion of the form opposition takes in a society in which the political culture places great emphasis on state dominance. Pressure group activity is not officially tolerated, but we read, for example, how the textile association was nevertheless able to alter state legislation, redeploying government rhetoric and marshalling support for its own agenda — justifying its opposition in terms of state development objectives. It is only possible to uncover this sort of detail through close research, and

MacIntyre's empirical description of economic policy-making processes in the late 1980s will remain a valuable record of the tensions which had then become apparent.

These case studies are also used to make some telling comments about the state of Indonesian studies. For MacIntyre, academics have failed to keep pace with changing political realities, and the book's message is that observers need to adjust their lenses to take account of the growing political importance of non-state actors:

Academics have tended to emphasise the way in which societal interests have been increasingly excluded from political participation and policy formation. This is scarcely surprising given the increasingly stark contrast between the style of New Order politics and what had gone before it. However, we have now reached a position where the literature of the last five to ten years contains very little recognition of the possibility of significant societal inputs at all.

. . . And yet, as this study has shown, there are still signs of political life in Indonesia. It is no longer tenable, if it ever was, to argue that political influence is effectively confined to the state elite, barring individual patrimonial links. (pp. 250–251)

As valuable as these case studies are, the author is on weaker ground when he extends his argument to politics more broadly. It is undeniable that business is now more politically influential. In the mid-1980s, the Indonesian economy entered a period of flux, as deepening industrialization and structural economic changes set in train a reordering of the political system. The capitalist class in Indonesia is now simply too large and complex to manage using the dirigiste mechanisms that served the government in the past. The identification of a state-centred bias in the literature is also timely. As processes of social change accelerate — which seems to be the case in Indonesia — there is a corresponding need to escape from the dominant concern with state analysis and concentrate on processes of class formation. But after finishing the book, one is left with the impression that the author has both stretched the evidence too far and not gone far enough.

On the one hand, dense descriptions of negotiations over policy changes in what are, in the end, relatively minor arenas are made the basis for global conclusions about changing state–society relations in New Order Indonesia. It is argued that the same phenomenon of growing assertiveness also characterizes other middle-class forces. But business operates according to laws and norms that are very different from other sectors of society. Business is not as vulnerable to state intervention as, for example, forces such as non-governmental organizations, or the press.

Neither is a discussion of the business interest representation of itself

a sufficient basis for concluding that the business class generally has greater political influence. A convincing case is made out that business is becoming more politically vocal. But it is not difficult to cite cases of patrimonialism in other major industries in the modern sector, where the personal support of political patrons is more important.

On the other hand, this reader, at least, was left with the feeling that much of the story had been left out, and that the focus on bargaining between departments and business associations had excluded other possibilities. We are given highly personalized and complicated descriptions of policy conflicts in Chapters Three, Four and Five, conflicts in which the eventual outcome is attributed to the negotiating skills of the participants and the role of influential individuals. But how do these outcomes relate to the structural and systemic changes of the mid-1980s described in Chapter Two? To take one example, the large-scale shift of labour-intensive industries to Indonesia from the late 1970s must have made private capital in the textile industry a more important factor in the government's plans for promoting non-oil exports. The study demonstrates conclusively that liberalization of the textile industry was not simply due to the political clout of Minister Sumarlin, the influential reform-minded head of the State Planning Board (BAPPENAS). The study shows that he was critically aided by external pressure from the textile industry association. But this growing business influence reflects structural economic changes, as a result of the changing international division of labour which, ultimately, may account for the success of the textile association. Such possibilities, however, are not explored.

The reason for the relatively closed nature of the analysis lies in the theoretical assumptions underlying the study, which is my first reservation. In rejecting the state-centred bias of much of the theorization, the author has himself overdrawn the distinction between state and society — with “business” equated with “society”. States and society are not polar opposites, however, for there is constant interaction between societal actors and state personnel, as this study attests. Bargaining between the government and business over economic matters is not a new phenomenon, and doing business in Indonesia has always involved constant negotiations with senior state officials. More generally, the possibilities open to state economic planners are always limited, to a lesser or greater extent, by economic realities. What was distinctive about the decade prior to the period covered by this book was that the influx of oil revenues had given the government great authority in determining business success. Once the so-called “oil bonanza” came to an end in the mid-1980s, there was a return to the wheeling and dealing which had characterized Indonesian capitalism in the 1960s and early 1970s.

A second reservation is that the book does not really "describe the animal". Instead of an analysis of the role of business in Indonesian politics, what we have are fascinating accounts of negotiations between business leaders of three industries and certain parts of the bureaucracy. The social changes and the trend towards social pluralism which has taken place in the last decade are touched on, but not related to changes in Indonesian capitalism. Society has grown more diverse; the middle class is larger; capitalism has greater legitimacy as bourgeois values spread. But after showing so clearly that state officials also respond to pressures from outside the apparatus, we are left wondering what will be the impact of the growing political influence of the capitalist class.

A final comment concerns future directions for Indonesian political studies. Given the prevailing political culture and the burgeoning authority of the New Order state during the 1970s and early 1980s, it is not surprising that many observers took government pronouncements at face value and ascribed to the Indonesian state an unusual degree of autonomy from social forces. Local commentators have long been aware of the bargaining that takes place between business and government, and that it has become more intense in recent years. The social and economic climate which was responsible for state autonomy subsequently changed, but much foreign writing on Indonesia today continues to exaggerate the extent to which the state dominates society.

Indonesian society is becoming increasingly capitalistic in nature, as this book shows. What we badly need, therefore, are further studies which are also grounded on close empirical investigation of this changing society. Perhaps the most useful purpose of this book is that it serves to illustrate the sort of research which needs to be carried out.

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***The Vietnam Reader.* Edited by Walter Capps.** New York: Routledge, 1992.  
 318 pp.

*The Vietnam Reader* is not what it initially seems. The book has little to do with the Southeast Asian country of that name, and almost everything to do with the United States' continued problem in coping with the legacy