

**The Making of a Precarious Bourgeoisie:
State and the Transformation of Domestic Bourgeoisie in
Indonesia**

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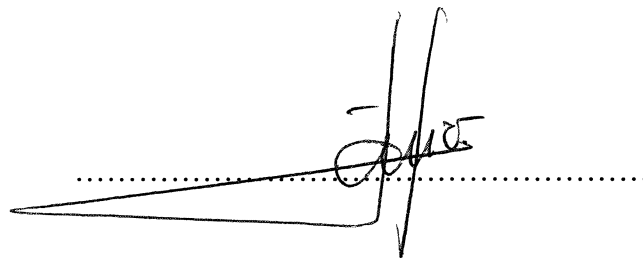
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Lovingly dedicated to
my Dad and Mom, Paul and Susanna,
my wife, Tina and sons, Theo and Franc.

I declare that this thesis is my own account of my research and contains, as its main content, work which has not previously been submitted for a degree at any tertiary educational institution.

A handwritten signature in black ink, consisting of stylized, overlapping letters, positioned above a horizontal dotted line.

David Sulistijo Widihandojo

ABSTRACT

This study focusses on the dynamics which underlie the changing relationships between Chinese and *pribumi* business interests and the state. Under the Colonial state, the indigenous bourgeoisie had been practically eliminated, not only by the Dutch but also by *priyayi* bureaucrats. Consequently, Indonesia inherited a socially and politically weak bourgeoisie dominated by the Chinese who controlled substantial commercial networks, but had limited potential for political organisation. In the post-colonial era, attempts to build an indigenous bourgeoisie failed and it was the state that assumed the leading role in the economy.

Under the New Order Government, the Chinese were to play a central role in promoting rapid economic growth and industrialisation. While this intensified resentment in some areas, new relationships between Chinese and *pribumi* capital and the state emerged. The intensifying relationship with the Chinese and *pribumi* had been built primarily around business alliances between large Chinese companies and companies owned by powerful political families. As such, cooperation remain highly dependent upon protective policies and access to monopolies.

The unleashing of economic liberalisation resulted in the maturation of the bourgeoisie, characterised by their increasing entry into the international market. Conflict within business continued to evolve around the issues of conglomerates and was largely racially based. However, other factions were to emerge between upstream and downstream producers, between trading monopolists and producers.

The case studies in this thesis draw out the increasing complexity of *pribumi*-Chinese relations. In the case of cloves we find that conflict between a Chinese cigarette manufacturing conglomerate and a *pribumi* trading monopolist had few racial aspects. Rather, it was a conflict between rent-seekers and producers that was reflected in other parts of the economy and included both *pribumi* and Chinese on either side. As the economy grew and capitalism matured, issues other than race became important. These included deregulation of trade and investment, regulation and macro policy, with *Pribumi* and Chinese becoming absorbed and integrated on either side of the various conflicts.

TABLE OF CONTENTS

Acknowledgments	i
Introduction	iii
The Nature of the Study	
The Indonesian Case	
The Research Project	
Part One	
The Colonial Context: Capital and Colonial State Policy to 1950	1
Chapter One: The Colonial State and the Failure of Domestic Bourgeoisie	4
The Pre-Colonial State and the <i>Sudagar</i>	
The Disintegration of Domestic Bourgeoisie	
The Cultivation System	
The Collapse of the Colonial State	
Chapter Two: Case Study: The <i>Kretek Sudagar</i> of Kudus	25
The Birth of Kretek Industry	
The Islamic Trading Society	
The <i>Kretek</i> Cigarette Manufacturers' Association	
Part Two	
The Post-Colonial Setting: State Policy and the Structure of Capital: State, Chinese and <i>Pribumi</i>, 1950-80	50
Introduction	
Chapter Three: The Collapse of Civilian Rule	51
The Liberal Democratic Era	
The Rise of Indigenist Policies	
The Watershed: Guided Democracy	
The End of Civilian Rule	
Chapter Four: Under State Domination and Intervention	70
The Bureaucrat and the <i>Cukong</i>	
Case Study: The Cloves Trade	
Part Three	
Legitimising Capital	97
Introduction	
Chapter Five: Accommodating Chinese Capital	99

David Widihandojo

Chapter Six: Case Study: The <i>Gudang Garam</i> of Kediri	116
The Rise of A <i>Kretek</i> Giant	
<i>Gudang Garam</i> and Local Economy	
<i>Gudang Garam</i> and Labour Movement	
<i>Gudang Garam</i> and Anti-Chinese Issue	
Part Four	
Capital Challenges the State: The Era of Deregulation	137
Introduction	
Chapter Seven: The Era of Deregulation	139
The Deregulation Measures	
The Re-Orientation	
Chapter Eight: Conflict within Capital: Racial to Interest-Based Division	159
The Pribumi Bourgeoisie	
The Petty Pribumi Bourgeoisie	
The Downstream Chinese Bourgeoisie	
Chapter Nine : Case Studies: The <i>Kemitraan-Usaha</i> Campaign	182
The Legitimacy of <i>Kemitraan Usaha</i>	
Case Study 1: The <i>Hipmi-Salim</i> Group Joint Ventures	
Case Study 2: The <i>Nusumma</i> Joint Ventures	
Case Study 3: The <i>Bapak Angkat</i> Campaign	
Chapter Ten: Case Study: The Struggle Against Nepotistic Monopoly	200
Introduction	
The Conflict	
The Formation of National Cloves Consortium	
Under The Monopoly	
The Takeover	
The Catastrophe	
Under Fire	
A Swing To Market Forces	
Conclusion	
Conclusion	241
Appendix	245
Bibliography	264

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