

**ANOTHER VIEWPOINT
(AVP 39, November 1990)
3845 Buffalo Rd., Auburn, CA 95602-7901**

ETHNIC DIVERSITY AND ECONOMIC DEVELOPMENT IN INDONESIA

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Indonesia is a huge archipelago which provides a homeland for 180 million people. When Indonesia's revolutionary leaders fought for and won independence from the Dutch in the late 1940s, they adopted as a motto for their national crest "Unity in Diversity." For, although Indonesia is in many respects a geographic extension of the Malay peninsula, it is vastly more diverse ethnically and linguistically than her sister state, Malaysia. There are approximately 200 distinct ethnic subgroups, and more than 300 languages and dialects spoken across this vast island chain.

Although this richness of human resources and cultural variety makes Indonesia one of the world's most interesting nations, it comes with a price in terms of ethnic frictions. The dominant ethnic group is the Javanese, who are barely in the majority, with approximately 90 million persons, inhabiting most of the island of Java. Understandably, the government is dominated by the Javanese, a fact which is not appreciated by such proud and dynamic people as the Minangkabau and Bataks of Sumatra nor by the Buganese of Sulawesi. Government officials serving in Bali or Sumatra may be referred to as "overseas Javanese."

It is one of the major achievements of the incumbent government under President Suharto, Indonesia's second president, that there have been no geographic or ethnically based efforts at secession or *coups d'etat*. By contrast, the predecessor government, under Sukarno, had to deal with almost constant battles with dissidents in West Java, West

Sumatra, South Sulawesi, and the Moluccas. Nor was this “unity in diversity” achieved merely by military force --although the unification and professionalization of the military has been part of Suharto’s nation-building achievements. Political stability has also been supported, at least until recently, by this government’s economic achievements, which have included the sharing of the benefits of economic growth with the people in the outer islands generally, and with the agricultural sector particularly.

This is not to say that ethnic harmony has been fully achieved. The annoyance of the Balinese, Achinese, and Menadonese at being ruled from Jakarta remains just beneath the surface--and readily rises to the surface when stimulated, even in ordinary conversation. However, there is only one politically important source of ethnic friction as President Suharto approaches the end of his fourth five-year term. This is the widespread concern from indigenous Indonesians of every variety caused by the growing economic power of Indonesians of Chinese descent. Chinese-Indonesians represent less than 3 percent of the total population, but their position in commerce, banking, and industry is out of all proportion to their numbers.

This is partially explained in historical terms. The ancestors of the Chinese-Indonesians of today were originally the “guest workers” of the Dutch East Indies, brought to do dock and construction work, much as their brothers and cousins were imported to build railroads in the Western United States. In time, their concentration in the port areas of Jakarta (then Batavia), Surabaya, Medan and Makassar led to their involvement in both legal and illegal trade. They also retained their ties to relatives and friends of Chinese descent in Singapore, Malaysia, Hong Kong, and the southern provinces of China.

The powerful Dutch and English trading companies had no difficulty in dealing with this network, and, indeed, very successfully co-opted it and used it as a highly productive auxiliary trade and finance system. The Dutch colonials easily convinced themselves that non-Chinese in general, and Javanese, in particular, were unsuited for trade and industry, or for entrepreneurship generally. This was thought to be because of their cultural and socio-psychological makeup. Ironically, the economic policies of this Javanese-led government have brought the issue of Chinese-Indonesian economic power to the top of the political agenda in the Indonesia of 1990. Once the oil boom became the oil bust of the early 1980s, the Indonesian economy, which had been growing for more than 15 years at more than 7 percent per year, stalled almost completely. The gush of foreign exchange from oil exports became a trickle, and the nation faced a balance of payments and fiscal crises. Responding boldly, Indonesia's economic leaders prescribed opening the economic system, reducing protection, eliminating monopolies, and encouraging non-oil exports. The strategy has worked amazingly well.

But the body politic is not happy with this result. The surge in growth which has come in the late 1980s has been led by the private sector -- in banking, exporting, importing, and manufacturing of goods for export. Highly visible among those leading the new charge have been the Chinese-Indonesians. Of course many Pribumi (indigenous) Indonesians have shared in this boom, but the popular conception is that even the Pribumi firms have been operated in cooperation (or collusion) with Chinese-Indonesian financial and managerial resources. While the reality is much less sharp than the perception, it is the perception that matters from a political standpoint. The government is seen by its critics as having allowed the Chinese minority to capture far more wealth than can be justified by their contribution to

the generation of that wealth; and it is also seen as contributing to inequity in income distribution.

The facts of the matter are not clear-cut. There are no adequate statistics on income distribution available in Indonesia. The impression of rampant Chinese accumulation of wealth is based on the extremely visible new banking offices in every major city, many of which are Chinese-owned, the expensive houses and cars to be seen in Chinese neighborhoods, and the general knowledge of huge profits of growing Chinese-led businesses. And a recent financial scandal at the largest non-Chinese bank (Bank Duta) has added fuel to the flames of ethnic friction in the country.

A further irony is that the society has become more liberal in the last six months, where expression of political views is concerned. As a consequence newspaper editorials dealing with the problem of “conglomerates”, as large Chinese firms are euphemistically referred to, are appearing daily, and foreign newspapers and magazines, such as the Asian Wall Street Journal and the Far Eastern Economic Review are allowed to circulate freely, even when containing discussions of these problems -- whereas only a few months ago they would have been banned.

A heartening by-product has been a spate of discussion of ways to improve the situation by more complete integration of Indonesians of Chinese descent into the Indonesian community. One can only hope that the clear heads responsible for this liberal line of thought will prevail, for the sake of both the economic and social health of this great country.

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President Bush,

Dear Mr. President,

“We are not looking for war but nor would we back down” is what you said regarding the encounter with Iraq. Such a position makes war seem imminent. Yet, most Americans probably are neither desirous nor ready for war. Therefore, we plead with you most urgently to reconsider any steps that might lead to war.

Mr. President, a great country like the US and you as its leading statesman may change policy and redirect action without being accused of backing down. It is more likely that people will consider a change of policy or direction away from war as signs of statesmanship, wisdom, and good management. The whole world knows that Iraq is not a military match for the United States, nor is it such an economic fortress that it can stand the economic embargo on its own for ever. Therefore, any change of policy, away from the threat of imminent war, can only be interpreted as a strategic decision and a sign of good statesmanship.

Just think, Mr. President, how much more statesmanlike it would be to achieve just international objectives without resorting to war; how much more humane it would be to realize those goals without sending to their death thousands of young men and women, a third of whom at least, according to American experts, would be Americans; how significant a precedent it would be to resolve the Gulf crisis by making the United Nations the main arbiter of that crisis; how economically more efficient it would be to bring about peace without

destroying the large amounts of resources war will devour or annihilate; how much richer with energy we would be if the vast precious Middle East oil resources are spared war destruction; how much more favorably the US and its leaders would be remembered by the millions of innocent people in the Middle East if you would spare them the horrors of a bloody encounter spearheaded by US forces! President Eisenhower did once before in the Middle East. Maybe you can do it again.

Mr. President, starting a war is easy, but stopping it may be quite difficult. While it may take time to reach a peaceful solution, it would be far more humane and less costly to wait than to wage a war that may resolve the crisis and still not achieve a durable solution.

Mr. President, the decision to start or not start a war is in your hands. We urge you, therefore, to do everything possible to spare the world the destruction, agony, sorrow, and hatred that would be the only durable fruits of war.

Elias Tuma and Lori Aoun, Editors

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