

Review: Chinese Big Business in Indonesia: The state of capital

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„Culture matters. The West Papua conflict can not be solved politically only due to the highly differing cultures which collide in West Papua. The cultural backgrounds determine the frames used for the cognitive processing of the situation and the perception of respective issues“ (S. 191). Mit dieser Formulierung schließt die Analyse, die an Huntingtons „clash of civilizations“ erinnert und in der ein Kulturbegriff zur Anwendung kommt, der Kulturen als statische, in sich geschlossene, homogene Einheiten begreift. Eine Konfliktanalyse, die nahe legt, dass hier eine vermeintlich unter- oder weniger entwickelte Papua-Kultur auf eine moderne indonesische Kultur trifft, reproduziert nur Stereotype und wird der Komplexität der gegenwärtigen gesellschaftlichen Prozesse in West-Papua nicht gerecht.

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||| **Chua, Christian** (2008).
||| ***Chinese Big Business in Indonesia: The state of capital.***
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This book considers itself to be about the political economy of Chinese big business in Indonesia. Of the biggest business groups, most are either owned or headed by persons belonging to the ethnic minority of Sino-Indonesians. In his book Christian Chua attempts to illustrate why down to the present day there are almost no big corporations owned or controlled by members of other ethnic groups.

As Chua outlines within the first few chapters of his work, he attempts to fill a gap in present literature on the Chinese ethnic minority in Indonesia, which either tends to pursue a culturalist or a structuralist approach. The culturalists, to put it in a somewhat simplified way, try to explain the present situation from a point of view mainly focusing on ethnicity. They consider economic networks within South-East Asia as a mere web of trust and connections based on cultural and ethnic likeness, which leaves them somewhat unable to explain the very special Indonesian situation. The structuralists on the other hand, Chua states, insist on the idea of a Chinese minority as a capitalist class, eliminating the culturalist point of view. This, however, made it possible for them to look much deeper into the state-business relationship (p. 13). But both approaches, as Chua never wearies of stressing, fail in the attempt to

explain the present situation beyond a certain point, because they refuse to absorb certain aspects of each other theories.

Setting the very start of his work in pre-colonial times, he utilises economic, political, cultural as well as ethnic arguments as his means to depict the particular Indonesian case as a construct, used by the ruling class of each historical period to keep others, mostly the masses, out of power. So even before the European colonists, first the Portuguese and after them the Dutch, arrived, a small group of ethnic Chinese present in what once would become Indonesia was being used by rulers to keep the local gentry from accumulating economic power. By cultivating a Chinese class of capitalists and entrepreneurs, these monarchs, due to the lack of support among the main ethnic groups for the Chinese foreigners, could easily keep the Chinese from gaining means of power beyond the economic; thus they gained two advantages: first, by restricting the Chinese to the field of trade and economy, rulers assured a major part of resources remained in the hands of a group subjected to their will; and second, the local gentry, which would have support in opposing the king, would have a hard time allocating resources (p. 30). The very concept, as Chua notices, is somewhat similar to the way Jews in medieval Europe were “allowed” to deal in money-lending.

When the European colonial powers arrived and incorporated the Indonesian islands, they absorbed the existing system, though not by intention as it seems. As years passed, they obviously felt increasingly uncomfortable with the Chinese minority gaining more and more economic power. They were troubled enough to massacre most of them, which was not only a shocking crime but also turned out be a major mistake since it caused the economic life in the colony to break down (p. 32). After resettling Chinese migrants to revive the economy, they were just as before restricted from gaining social and political power to suit the needs of the new rulers, and keep the indigenous aristocrats from power.

The best part of the book now is not concerned with the history, even if one gets the impression Chua deems it to be path-breaking, but with the rule of the New Order, the regime General Soeharto led in Indonesia for more than thirty years. Chua puts much of his effort into detailing the scheme of the relationship between the ruling military-bureaucratic class and the Chinese minority, focusing on their business elite. He never seems to tire of asking how it was possible for a small ethnic group to pool most of a

nation's wealth within their ranks, especially within a country led by the military and bureaucrats who rather often stress economic disequilibrium, calling for measures to redistribute wealth and let indigenous entrepreneurs have their share. Whilst others blame the cultural background of the non-Chinese Indonesians, ineffective governmental actions against the big players or corruption, Chua favours the idea of the specific role of Chinese businessmen, which had its antecedents in the economic and social structures of colonialism. They were subordinate to and dependent on the political elite, regularly harassed by populist rhetoric and measures, and subject to extortion. They proved to be the ideal henchman any absolutist politico-bureaucrat could ask for. They were the perfect scapegoat.

Whenever opposition against Golkar, the ruling party of Soeharto, appeared, public opinion was easy to distract by blaming Chinese businessmen for economic and social unfairness, being the very root of most problems. Furthermore, by accumulating capital they prevented potential competition by well-off indigenous entrepreneurs as non-Chinese merchants could hardly rise to a significant level. To survive in such an environment, a Chinese businessmen had to pick a patron. Not only would he gain security from the regular anti-Chinese harassments, he also could use this connection to get governmental contracts yielding profits beyond imagination, which needless to say he had to split with his mentor. To even top that, the politico-bureaucrats could use ethnic Chinese to start building their own capitalist class, by having them assist in promoting family-owned or family-controlled business-groups up to the ranks of big business (p. 56). Chua spends half of his work on revealing how this symbiosis was set up in particular.

The other major part is concerned with the fall of the New Order, the events surrounding the Asian financial crisis at the end of the twentieth century, and with what happened in particular to Chinese big business corporations after the crisis. Accumulating ever more capital, the Chinese business-groups embedded within the New Order, due to the need for foreign investment, were allowed to, first, start internationalising, and second, go into the banking business. Following this process the former Indonesian big business groups became big enough to be fully-fledged international players no longer depending fully on their politico-bureaucratic patrons: this rather complicated process was catalysed and speeded up by the financial crisis. The chapters concerning this very scene deserve mentioning.

The author manages to set the stage for a complicated play involving the International Monetary Fund, the World Bank, international investors, the collapsing Indonesian regime and Chinese big business. The situation after these events was no longer the same. Not only was the old regime gone, the former scapegoats were rid of the bonds inflicted on them. At first it seemed like they were to vanish due to the absence of their lucrative politico-bureaucratic network, but they soon became accustomed to the new environment. One of the prerequisites for international help was to abandon the anti-Chinese legislation, which put the Chinese in an advantageous position. While the bureaucrats could now no longer exploit them in the old fashioned way, the Chinese on the other hand were not bound by such obligations. As soon as they adapted to the way of bribing the now much more feeble government officials, they had the upper hand. No longer with a strong autocratic regime, the whole country seemed to turn into a playground for capitalists (p. 114). They took control of the print and other media and where they could not gain power by means of capital, according to Chua, certain business groups turned to the more direct way of intimidation by means of brute force.

To complete his work, Chua looks at what happened to Chinese big business after the crisis by interviewing very prominent actors and analysing two case studies: first, the Lippo Group, which according to the author moved in a dubious kind of direction, sometimes reminiscent of organized crime, and second, the Salim Group, Indonesia's biggest corporation both under the New Order regime and after the Asian crisis.

Chua's conclusion and argument that with capitalism unleashed after the financial crisis, Indonesia did not become the democracy hoped for, but drifts ever further into becoming a plutocratic form of capitalism, becoming one of the most corrupt countries, is quite convincing. It is a very up-to-date work, thoroughly argued, in parts repetitive and circuitous, yet still suitable for political and economical graduate seminars. Altogether it is an excellent piece of research on Indonesia.

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