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**Organising Interests:  
Corporatism in Indonesian Politics**

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## **I. Introduction<sup>1</sup>**

Corporatism is not a term often used in Indonesian political discourse, nor, at a conceptual level, has it received much systematic attention from academic observers of Indonesian politics. Nonetheless, corporatism has been a central feature of political life throughout the New Order period, serving as a guiding principle for government efforts to organise and control political representation.

This paper deals with the changing position of corporatism in Indonesian politics. It begins with a discussion of the concept itself and then looks at the application of corporatist principles under the New Order. The crux of the paper, however, is an analysis of the inherent problems in attempting to sustain corporatist institutions in their current form and a reflection on possible future patterns for the organisation of interests in Indonesia.

## **II. Corporatism: conceptual issues**

Corporatism is a slippery concept and, as a consequence, has been used by scholars in a variety of ways. For the purposes of this paper, it is taken to refer to a particular model of interest intermediation, or more broadly, political representation. In generic terms, corporatism refers to a pattern of state-society relations in which the state plays the leading role in structuring and regulating interest groups, organising them along functional rather than class lines (in order to minimise both collaboration and conflict), and typically granting official recognition to only one representative body in any given sector. At the level of ideal-types, corporatism is usually contrasted with the liberal-pluralist model of politics, in which there is a universe of autonomous and competitive interest groups operating in a manner relatively unconstrained by the state. Alfred Stepan (1978: 46) provides a simple and useful definition of corporatism:

`Corporatism refers to a particular set of policies and institutional arrangements for structuring interest representation. Where such arrangements predominate, the state often charters or even creates interest groups, attempts to regulate their number, and give them the appearance of a quasi-representational monopoly along with special prerogatives.'

Corporatist institutions exist in both democratic and authoritarian political frameworks. In his seminal essay on the subject, the leading corporatist theorist, Philippe Schmitter (1979), differentiated between what he termed `societal' and `state' corporatism; the former referring to liberal or democratic arrangements, and the latter to authoritarian situations. There is an extensive literature dealing with corporatism in the advanced industrial countries (for example

Schmitter & Lembruch 1979, Katzenstein 1984 & 1985, Cawson 1982). However for the purposes of analysing the dynamics of corporatism in Indonesia, it is the literature on developing countries with which we are principally concerned. The great bulk of this literature focuses on Latin America (for example Schmitter 1971, Malloy 1977, Stepan 1978).<sup>2</sup> In his work on Peru, Alfred Stepan highlights the close association between corporatist institutions and what he labels 'organic statism' - a normative model of politics with a lineage running back through Catholic political thought to Roman law and Aristotle and which is present in many parts of Western Europe, particularly Spain, Portugal, and their former colonies. Organic statism is a model of politics in which the various constituent parts of society are seen as being naturally integrated into one harmonious polity under the authoritative leadership of the state. This is a model featuring a powerful and interventionist state, with society thought of as being organised into non-competitive functional groups, rather than antagonistic classes or seething individualism. Corporatism is a means of organising interest representation which sits very comfortably with an organic statist vision of politics: the only interest groups formally permitted to exist are those chartered or sanctioned by the state. For authoritarian regimes, a corporatist framework for interest group representation can be a convenient method for managing and containing demand-making by societal groups. As Malloy (1977:4) puts it in his comparative study of Latin American politics, corporatist strategies seek to:

'...eliminate spontaneous interest articulation and establish a limited number of authoritatively recognised groups that interact with the governmental apparatus in defined and regularised ways. Moreover, the recognised groups in this type of regime are organized in vertical functional categories rather than horizontal class categories and are obliged to interact with the state through designated leaders of authoritatively sanctioned interest associations.'

Focusing on corporatist arrangements in an authoritarian context, Stepan (1978) differentiates between two sub-types: exclusionary and inclusionary corporatism. Although neither is democratic, as the labels suggest, the first is characterised by greater control and repression, whereas under the second, although the state is still unquestionably dominant, there is much greater scope for societal input via approved interest associations. As will become clear, in the case of New Order Indonesia, corporatist institutions have for the most part been decidedly exclusionary in nature.

By comparison with the volume of writing about corporatism in Latin American countries, the literature on Indonesia is sparse indeed. Nonetheless, a number of writers have focused on corporatist institutions in Indonesia. Dwight King (1977, 1979 & 1982) was the first scholar to explore in a systematic way corporatism in New Order Indonesia, identifying a range of interest

associations organised and linked to the state in a corporatist fashion. MacIntyre (1989, 1991) has examined the development of corporatist institutions as a strategy for political control, highlighting the development of corporatist representation in the business sector, and Hadiz (1992) analyses corporatist institutions in the labour sector. Without doubt, however, the most thoroughgoing and extensive analysis of the evolution of corporatism in Indonesia is the work of the political historian, David Reeve (1985, 1990). Reeve traces the modern development of the state political party, Golkar, as the centrepiece of the New Order regime's corporatist strategy for political containment. Reeve sees corporatist representation in modern Indonesia as growing out of an integralist conception of the state and the 'family principle' (*kekeluargaan*), principles which he argues are part of a longstanding current in traditional 'Indonesian' political thinking in which society is conceived as an organic whole under the integrating and benevolent leadership of the state. As those familiar with the Latin American literature on corporatism will recognise, this conception of the way in which political life should be organised corresponds very closely to the organic statist model so carefully described by Stepan. Recently, David Bouchier (1992a, 1992b, 1993) has re-examined this issue and, drawing on the work of Marsillam Simandjuntak, has questioned Reeve's claim that integralist conceptions of the state and the family principle are the product of traditional Indonesian political thinking, arguing instead that the ideas were transferred from Western Europe to Indonesian political discourse via nationalist figures such as the lawyer, Professor Raden Supomo. Whether or not Bouchier is right in rebutting Reeve's argument, he offers a possible explanation as to how nearly identical political principles should emerge in both Latin America and Indonesia.

Some scholars have been unimpressed by the argument that corporatism is a real and important phenomenon in Indonesian political life. The Canadian political scientist, Stephen Milne (1983), has criticised the work of Dwight King, arguing on the one hand that patron-client relationships seem to be at least as important as corporatist institutions as channels for interest intermediation, and on the other hand that there is insufficient evidence that the establishment of corporatist institutions was a deliberate strategy on the part of the state elite rather than the product of *ad hoc* political management. Milne (1983: 180) acknowledges the existence of some corporatist elements, but asks '...are these features sufficiently pronounced...to make it worthwhile applying the concept with any degree of seriousness, as opposed to pointing to certain common features as a matter of interest?' Milne's negative judgement on this matter is too harsh, and his dichotomisation of corporatism and clientelism too sharp.

There is no necessary reason why clientelism - even pervasive clientelism - cannot coexist with corporatist institutions. Recent studies of Taiwan and South Korea, for instance, point to the

interweaving of corporatism and clientelism (Chu forthcoming, Moon forthcoming). In a study of seven Latin American countries, Robert Kaufman concluded that not only were corporatism and clientelism both deep-seated features of the political landscape, they were in fact mutually reinforcing or symbiotic forms of interest intermediation.

'...corporatist arrangements discourage autonomous group competition and perpetuate more particularistic forms of individual problem-solving activity. Clientelistic forms of problem-solving behavior, in turn, vastly increase the flexibility of what would otherwise be quite rigid corporatist legal structures.' (1977:15)

Similarly, on the issue of whether the development of corporatist institutions was an act of deliberate state policy, the work of Reeve (1985) provides detailed and careful evidence demonstrating that army leaders regarded state-controlled, functionally-based group representation as the most appropriate means of managing and containing demands for political participation.

### **III. The development of corporatism under the New Order<sup>3</sup>**

In the years since the rise of the New Order in the late 1960s, Indonesia has experienced a sustained and far-reaching campaign of political restructuring. Following the widespread political mobilisation that took place in the final years of Sukarno's rule and the traumatic events surrounding his demise, security planners within the state developed a corporatist strategy to handle the demands being made upon the new government by a wide spectrum of groups within society. The core of this strategy was to channel political participation away from less controllable institutions, such as the political parties, and into various state-designated functional organisations. This resulted in a steady narrowing of the scope for participation and a heavy concentration of influence over the formation of public policy in the hands of the state.

There can be little doubt that for many years this corporatist strategy succeeded in greatly reducing the scope for political participation by societal groups. At the beginning of the New Order period the future of the new regime was far from certain and there were many groups with strong and independent political capacities which operated as countervailing political forces on particular policy issues. By comparison, in recent times the government has appeared reasonably secure from any conceivable society-based challenge and has been far less constrained in the

development of policy.

From the outset, Suharto's new military-dominated government viewed the civilian political parties with profound scepticism and was anxious to ensure that they did not come to threaten its position. Though the Communist Party had been physically eliminated, the military remained wary of the potential for mass-based political mobilisation. In this situation the idea of developing a tightly controlled corporatist system of interest intermediation held much appeal for New Order security planners.

The idea of shifting away from a competitive party system to one in which corporatist organisations would be the principal form of linkage for the channelling of societal demands to policy makers was not new. As already noted, David Reeve's study (1985) of Golkar has shown that the idea of corporatist representation predates the New Order. Indeed, a number of corporatist structures had already been set up during the Guided Democracy period. Not surprisingly, the military has been the most active proponent of a corporatist approach to the management of interest representation in recent decades. The basic aim of the New Order security planners was to unfasten the links between the political parties and society. In the place of the parties they sought to establish a system of functionally-based and non-competitive organisations to act as conduits between societal interests and the state. A first step in this direction was to address the popular sectors which were most closely linked to the political parties. All existing representative bodies serving labour, peasants, fishermen, youth and women were fused into five single officially designated organisations. These functional categories received special attention as they had in the past been a source of radicalism. The strategy of corporatist containment was not, however, confined solely to these mass social categories - it was extended right across the spectrum of social interests (Reeve 1985; King 1977 and 1982). Numerous associations were established as the sole representative body for particular categories of societal interests. Priority was given to those interest areas of strategic significance within society. Thus, in addition to the five major mass organisations mentioned above, civil servants, teachers and business people, for example, also soon acquired a single officially recognised body to represent their collective interests. Importantly, a major reason underlying this emphasis on functional divisions in society was a desire to blur class and other established political cleavages.

Parallel with this strategy of establishing a network of corporatist structures to cut the links between the political parties and society was an outright push to emasculate the parties themselves (Liddle 1978; Crouch 1978; Ward 1974). The nine remaining political parties (other than Golkar, which at that stage claimed it was not a party) were fused into two new all-

embracing parties, one amalgamating the former Muslim parties, and the other the former nationalist and Christian parties. More important than this was the fact that the fusion created new, artificial political organisations which were fraught with internal tensions. This, together with the filling of party leadership positions with compliant individuals and the vetting of all candidates for election, helped to ensure that the parties would be in no position to challenge the government's authority. The final blow for the party system was the introduction of regulations preventing the establishment of party offices in villages and small towns - where most of the population was located. This came about with the development of the concepts of the 'depoliticisation' of the countryside and the creation of a 'floating mass', the aim of which was to detach the bulk of the population from all but state-approved political channels.

The effect of this restructuring was to eliminate, or at least greatly weaken, less controllable channels for political demand-making and to replace them with a vast and compliant corporatist network. The new corporatist edifice, which had Golkar as its capstone, did not, however, function to aggregate demands from different sectors of society and channel them upwards to policy makers within the government. Indeed, it had almost no role to play in terms of interest intermediation and so largely lay dormant on the political sidelines. Yet Golkar's passivity did not represent a political failure by its architects; quite the opposite. As Reeve (1985: 322) noted:

'The Army leadership had been in no way committed to creating the sort of "dynamic" political vehicle that some public spokesmen had claimed Golkar would become. That the majority of the populace should be drawn away from the parties into a vehicle under military control, committed to "harmony" and "stability", had been enough.'

In terms of Stepan's previously mentioned dichotomy, this corporatist framework was clearly exclusionary in nature. For Ali Moertopo, the principal political architect of the early New Order period, this corporatist strategy was a great success. Though in formal terms the corporatist bodies were important advisory and consultative organs, in practice they were peripheral to power. Their actual function - which they performed very effectively - was to absorb and contain the demands of extra-state groups. With the leadership of all strategically significant organisations overseen by state officials, the pattern for them to become merely formalistic and idle was soon established. Rather than serving the interests of client groups by seriously promoting their demands to policy makers, these organisations served the interests of the New Order's political strategists by acting as buffers between societal interests and the state. They were, in short, a means of social and political control.

The implementation of this exclusionary corporatist strategy for the management of interest

representation has been both widespread and thoroughgoing. Functionally organised representational associations continued to be established throughout the 1970s and into the 1980s, even as some withered with inertia. Perhaps the high point of this wave of political restructuring was the enshrining in law in 1985 of a requirement that all social and political organisations accept as their sole foundation the state ideology, *Pancasila* - a move which symbolised the integralist and anti-liberal character of corporatism in Indonesia.

#### **IV. Tensions in the structure of Indonesian corporatism**

A corporatist framework for managing interest intermediation has been firmly in place for some twenty years. In spite of this longevity and the 'good service' it has afforded the government, there are a number of reasons for believing that it is unlikely to endure in its current form much longer. Four in particular stand out. Of these, three are tensions inherent to organic statism and authoritarian corporatism. As Stepan (1978) has demonstrated, each of these tensions in the model can be identified on an *a priori* basis. Nonetheless, they are all of immediate empirical relevance to Indonesia today.

The first of these tensions concerns the difficulty of maintaining a vertically structured framework for interest representation. As seen from the discussion in Section II, a crucial element of the corporatist model is that interest representation is deliberately organised on the basis of functional differentiation, with each sector having its own officially recognised representative body. An inherent difficulty with this system is that it conflicts with other pressures for collaboration or even integration *across* sectors. Collaboration of this sort threatens the 'divide and rule' logic of the system and opens up the possibility of new and more broadly-based political organisations. In addition, non-functional cleavages such as class, ethnicity, religion or region often assume greater importance than vertical functionally-based divisions. This inherent problem for exclusionary corporatism can be seen emerging in Indonesia. New horizontal class cleavages, for instance, will become increasingly important in Indonesia over the course of the 1990s as society becomes differentiated in socio-economic terms as a result of sustained rapid industrialisation. For our purposes, the important point here is that as horizontal cleavages and non-functional cleavages become increasingly pronounced or, more modestly, clusters of shared interests which spill across the narrow functional divisions become more common, existing exclusionary corporatist organisations will be at risk of being politically sidelined or even overrun.

The second of the inherent tensions in the model concerns the contradiction between official

rhetoric about integralism, and the reality of political exclusion. In theory the organic statist model and its associated corporatist architecture provide for meaningful representation of sectoral interests, in reality this is usually undercut by the political imperative for authoritarian regimes to centralise power. Almost invariably, authoritarian regimes seek to maintain maximum control over significant interest associations precisely in order to prevent them from challenging their control of policy. Notwithstanding comforting doctrine and official rhetoric, typically the best that sectoral associations can hope for is that their interests will be represented in some formalistic way, for the likelihood of the regime permitting them to vigorously probe and question established government policy is remote. While such a state of affairs may be tolerable in the early phases of a regime's life, sooner or later the disjunction between rhetoric and reality becomes so stark that pressures mount across the sectoral spectrum for meaningful participation - that is, real voice and dialogue in the formation of policy.

This tension between the ideals of integralism and the realities of authoritarianism are very apparent in Indonesia today, where there is a wide gap between official rhetoric about the family principle and the integralist state on one hand, and the reality that in the vast majority of cases corporatist associations provide little scope for meaningful participation in policy-making on the other. Put simply, for the most part corporatist institutions in Indonesia have been exclusionary. There is no shortage of evidence to illustrate long-standing constituent frustration with key corporatist structures. The sole officially sanctioned labour organisation (the All Indonesian Workers Union - SPSI) is widely seen as an instrument for government control of the industrial workforce and commands little credibility as a representative organisation (Hadiz 1992, Santoso 1992). In the business sector, although the peak representative body (the Indonesian Chamber of Commerce and Industry - KADIN) has not been subject to the same level of government scrutiny and control as SPSI, it could scarcely be described as an effective champion of business interests. Indeed, KADIN has been largely irrelevant to economic policy-making processes in Indonesia. It has commanded little respect among either business people or economic officials, and is held together only by the glue of patronage. Below KADIN there is an array of industry-specific business associations, most of which have also been politically tame (MacIntyre 1991).

The point to be noted here is that sector-specific frustrations with sclerotic state-controlled representative structures, coupled with the conspicuous demand in recent years for democratisation, are placing mounting pressure on Indonesia's corporatist framework. The most glaring illustration of this is in the labour sector where the discredited SPSI has become increasingly irrelevant as wild-cat strike action spreads and independent vehicles for the advancement of worker interests emerge, such as the independent Indonesian Workers'

Prosperity Union (SBSI) and the Labour Communication Forum (FKK). Parallel but less dramatic change can also be seen in the business sector where some industry-specific business associations have come to life as vigorous advocates of industry interests (MacIntyre 1991). Furthermore, if the recent surprise and 'unscripted' election of Aburizal Bakrie as the new head of KADIN is any indication, it may even be that this organisation is at last beginning to develop some independence.<sup>4</sup>

A third and related theoretical tension in the model is the problem of renewing the rationale or justification for the initial move by the state elite to employ a corporatist strategy as a means for managing interest intermediation, since this was almost invariably rooted in a sense of political crisis. Corporatist strategies are typically adopted by newly installed governments which have come to power in the context of a major political crisis. As Stepan (1978: 47) notes:

'If the new state elite has any aspiration to rule by hegemony rather than by coercion, they will need to provide the new institutional arrangements with ample normative justification. The strongest philosophical tradition that can be mined to provide a rationale is organic statism.'

This is scarcely surprising for, as seen earlier, organic statist notions of integralism fit perfectly with a strategy of bridging otherwise dangerous cleavages in society by imposing a functionally-based and non-competitive network of state-controlled interest associations. While arguments of this sort may find acceptance in an environment of tension or crisis, over time they become less compelling. As the sense of national danger recedes, unless the crisis imperative can somehow be renewed, the justification for promoting restrictive corporatist measures as opposed to other more open and less rigidly structured political frameworks wears thin.

Again, this tension is readily identifiable in the Indonesian experience. The idea of promoting state-managed and functionally-based political representation found favour in the late 1950s with Sukarno and Nasution, and subsequently in the late 1960s among New Order army leaders precisely because it seemed to offer a strategy for bridging existing cleavages and imposing political stability. However, by the 1990s arguments about the need to guard against the political splintering of the 1950s or the upheaval of 1965-66 appear to have lost much of their resonance. In the absence of a crisis imperative, notions of integralism and state-managed interest representation are being overtaken by calls for a widening of the 'political space' and increased participation. In short, the normative justification for what are in practice exclusionary corporatist institutions appears to have lost a good deal of its force.

The fourth important variable which points towards the unravelling of exclusionary corporatist structures for interest intermediation is of a quite different nature from the previous three; it stems not from the characteristics of corporatism itself, but rather from developments in the post-cold war global political economy. Three separate international developments over the course of the last five years or so have come together and served to increase the pressure on Indonesia's exclusionary corporatist framework. These are: the marked increase in interest among Western countries in promoting human rights and political freedom globally; the resurgence in protectionist trade sentiments in the West, resulting in a particular concern to limit job losses in the manufacturing sector arising from highly competitive exports from developing countries; and the increased preparedness of leading Western countries - particularly the United States - to intervene in Third World affairs following the collapse of the Soviet Union. As a result of these various developments, Indonesia is now coming under growing pressure - principally in the area of labour representation - to allow greater associational freedom. Such pressures are coming from two main sources. On the one hand, organisations (principally, international NGOs such as Asia Watch and the US-based International Labour Rights Education and Research Fund) concerned with civil and human rights issues are focusing attention on the tight control the government exerts on the only officially-sanctioned labour organisation (the All Indonesia Workers Union - SPSI) and the measures taken to inhibit the emergence of alternative labour groups. On the other hand, national economic interests come into play as well. The peak American labour organisation, the AFL-CIO, has long urged the US government to adopt a more stringent attitude to labour rights in Indonesia. Whether out of a commitment to advancing political freedom, or simply a concern to save jobs at home, Washington has begun to take a keen interest in labour conditions in countries such as Indonesia whose exports out-compete US products. The current US Trade Representative, Micky Kantor, has warned the Indonesian government that the Clinton Administration is closely reviewing Indonesia's eligibility for preferential entry of exports to the US market under the GSP trade management regime. As yet it is difficult to assess what impact these pressures will have. One recent report suggests that the threat of trade sanctions has prompted the drafting of new and somewhat less restrictive regulations governing the conditions under which alternative labour organisations can be legally established.<sup>5</sup> Generally speaking, however, it seems reasonable to assume that such international pressures will add appreciably to the difficulty of sustaining Indonesia's existing corporatist framework for much longer.

## **VI. Scenarios for the future**

Thinking about possible patterns for the organisation of interests in Indonesia over the next ten

years or so is an inherently speculative exercise, and as such is necessarily subject to all sorts of qualifications. Perhaps the most important complicating factor is the uncertainty surrounding the issue of presidential succession: the circumstances of Suharto's eventual departure from the presidency could have a major bearing - at least in the short to medium term - on the way in which Indonesian politics evolves. Nonetheless, if a measure of crude reductionism is permissible for the purposes of speculating about the future, three basic scenarios are conceivable: a maintenance of the status quo and thus of exclusionary corporatism, serious democratisation, and a shift towards more inclusionary corporatist arrangements. Consideration will be given to each.

As should be evident from the discussion in the previous section, the first of the three scenarios is, in my view, an unlikely one. Quite simply, there are too many forces which are working against the exclusionary corporatist framework for it to remain a viable system for very much longer. There are two caveats which need to be attached to this proposition. First, if the government was able to invoke some new and compelling crisis imperative, it is conceivable that this may be seen as adequate justification to maintain the existing exclusionary arrangements. In South Korea and Taiwan, for instance, deep-seated public fears about threats to national security from well-armed and avowedly hostile neighbours helped the incumbent regimes to legitimate exclusionary political strategies for many years. However, in the case of Indonesia in the 1990s, it is difficult to imagine a sufficiently severe crisis imperative unless one foresees a dramatic flare-up of latent religious or ethnic tensions (which involved very much more than sporadic Church burnings or anti-Chinese outbursts). The second caveat is that if the current government (or its successor) were prepared to resort to naked coercion in a systematic manner, it may be possible to enforce the maintenance of a broad-based exclusionary corporatist framework. Again, however, it is difficult to imagine the circumstances which would make this tolerable either domestically or internationally. As noted earlier, in a period when there is increasing international interest in human rights and political freedom as well as rampant mercantilism, there are very considerable trade risks for a country such as Indonesia in resorting to systematic and violent repression. More broadly, however, it is extremely unlikely that a reversion to greater reliance upon coercion would be sustainable for more than a short period. The demise of General Suchinda in Thailand in 1992 illustrates this clearly.

If maintaining the existing exclusionary corporatist framework does not seem a likely outcome, what of the second conceivable scenario - democratisation? In this liberal vision of the future, state-controlled, functionally-based structuring of interest groups would be discontinued in the context of a serious swing to democratisation. Under such a scenario, greatly increased freedom

would see genuinely independent political parties more or less freely contesting elections, and associational life become very much more fluid and competitive. But here again, such a scenario is very unlikely. While there has obviously been a marked upsurge in talk about political reform and demands for democratisation in recent years (viz. more assertive parliamentarians, the mushrooming of reform-oriented NGOs, the re-emergence of student and labour activism, more outspoken intellectuals and greater press freedom), there are solid grounds for suspecting that serious and sustained democratisation is unlikely to take place in the 1990s.

First, military leaders - who are ultimately still the key players in Indonesian political life - are most unlikely to support such a move for the obvious reason that substantially increased freedom of political organisation would necessarily entail a diminution of their own privileged political position. While, no doubt, there is a range of opinions within the military elite about the future of political organisation in Indonesia, since the late 1980s military leaders appear to have been moving decisively to reassert their influence in Golkar, and more recently to lever former armed forces commander Try Sutrisno into the Vice-Presidency. None of this is remotely suggestive of a military preparing to return to the barracks.

Secondly, a shift to a genuinely competitive democracy would not be possible without major changes to the country's political institutions. There are several problems. First, prevailing interpretations of the constitution would presumably need to change in order to reduce somewhat the massive imbalance between the effective powers of the executive and the legislature. More pointedly, a situation in which the President effectively controls (via direct appointment or preselection) a majority of the membership of the institution (the MPR) charged with electing him, is scarcely compatible with any generally accepted conception of democratic government. Secondly, Indonesia's party system has atrophied. Notwithstanding the Indonesian Democratic Party's (PDI) moves to assert some independence, neither of the minor parties is currently capable of providing alternative national leadership. A third and related problem is that there is not currently a coalition of 'opposition' civilian groups which carries great weight. The most significant identifiable grouping of reform-oriented civilians in positions of influence in recent years has been the collection of civilian leaders within Golkar promoting a more progressive position within the party at the expense of conservative military elements. However, such influence as this group had was presumably severely depleted in 1991 when the President effectively vetoed the candidacy of a number of its more outspoken members (*Far Eastern Economic Review*, 26 September 1991). Yet even without this setback, there are reasons for doubting that the progressive civilians in Golkar would really wish to push for *major* democratic

reforms, because Golkar is still dependent upon the military to enforce a set of arrangements which ensure that it will continue to dominate elections. Reform-oriented civilians within Golkar may genuinely want to promote greater openness and accountability, but any serious movement in the direction of democracy could well be at Golkar's - and thus their own - expense.

This discussion is not to suggest that there will be no further liberalisation in Indonesian politics as the decade progresses: almost certainly there will be. Rather, the point to be made is that such change will be gradual and piecemeal; we are most unlikely in the near future to see a shift to a situation where the key positions in the political executive are determined by competitive elections in which the contending parties enjoy more or less complete freedom of operation. The significance of this for our purposes is that it is therefore also unlikely that exclusionary corporatist representational structures will be completely dismantled or replaced on a broad scale by independent and unrestrained interest associations.

If maintaining the status quo in interest representation (scenario one) is not realistic, then presumably change of some sort must take place in response to the tensions inherent in the existing corporatist framework and the mounting pressures for greater participation. However, if preservation of the fundamental interests of the key segments of the state elite precludes a swing to full democracy (scenario two), then some sort of intermediate outcome which is less threatening to the state elite would seem the most likely outcome. The third of the scenarios is one such possibility. In simple terms, this features the retention of a representational framework which is still corporatist, but which becomes steadily less exclusionary in nature. Under this scenario, interest associations would still be functionally differentiated and still require state recognition, but these organisations would become serious vehicles for the advancement of sectoral interest, rather than instruments of state control. In some areas, this would involve little or no institutional change, simply the overhauling of previously dormant associations, turning them into vigorous advocates willing and able to bargain with those sections of the state bureaucracy responsible for developing and implementing public policy which directly impinges upon their interests. In other cases, where existing organisations are suffering from terminal atrophy, new associations may need to be created and chartered.

Under this scenario, such change would be mostly sector-specific, ad hoc, and incremental. Given the generally conservative orientation of the state elite - especially those elements responsible for the management of political and security matters - it seems likely that the sectors in which change of this sort would meet with least resistance would be those involving essentially bourgeois interests: industry groups, professional associations, consumer groups,

health groups, environmental groups and so on. It is difficult to imagine that security planners would countenance, for example, the development of new and vigorous labour associations or organisations actively advocating the interests of farmers. Moreover, major change of this sort would be more likely to occur among smaller sector-specific organisations than among large peak-level associations (such as KADIN) as the latter would present a conspicuous challenge to the existing political framework which would require formal acknowledgement and explanation. Under this third scenario, there would probably be only modest reform made to parliamentary and electoral arrangements, but significant change would be taking place in terms of group representation at the sectoral level. As more as groups with shared interests overcome collective action problems (Olson 1965, Bates 1981) and become assertive, the nature of the corporatist framework (or some parts of it, at least) would shift from the exclusionary to the inclusionary end of Stepan's spectrum. In practical terms, this would mean that increasing numbers of interest organisations would be able to influence government policy in a significant way. In other words, policy-making would no longer be so heavily dominated by the state elite. While often inconspicuous, this would nonetheless represent an important change in Indonesian political life as a wider group of interests would be directly involved in shaping aspects of policy action.

How plausible is this third scenario? Mackie (1993) has made a number of observations which give rise to doubts. He argues that rather than a decline in clientelism and a spread of collective action, the last five years have in fact witnessed a remarkable upsurge in clientelism (viz. the breathtaking expansion of the business empires of the Chinese-Indonesian conglomerates and the Suharto children). He sees the widespread uncertainty about the looming issue of presidential succession as producing a situation in which few groups in society are willing to question or challenge government policy. In short, for Mackie, whatever theoretical merits the argument informing this third scenario may have, current political realities simply do not accord with it.

This is an interesting and plausible argument. It is not, however, one to which I am willing to subscribe, principally because as yet we have very little *contemporary* empirical evidence one way or the other about associational politics in the 1990s. Vedi Hadiz is undertaking very promising doctoral work in the labour sector, as is Anne Cullen on the forestry industry<sup>6</sup>, but there is room for many others. There is a desperate need for detailed empirical work on political representation in countless sectors of business and the professions about which we know little or nothing. In the absence of more significant evidence one way or the other, my inclination is to suspect on *a priori* grounds that meaningful collective action within a less exclusionary but still broadly corporatist framework is in the process of becoming more common. And if, as Mackie suggests, there is in fact a political hiatus, it is likely to be relatively short and not more than a

few years in duration. Indeed, it is in part precisely because of the resurgence of rampant cronyism in recent years that collective action pressures are likely to emerge sooner rather than later.

By its very nature clientelism is particularistic: only a limited number of people can become special cronies, otherwise the status is devalued. Many of the tens of thousands of firms which do not have access to the exorbitant privileges enjoyed by the small number of conglomerates closely linked to key government figures have strong reasons to support moves to invigorate vehicles for collective action, since their limpness only encourages clientelism. Whether it be individual firms forced to sell out because of predatory behaviour by the politically well-connected, groups of firms profoundly antagonised by gross rent-taking practices of crony competitors in their industry (or related ones) or groups of firms simply seeking a policy change of some sort, all have an interest in more effective collective representation at the sectoral level. While it may well suit the large conglomerates to maintain the political status quo (Robison 1993: 55-60, Mackie 1993), it is almost certainly the case that there are sectoral pockets of intense dissatisfaction scattered across the broad spectrum of medium-to-large scale enterprises, and especially those producing for highly competitive markets, such as exporters. It is from areas of this sort that we can expect the obstacles to collective action to be overcome soonest and sectoral vehicles for vigorous policy dialogue with policy makers to emerge.

## **Conclusion**

The main argument of this paper has been that Indonesia's long-established exclusionary corporatist framework for the management of interest intermediation is subject to a range of pressures which are likely to result in its decay over the course of the 1990s. However, rather than a serious shift to democracy, and thus less structured arrangements for interest groups, we are much more likely to see incremental and sector-specific changes under which the existing corporatist architecture becomes more inclusionary in nature, enabling more meaningful group-based political participation. Such changes make a material difference to particular segments of society, but they should not be confused with democracy. In both positive and normative terms, our third scenario falls a long way short of serious democratisation. And yet, incremental though these changes would be, for anyone hoping for more societal participation and state accountability rather than less, this may be the most that can realistically be expected.

As emphasised earlier, the central arguments of this paper are based primarily on *a priori* reasoning. Firmer judgements on the matter must necessarily await more extensive and detailed

empirical research. There is a great deal to be done in this area. The study of associational political life in Indonesia is grossly underdeveloped. Although not directly transferable to Indonesia, Robert Bianchi's recent study of corporatism in Egypt (1989), with its threefold distinction among state-regulated professional associations, closely controlled labour and agricultural groups, and more autonomous business and Islamic organisations, provides a useful example of what can be achieved. It can be safely assumed that changes to corporatist institutions in Indonesia will not be uniform across the sectoral spectrum, but the extent of the change and the precise sectors in which it emerges will only be known once further research on the subject is undertaken.

## Endnotes

1. This paper is a revised version of a paper presented at the conference, 'Indonesia: Paradigms for the Future', Asia Research Centre on Social, Political and Economic Change, Murdoch University, Perth, 22-23 July 1993.
2. More recently, there has been growing interest among comparativists working on Africa (Nyangoro & Shaw 1989), East Asia (Zeigler 1988) and the Middle East (Bianchi 1984 & 1989).
3. This section is drawn from MacIntyre 1991, chapter 3.
4. Bakrie's election in early 1994 represents the first time that Suharto's preferred candidate for the position has not in fact been chosen.
5. According to a recent report by Asia Watch (cited in, *Inside Indonesia*, June 1993: 19), under current regulations, in order to achieve official recognition, a new labour organisation must have representation in at least 20 of the country's 27 provinces. Apparently in response to the possibility of US trade reprisals, a new draft has been formulated under which the minimum number of provinces has been reduced from 20 to 5, with no less than 25 district-level branches, 100 work-place unions and 10,000 members. However, on top of this, the proposed new organisation would need to have a recommendation from a peak labour body - in other words, the government-controlled SPSI. These are the formal obstacles. In addition, of course, there are frequently 'informal' barriers which prove even more problematic, the most notable being forceful intervention by the security agencies.
6. Respectively, doctoral candidates at Murdoch and Griffith universities.

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