

MAJORITY-MINORITY SITUATIONS: INDONESIA

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Introduction

One can distinguish two approaches in the study of majority-minority situations: 1) the social-psychological approach, taking the individual as the unit of analysis and focusing on ideological and personality theories, especially theories on prejudice; 2) the social-structural approach, taking the group as the unit of analysis, and focusing on economic and status theories.

In this paper I will use the social-structural approach based on the assumption that problems arising from majority-minority situations are problems that are generated by the relationship between groups of people. In other words, I view majority-minority situations as a group phenomenon in which individual positions and relations are determined within and by the group context. What is a person's status in society and what are his life chances is determined by the status of the group to which he belongs and to which others perceive him to belong. If he belongs to a group which has a low status in society, he will have less favourable life chances than if he belongs to a high status group, no matter what his individual characteristics are. This approach does not deny the importance of psychological variables in intergroup relations.

What I propose to set forth here is that the social structural approach gives a more satisfactory explanation to the question, for example, why a member of a minority group who has adopted the value system and the life style of — and who completely identifies with — the majority group can still receive differential treatment vis-a-vis a member of the majority group.

Having stated my approach in this study I shall now deal with the question of what majority-minority situations I perceive exist in Indo-

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nesia. The most obvious that usually comes to mind is the majority-minority situation generated by the existence of the majority-minority of ethnic Chinese. However, I suggest that this only one of the majority-minority situations that exist in Indonesia.

I suggest that in Indonesia we can distinguish two categories of majority-minority situations:

1) the majority-minority situations that are characteristic of a developing country. e.g.: a majority of rural people and minority of urban people; a majority of uneducated people and minority of educated people; a majority of poor people and a minority of rich people.

2) the majority-minority situation that are inherent in the population composition, i.e., in the pluralistic nature of the society. This is based on variation in ethnicity: there are about 300 ethnic groups in Indonesia. In religion there are six officially recognized groups: Moslem, Protestant, Catholic, Hindu, Buddhist, Confucian.

There is a basic difference between these two categories. The first category is more flexible: it is possible to move from one group to the other, such as from rural to urban, or from uneducated to educated or even from poor to rich. The second category is more inflexible: one is born as a member of a particular ethnic group and it is often extremely difficult if not downright impossible to change groups and be accepted completely in the new groups.

In examining this problems, our concern is with the implications of these situations, i.e., with the conditions of inequality that are generated by majority-minority situations.

Here we have to make a distinction again between the two categories of majority-minority situations. In the first category, the inequality stems from the fact that the minority that lives in urban areas, that is educated and that is wealthy, has all the social and economic advantages and is therefore in a position to monopolize the resources in a society, and to distribute and allocate them. In the second category, the inequality stems from the fact that certain ethnic or religious groups develop faster than others, because they are more dynamic, more creative and resourceful. When the majority group is also the powerful group, socially, economically and politically, then it can monopolize the resources in the society and stability can be maintained. However, if there is a status inconsistency and the majority does not have, or is perceived not to have, the power commensurate with its size or significance, or if it has only partial power, as for example political power, but not econo-

mic power, then stability can be tenuous.

Thus, our concern is with majority-minority situations as a potential source of friction, because they give rise to conditions of inequality, generating tensions and frustrations, leading to conflict.

The two categories of minority-majority situations are clearly inter-related. Friction in the one situation will trigger friction in the other situation, because in pluralistic societies there is a tendency for certain ethnic groups to be identified with the wealthy group, the urban group of the economically strong and therefore the rich group.

This paper proposes to discuss the two categories of majority-minority situations in the Indonesian context.

Majority-Minority Situations: Characteristics Typical of a Developing Country

1. Majority-minority situation based on the existence of a small urban population and large rural population.

The differences between urban and rural areas in Indonesia are typical of those in developing countries in general. According to the 1971 census, 83 percent, or 97.7 million people out of a total of 119.2 million, live in rural areas.² The most striking discrepancies exist in literacy, and in wages. Among those who are 10 years old and over we find that in the urban areas, 79.06 per cent are literate (males 88.46 percent, females 69.82). In the rural areas, only 55.27 percent (males 66.82 percent, females 44.46 percent) are literate.³

With regard to wages, the differences are even more striking. In a revealing study on Sriharjo,⁴ a village located about 17 km. south of Yogyakarta in Central Java, Davi Penny and Masri Singarimbun report that wage work pays Rp. 30, or US \$ 0.08 a day (at the rate US \$1 equals Rp. 380, — at the time of the study made in 1972), while an adult woman gets a cash wage of Rp. 5, — (US \$ 0.013) a day and one meal. A wood-gatherer collects Rp. 80, — for 2 days of hard work, while a man tending ducks earns Rp. 200, — a month in cash plus his meals. The intensity of poverty in this area, which is by no means unique, is vividly described in this study as follows.⁵

The majority of people in the Yogyakarta region, Sriharjo included, are poor, and many among them are desperately so.

At least half the families do not earn enough to be able to eat

rice, the preferred basic food, the year round. If we assume an average family size of about 4.5 persons, that rice consumption per family should be 450 kg. rice per year (100 kg per person per year), and that about 20-25 percent of income must inevitably be used for items other than food, then the 50 percent of families with incomes of 50 kg or less would not be able to afford to eat rice at the rate of 100 kg per head. These calculations are, moreover, unduly conservative. One hundred kg. rice per head would provide only 780 calories per day whereas minimum average daily requirements are at least, 1,600 calories.

Another study undertaken by the Agro-Economic Survey⁶ in December 1972 and January 1973 in four villages in the major rice producing areas of Central Java reports that harvesters using the traditional way of harvesting (with a small knife, called *ani-ani*) are paid the equivalent of about Rp. 60, — per day in *padi*, while sickle harvesters earn Rp. 180, — per day. We have to bear in mind, also, that this is seasonal work, and that there are times when work is hard to find.

When we compare the wages in agricultural work with wages in small and medium scale industries, such as cigaret factories, we find that it is not much higher. Recently, a newspaper in Jakarta carried a picture of girls working in one of the well-known cigaret factories in Kediri.⁷ The caption explained that girls there work in pairs and each pair get Rp. 85, — (about US \$ 0.20 at the current rate of US \$1 — Rp. 415, —) per 1,000 cigarets. Experienced girls can make 4,000 cigaret a day. So the maximum pay a pair can get is Rp. 340, — (US \$ 0.80) or Rp. 170, — (US \$ 0.40) per girl per day. These girls work 11 hours a day from 5 in the morning to 4 in the afternoon. The girls in the picture looked neat, and many of them were smiling or laughing at the camera.

When we get to wages in a city like Jakarta, we find that it can be twice as much as what a worker in the rural areas can get under the most favorable circumstances, i.e., during harvest time. According to information received at the Census and Statistics Division of the Jakarta Municipal Office, the lowest wage in construction work is Rp. 350, — per day, for a worker wage in construction work is Rp . 350, — per day, for a worker without any special skills, while a worker with some skills,

such as a painter or an electrician, gets Rp. 500, — per day.

A very interesting study on the low income group in Jakarta⁸ revealed that even vagrants, those who set up shacks in vacant lots, along the railroad, who live under the bridges or in unused railroad-cars, can scrounge enough discarded pieces of paper and/or cigaret butts to collect about Rp. 300, — a day.

The implications of these discrepancies are clear. Unless conditions in the rural areas improved, the move towards the cities which is already taking place in alarming proportions, will continue and increase, with all the grave consequences for the urban as well as the rural areas.

2. Majority-Minority Situations created by the small number of educated people and the mass of uneducated people.

Although education has improved tremendously since Independence, we find that a large proportion of the population is still illiterate and many children of school age are not in school. According to the 1971 Census,⁹ of those 10 years and older, the overall literacy rate of Indonesia is 59.59%; among males almost 3/4 are literate (70.84%) and among females almost half (48.98). With regard to formal education we find an even more discouraging picture: among those 10 years old and over, almost 3/4 have had no schooling at all or had only some primary schooling, about 7 in 100 (6.64%) have had junior high school and up, and only 0.31 have had a tertiary education (academy or university; See Table 1). Thus we may say that in Indonesia 74% of the people belong to the uneducated group and 26% to the educated. However, if we consider a primary school education inadequate for inclusion among the educated, the proportion becomes 93.36% uneducated and only 6.64% educated.

Table I

**Level of Education, Population 10 years old and
over by Sex, Indonesia, 1971
(in percent)**

Level of Education	Male	Female	Total
No schooling	29.80	51.56	41.01
Primary School not Completed	37.49	28.70	32.97
Primary School Completed	23.65	15.36	19.36
Junior High School:			
General	4.02	2.30	3.13
Vocational	1.73	0.64	1.17
Senior High School:			
General	1.57	0.73	1.14
Vocational	1.25	0.54	0.89
Academy	0.26	00.08	0.17
University	0.23	0.07	0.14
Total	100.00	100.00	100.00
	(39,048,719)	(41,377,706)	(80,426,425)

Source: Biro Pusat Statistik (Central Bureau of Statistics), "Ulasan Singkat Hasil Sensus Penduduk 1971" (Short Analysis of the 1971 Population Census). Jakarta, n.d., p. 7.

In addition, we find that although Indonesian is the national language, outside the urban areas a large proportion of the population, especially the older generation and the women, do not speak or understand Indonesian. Their daily language is the local language, Javanese, Sundanese, Balinese, Batak, Minang, Buginese, etc. A study made on food habits and food patterns in five rural areas in Indonesia¹⁰ reports, for instance, that in the sample of 90 households in two villages in West Java, only 49% of the household heads knew Indonesian; in a similar sample in Central Java the figure was only 16% in Bali 29%, and in East Java 64%

There is no doubt that this lack of knowledge of Indonesian, the

language of the educated, contributes to the creation of the gap between the educated and the uneducated. These conditions have serious implications for the dissemination of information and for effective communication, both vital ingredients for the creation of a national consensus and national integration.

3. Majority-Minority situations created by the existence of a small number of wealthy people and the mass of poor people.

The per capita GNP of Indonesia is the lowest among five Asian countries. According to the Central Bureau of Statistics, the per capita GNP in 1972 was about US\$ 88.¹¹ This compares with US\$ 569 for Malaysia, US\$210 for the Philippines, US\$200 for Thailand and US\$920 for Singapore.¹² Although this indicator is now generally recognized to be unsatisfactory, it is still useful for comparative purposes.

However, despite this low per capita GNP, we find in the big cities and especially in Jakarta, for example, many of the manifestations of an affluent society: there is a shooting range, an ice-skating rink, a canidrome, horse-racing tracks, a theater advertised as one of the most luxurious in Southeast Asia, a large amusement center with a casino, a jai-alai hall, bowling alleys, nightclubs, and restaurants. There are golf courses, steambaths, and a number of luxurious hotels, while some fabulous residences have mushroomed in the new residential areas to the South of Jakarta. All this affluence is often surrounded by the most squalid slums. A study aimed at finding out more about living conditions among Jakarta's squatter population, for instance, revealed that the average income per day of a family of five members amounts to between Rp. 100, — to Rp 300, — (US\$ 1.92 a day¹³).

No doubt the gap between the rich and the poor is very obvious, especially in the urban areas. These discrepancies can easily generate frustrations, exploding into acts of violence. For example, during the anti-Japanese riots in Jakarta on January 15, 1974, the targets were not only Japanese products and companies, but also manifestations of what was considered conspicuous consumption and an affluent life style — such as nightclubs, steambaths and even some wealthy residences — which were incompatible with the prevailing conditions of poverty.

Nevertheless, these manifestations are also an indication of an improvement in the standard of living. The question, however, is: how is

this improvement distributed? What proportion of the population is enjoying these improved conditions?

In an article entitled, "Dilemmas in Indonesian Economic Development," one of Indonesia's foremost economists, Dr. Suhadi Mangkusuwondo,¹⁴ observes that the First Five Year Plan (1969-1974) has shown remarkable achievements. However, now that Indonesia is embarking on its Second Five Year Plan, there are some very serious dilemmas that need to be resolved. One of these dilemmas is that of "growth and equity," i.e., how to achieve a high rate of growth (in the order of 9 to 10 per cent) and at the same time take care of social development and a more equitable distribution of income. He states this dilemma very clearly as follows:¹⁵

If Indonesia wants to push production further in order to achieve a 9 to 10 per cent rate of growth of GNP, this would enable it to engage in larger investment programs in the future, including investments in the social sector; it may also lessen the unemployment problem. But in the meantime imbalance in income distribution may become worse before they turn for the better, and regional growth rates may become even greater than they are at present. The influx of laborers from rural to urban areas may increase, making the social problems in big cities worse. A larger inflow of foreign capital may accentuate the dual structure of the economy even more and make the growth of indigenous entrepreneurship more difficult.

On the other hand, by opting for more "social development," Indonesia can begin to lower the income differences sectorally and regionally invest more in education and health and other social services, and avoid some of the most harsh and painful side-effects of economic growth. However, less funds will be available for investment in the production sector.

He points out that if the latter option were taken, the growth rate would be lowered from the present 7.0 per cent level to something closer to 4 or 5 per cent per year. The effect of this development would be difficulty to create more jobs and therefore to reduce income differences, unless the income of higher income groups are lowered. In other words, decreas-

ing the growth rate will result in greater difficulties in achieving social justice. He suggests that it would be possible to take a solution whereby the present growth rate will be maintained while at the same greater allocation of resources will be given to social and cultural aspects of development, i.e., growth *with equity*. He concludes very correctly that

The dilemma faced by Indonesia is, therefore, by no means a purely economic one, although it involves genuine economic choices. Whatever decision will be made, it is bound to have far-reaching effects on the economy and on the future political and social structure of the economy as well."¹⁶

Majority-Minority Situations Inherent in the Population Composition, i.e., in the Pluralistic Nature of the Society

Indonesia consists of about 300 ethnic groups,¹⁷ each with its own cultural characteristics, "its own language, its own well-defined home territory, its own values and normative system (*adat*), its own indigenous political structure, its own architecture, dances and songs, literature and philosophy, its own distinctive native religion, and in some cases even its own native script."¹⁸ There are no accurate figures on the size of each group, because in both Censuses since Independence (in 1961 and 1971), there was no question about ethnicity. The latest information on ethnicity in the 1930 Census, where we find that by far the largest group is the Javanese with 27,808,623, then follows the Sundanese with 8,594,834, the Madurese with 4,305,862, the Minangkabau with 1,988,648, the Buginese with 1,533,035, the Batak with 1,207,514, the Balinese with 1,111,659. The other groups had less than 1 million population.¹⁹ We could probably assume that relative proportions have remained the same until today. If that were true, then knowing the total population in 1930 to be about 60 million and in 1971 about 120 million, we could probably assume the number of the ethnic groups to have doubled, too. Although the Javanese are the largest group, yet they do not constitute 50% of the population, so, not a single group can claim to be the majority group.

As we noted above, each of these groups has its own distinct territory, where the population is highly homogenous. This identification of an ethnic group with a certain region or territory has given to rise "*daera*

hisme” or regionalism, which has been shown to be a potential source of friction. This regionalism is usually manifested in a feeling of resentment of the regions on the islands outside Java against Java and the Javanese and the Central Government which is located in Java. For example, the uprising in February 1958 centered in Sumatra and Northern Sulawesi was caused by regional grievances related with regional autonomy and discontent about the reallocation of resources and funds by the Central Government, but it also had decidedly ethnic overtones, in the sense of Sumatrang and Minahassa (North Sulawesi) people against the Javanese.²⁰

In the coastal areas and especially in the urban areas there is a more heterogenous composition of the population. This forms another potential source of inter-ethnic friction, especially since certain ethnic groups are concentrated in or monopolize certain occupations. For instance, in Jakarta, the bus conductors are mostly Bataks from North Sumatra. They resist entry of other ethnic groups in this job. A traffic accident involving a bus and *becaks* (trishaws) can easily trigger a fight between Batak conductors and Sundanese and Javanese *becak-drivers*. Last year, in April, an altercation between a *becak*-driver and a university student turned into an ugly incident whereby a mob of *becak*-drivers (mostly if not all Javanese ethnic group) attacked a student hotel known to be the home of Minangkabau (West Sumatran) students and killed at least one student.

Besides these indigenous ethnic groups there are the so-called minorities, the people of Chinese, Dutch and Arab descent. Of these groups, the majority-minority situation with the highest potential for conflict is that between the majority of ethnic Indonesian and the minority of ethnic Chinese. We will therefore focus on this particular situation. We do not intend to go into the history of the entrance of the Chinese on the Indonesian scene and their position under the various regimes — some excellent studies exist on this topic, such as the ones written by Cator, Purcell, Ong Eng Die, and Skinner,²¹ but we shall concern ourselves with the problem area that is most pertinent at this time. This I perceive to be the effort towards indigenization of the Indonesian economy.

When we talk about the Chinese in Indonesia, we have to disting-

uish between different categories of Chinese, on the basis of citizenship: foreign (People's Republic of China or "stateless"*), or Indonesian, and on the basis of cultural orientation, *Totok* (Chinese-oriented) or *Peranakan* (Indonesia-oriented). A *Totok* Chinese is usually but not always a foreign citizen, and he may or may not have been born outside Indonesia: a *Peranakan* Chinese is usually but not always an Indonesian citizen, and he is always a person born in Indonesia. *Peranakans* are also usually but not always of mixed parentage (mostly offspring of an ethnic Chinese father and an ethnic Indonesian mother), therefore they are racially not Chinese any more. Their "Chineseness" is expressed in certain cultural characteristics, such as ancestor veneration, certain values and norms, and in some instances in their names. We find it more accurate, therefore, to refer to them as *Peranakan* or ethnic Chinese and not as Chinese only. When we speak of Chinese, this would apply to the *Totoks* only. Thus in this paper we use "Chinese" only to refer to the *Totoks* and "ethnic Chinese" to refer to the *Peranakans*.

There is today no way in getting at the exact number of ethnic Chinese in Indonesia. The most complete data on the Chinese is found in the 1920 Census²² (for Java only), and in the 1930 Census²³ (for the whole of Indonesia), which included special enumerations on the basis of ethnicity/race. According to the 1930 Census the ethnic Chinese population was 1,233,214. There was an enumeration held 1958, with separate categories for Chinese foreigners and for citizens. This was done by the Central Bureau of Statistics. As noted earlier, the Censuses of 1961 and 1971 have no information on ethnicity. However, aliens are registered with the immigration office, so figures on Chinese aliens are available. The ethnic Chinese, who are Indonesian citizens are included in the general category of citizens. An approximation of their number can be made by looking at their religion: those who state Confucianism or Buddhism as their religion can be presumed to be citi-

* "Stateless" persons are usually those who do not or who claim not to possess citizenship of the PRC, the only China Indonesia recognizes. After the 1965 abortive coup, the number of "stateless" Chinese swelled, presumably because many persons who were PRC citizens denied this citizenship. That this could have been the case is indicated by the fact that in 1972 there were 149,120 Chinese aliens registered as "stateless," while in 1973 this figure dropped to 79,397 — a difference of 69,723. When we look at the figures for PRC citizens we note the reverse: an increase from 894,654 in 1972 to 950,224, in 1973, a difference of 55,570. We could probably assume that, because feelings against the PRC have quieted down, those who in 1972 still claimed to be "stateless" reverted to PRC citizenship.

zens of Chinese descent.²⁴ However, there is a sizeable number of Catholics and Protestants among the ethnic Chinese, who would be excluded from that approximation.

Efforts have been made to come up with some reasonable estimate of the ethnic Chinese population. One such effort was made by Skinner,²⁵ on the basis of the 1956 population enumeration when 2.2 million ethnic Chinese were counted. He produced a figure of 2.45 million for 1961 and 2.75 million for 1965, which is 2.6% of the total population at the time.

Another estimate is made by Dr. Iskandar of the Demographic Institute of the University of the Indonesia, who came up with a figure of 2,466,428 for 1965, using the 1930 figure of 1,233,214 as a base and assuming a 2% annual increase which would cause the population to double in 35 years.²⁶

Of this figure for ethnic Chinese as a whole we have at least the figure for the aliens who are registered at the Immigration Office. In 1973 the number of alien Chinese was 1,097,875, differentiated into 950,224 citizens of the PRC, 821 citizens of Taiwan and 79,397 "stateless." This is a sizeable number especially since they are concentrated in the largest cities. The largest number of alien Chinese are found in West Kalimantan with a high concentration in the city of Pontianak (164,745); next comes the special capital area of Jakarta (161,729), then East Java with a high concentration in the city of Surabaya (132,181), North Sumatra with a high concentration in the City of Medan (129,408); and South Sumatra with a high concentration in the city of Palembang (127,194). Alien Chinese are found in all 26 provinces of Indonesia, but outside the five mentioned above they are in much smaller numbers. These areas of high concentration of alien Chinese are also the areas of high concentration of ethnic Chinese in general.²⁷

From the time they first came in great numbers in the second half of the 19th century, the ethnic Chinese in Indonesia have been most prominent in the economic field. This role was established during the Dutch colonial regime when they were assigned the task to function as the intermediary between the indigenous producer and the European exporter and wholesaler.

When Indonesia became a Republic in 1945, the ethnic Chinese entrepreneur was firmly entrenched in this position as middle-man. This

grip of the ethnic Chinese on the Indonesia economy is deeply resented by the ethnic Indonesian entrepreneurs and businessmen and much of their attention and energy has been devoted to efforts to weaken or even to eliminate this economic power.

These efforts were started already in the Dutch colonial period when a group of devoted Moslems founded an organization in 1912, the Serikat Islam, which was very active in promoting Indonesian entrepreneurship and at the same time in breaking the grip of the Chinese on the economy.²⁸

With Independence and the acquisition of political power, the Indonesians considered it even more incongruous that economic power should be in the hands of a group which is viewed as non-indigenous and therefore foreign, although many of them are Indonesian citizens. These feelings found expression in the so-called "Assaat movement." This movement, named after the instigator, Mr. Assaat, a prominent national figure,²⁹ was started at the all-Indonesian National Congress in March 1956. At this Congress Mr. Assaat made a strong speech demanding that in economic affairs a clear distinction should be made between ethnic Indonesians and citizens of Chinese descent, and that special treatment and protection should be given to the former group. He claimed that this demand was justified in order to break the power of the Chinese on the Indonesian economy. How the ethnic Indonesian views the position of the ethnic Chinese entrepreneur and businessmen is vividly expressed in the following excerpt from his speech:³⁰

There are three large sectors in the economy: the production sectors, the distribution sector and the consumption sector. Of these three sectors, the second sector, i.e., the distribution sector, is almost 100 per cent in Chinese hands. Therefore, although the Indonesians have an important position in the production sector, yet they cannot fully enjoy the results of their work.

The Indonesian is good at farming, but he is not good at selling his product. The Indonesian farmer works the paddy field, but the milling and the marketing of rice is in the hands of Chinese who get huge profits. The Indonesian farmer plants the tobacco, but the marketing of the tobacco and the cigaret factories are in the hands of Chinese . . . The Indonesian

makes the *batik* cloth, but the *batik* trade is in the hands of the Chinese. The Indonesian is good at making films, but the movie theaters are owned by Chinese . . .

The Chinese cannot and will not allow people from other groups to enter their group, whether in the cultural social or especially economic sphere. In the economic sphere they are so exclusive that they are in practice monopolistic. Every Indonesian businessman experiences the Chinese monopoly in practice. I will mention a few examples: An Indonesian shopkeeper who wants to sell rice in his shop is forced to buy from a Chinese rice dealer. There he is treated differently from a Chinese shopkeeper. The rice dealer gives better facilities to the Chinese shopkeeper as regards credit, price, and quality.

An Indonesian importer who wants to operate properly has to sell the goods he imports to wholesalers. Wholesaling is almost 100 per cent in Chinese hands, so when imported goods are plentiful, the Indonesian, importer really feels the competition with the foreign importer who has good relations with the wholesaler. The Indonesian importer is easily pushed around by the Chinese wholesaler . . . What happens to the Indonesian importer happens to the Indonesian manufacturer.

These demands have in fact already been heeded by the Indonesian government since 1950,³¹ when national banks were instructed to provide special credit to ethnic Indonesian entrepreneurs and businessmen, and a number of enterprises were declared reserved for ethnic Indonesians. In industry, the Department of Industry was given the authority to control the existing industries and to determine which new industries should be established. These indigenization efforts were especially pronounced in the import sector. In 1950, the *Benteng* (fortress) program was set up, with the expressed purpose to protect and promote indigenous importers, in order to establish a strong indigenous entrepreneurship capable of competing with the ethnic Chinese entrepreneurs. Not surprisingly membership in this group was open to those enterprises with management which is predominantly "Indonesia asli" (indigenous Indonesian) and a capital of which 70% is owned by this group.

The Indonesian entrepreneurs of Chinese descent protested against these measures as discriminatory. These protests became stronger when

the allocation of imports reserved to the *Benteng* group was increased from 10% to 40% of all imports.³² The ethnic Indonesian entrepreneurs, on the other hand, insisted on stronger measures from government, even demanding that the covert discrimination that already existed should be changed into open and formal regulations.

In the ensuing year the policy of the Government continued to be focused on the protection and promotion of ethnic Indonesian entrepreneurs and businessman. However, the results were far from satisfactory.³³ For instance, a regulation on rice milling stipulated that in March 1955 all rice mills should be owned by ethnic Indonesians. In the beginning of 1956 only 6 rice mills were still owned by ethnic Indonesians. In the beginning of 1956 only 6 rice mills were still owned by ethnic Chinese. A regulation prohibiting foreign ownership of warehouses, resulted in Dutch-owned warehouses being taken over by Indonesian citizens of Chinese descent.

Also, these protective measures, especially the issuing of import licenses to indigenous entrepreneurs only created another problem, i.e., the entrepreneurs, who on the basis of their ethnicity could easily acquire an import license, but who then sell the license to an ethnic Chinese entrepreneur. These arrangements often turned into a joint endeavor of the *Ali-Baba* type, whereby the Ali-partner (the indigenous Indonesian) provided his name and the license and the Baba-partner (the Indonesian of Chinese descent) his capital and entrepreneurial skills.

These developments in the Indonesian economy which were contrary to the expectations of the indigenous entrepreneurs caused deep frustration among them making them highly responsive the *Assaat* movement described earlier.

The efforts of the government were not limited to the upper and middle level of the economy. It also reached down to retail trade, the small entrepreneurs and retail stores. In November 1959, Peraturan Pemerintah 10 (Government Regulation 10), better known in its abbreviated form PP. 10, was decreed.³⁴ This regulation was based on the Decision of the Minister of Trade of 14 May 1959, prohibiting aliens from operating retail stores in rural areas (below the Kabupaten – Regency level) as of January 1, 1960. In practice the aliens affected were virtually all Chinese, because retail trade on the level especially in Java has been mostly in their hands.

Although the decision of the Minister of Trade was put out in May, giving the aliens involved six months time to clear out, apparently it was decreed in November 1959. The implementation was entrusted to the local military command, resulting in apprehension and fear among alien and citizen Chinese alike, because the distinction between the two groups was not always maintained. Also the government accused the Chinese Embassy of interfering in this matter by advising the aliens not to heed this regulation. The greatest disturbance occurred in West Java where the military command issued an even stronger regulation prohibiting aliens not only from operating retail stores, but also from residing in the villages. According to government reports this Regulation incident resulted in about 40,000 Chinese leaving Indonesia for China between 15 February to 1 June, 1960³⁵. G.W. Skinner quoting from a Chinese source mentioned that during 1960 about 96,000 Chinese entered the PRC from Indonesia.³⁶

The implementation of the Soenario-Chou Agreement (named after the two negotiators, the then Foreign Minister Soenario of Indonesia and Chou En-Lai of the PRC), as of 20 January 1960, requiring those in possession of dual Citizenship, who want to remain Indonesian citizens, to reject PRC citizenship with an option period of two years until 20 January 1962, did not appear to improve relations very much.³⁷

On the contrary, the years since 1960 saw a rapid deterioration of the economic and political conditions in Indonesia exploding in the abortive coup of 30 September 1965, which brought an end to the Sukarno regime. From 1965 to 1968 the new government headed by General Suharto, aided by a team of eminent economists, grappled with the enormous task of returning social and political order and rehabilitating the bankrupt economy.

The attitude of the Suharto government towards the role of the ethnic Chinese in the economy showed a realization that in its efforts to tackle the economic situation, it would be more advantageous to make use of the existing capital and entrepreneurial skills of the ethnic Chinese than to scare them away. This is indicated in the Instruction of the Presidium of the Cabinet dated 1 June 1967: "Different from foreign capital as defined in Law No. 1, 1967, capital that is acquired and accumulated within the territory of Indonesia, i.e., foreign domestic

capital, is basically national wealth that is in the hands of aliens and should therefore be recruited, developed and utilized for the benefit of [national] rehabilitation and development."³⁸ It was further stipulated that this foreign domestic capital is not allowed to be transferred abroad.

There is no doubt that this regulation, giving opportunity to aliens, especially Chinese, who have lived for tens of years, or even for generations, in Indonesia, to participate in economic activities, combined with the liberal attitude towards direct foreign investment, helped enormously in the rehabilitation of the Indonesian economy on the macro-level. However, it turned out that this development generated the emergence of a phenomenon called "cukongisme." This refers to the alliance between ethnic Chinese, foreign or citizen, entrepreneurs and civilian or military high officials. The ethnic Chinese partner, the "cukong," provides capital and his entrepreneurial skills, while the ethnic Indonesian partner provides his name, position (sometimes also capital) and therefore protection. This type of alliance resembles the *Ali-Baba* partnership in the fifties, with the difference that in "cukongisme" the ethnic Indonesian partner is usually a person in a high civilian or military position, while in the *Ali-Baba* Alliance the *Ali* component could be any ethnic Indonesian provided he can acquire a license. There are a number of explanations as to the origin of the term "cukong." The most plausible seems to be that it is derived from the Chinese *tsu-kung*, meaning ancestor or grandfather, giving the connotation of protector, "boss," and more specifically financier.

The frustration of ethnic Indonesian entrepreneurs and businessmen, who saw this alliance between power and money as an insurmountable obstacle to their development, was heightened by the fact that foreign investors, especially Chinese from Hongkong and Taiwan and Japanese, tend to prefer Indonesians of Chinese descent as their partner in joint ventures.

President Suharto seemed to react to this development as not desirable, and in a speech on the occasion of a meeting with the new leadership of the Kadin (*Kamar Dagang Indonesia* — Indonesian Chamber of Commerce), on March 29, 1972, he urged the "non-pribumi" (non-indigenous, meaning Indonesian citizens of Chinese descent) entrepreneurs to sell 50 percent of their stock to "pribumi" (indigenous,

meaning ethnic Indonesia) entrepreneurs, because the latter lack capital, while for a healthy development of the Indonesian economy it was imperative for the two groups to cooperate.³⁹ This statement created quite a stir in the press. It appears that all agreed as to the existence of an imbalance in the participation of ethnic Indonesians and ethnic Chinese in the economy, resulting in inequality in competitive power. There are different ideas, however, as to how to solve this problem. These can be distinguished into two schools of thought: 1) those who see the solution in direct measures against the ethnic Chinese entrepreneur, such as urging them to sell part of their stock to ethnic Indonesians and advocating that a clear distinction should be made between indigenous and non-indigenous entrepreneurs, 2) those who see the solution in de-emphasizing the dichotomy between the two groups and therefore not using the term "pribumi" and "non-pribumi," but emphasizing the establishment and improvement of the entrepreneurial capabilities of the "economically weak" group. By using the latter term they appear to indicate that this group should not be equated with "indigenous," but that there could also be the non-indigenous among them.

The government has started to remedy this imbalance by providing credit, on easy terms, to indigenous entrepreneurs. For instance, in April 1973 credit could be obtained up to Rp 100 million, and in December 1973 special credit up to Rp 5 million was provided specially to small entrepreneurs in the rural areas. The reaction in the press was mixed. *Kompas*, one of the leading newspapers in Jakarta, presented a report of interviews with business, management and university people, under the heading "perseverance still can not be bought with Rp 5 million." It cited the opinion of two prominent businessmen, both ethnic Indonesians, who stated that the weakness of the economically weak lies in their lack of entrepreneurial know-how and skills, and also in their lack of control of the marketing network.⁴⁰

There is no doubt that whether this imbalance can be resolved or at least alleviated, depends to a large extent on the policies taken by government, and whatever course is taken whether emphasizing measures aimed at ethnic Chinese or measures aimed at ethnic Indonesians, it will have a profound influence in the social, economic and political sectors of the society.

Concluding Remarks

We have seen in this short discussion that the majority-minority situations existing in Indonesia are basically inherent in the structure of the society. To what extent changes will occur and what changes should occur depend very much on the policies taken by the government. In my opinion, here is where social scientists can and should play a role, i.e., in getting more and better knowledge about the structure of the society. This is especially important in view of the potentially explosive nature of majority-minority situations. If social scientists do not concern themselves with these problems, then situations of conflict that can easily be generated under these conditions will be resolved by force and coercion, rather than on the basis of knowledge and understanding.

FOOTNOTES

1. See Herbert M. Blalock, Jr., **Towards a Theory of Minority-Group Relations** (New York: John Wiley and Sons, Inc., 1967), especially the Section on "Macro-level Studies of Discrimination and Leadership," pp. 10-36, Chapters 2 and 3, and especially the section on "Middleman Minorities," pp. 79-84.
2. Brio Pusat Statistik (Central Bureau of Statistics), **Sensus Penduduk 1971, Tabel-tabel Pendahuluan, Angka Sementara** (1971 Population Census, Advance Tables, Preliminary Figures). Jakarta, 1972, Tables 2, p. 3.
3. Buo Pusat Statistik, "Ulasan Singkat Hasil Sensus Penduduk 1971" (A Short Analysis of the Results of the 1971 Population Census), Jakarta, n.d., mimeo. See also Geoffrey McNicooll and Si Gde Made Mamas, **The Democratic Situation in Indonesia**, papers of the East-West Population Institute, no. 28, December, 1973.
4. D.H. Penny and Masri Singarimbun, **Population and Poverty in Rural Java: Some Economic Arithmetic from Sriharjo**. Cornell International Agricultural Development Mimeograph 41, Department of Agricultural Economics (Ithaca, New York: Cornell University, May 1973), pp. 44, 45.

5. **Ibid.** p. 47.
6. William Collier, Gunawan Wiradi and Soentoro, "Recent Changes in Rice Harvesting Methods," **Bulletin of Indonesian Economic Studies**, Vol. IX, No. 2, July 1973, p. 43.
7. Sinar Harapan, 20 April 1974.
8. LP3ES, **Laporan Sementara Hasil Penelitian Golongan Berpenghasilan Rendah di Jakarta** (Preliminary Report of the Study on the Low-income Group in Jakarta), Jakarta, 1972, p. 19.
9. Biro Pusat Statistik (Central Bureau of Statistics), "Ulasan Singkat" (short analysis), Jakarta, n.d., mimeo, p. 9.
10. Mely G. Tan, et. al., **Social and Cultural Aspects of Food Patterns and Food Habits in Five Rural Areas in Indonesia**, LEKNAS-LIPI and Directorate of Nutrition of the Department of Health, Republic of Indonesia, Jakarta, 1970, p. 38.
11. For Indonesia, based on figures from the Central Bureau of Statistics, **Pendapatan Nasional Indonesia** (National Income of Indonesia), 1969-1972, Jakarta, 1973, tables 2 and 5.
12. For Malaysia from: "The Treasury Malaysia," **Economic Report 1973-1974**, Kuala Lumpur, December 1973, p. iv. For the Philippines, Thailand and Singapore from 1973 World Population Data Sheet, **Population Reference Bureau Inc.**
13. LP3ES, **op. cit.**, pp. 18-20.
14. Suhad Mangkusuwendo, "Dilemmas in Indonesian Economic Development," in **Bulletin of Indonesian Economic Studies** Vol. IX, No. 2, July 1973, p. 32.
15. **Ibid.**, pp. 33, 34.
16. **Ibid.**, p. 34.
17. See e.g., Hildred Geertz, "Indonesian Cultures and Communities" in Ruth McVey, **Indonesia** (New Haven: Yale University, Human Relation Area Files, 1963). Koentjaraningrat, **Villages in Indonesia** (Ithaca, New York: Cornell University Press, 1967).
18. This enumeration is taken from an article by Jarsja W. Bachtiar, "Bureaucracy and Nation Formation" in **Indonesia Magazine**, No. 17 (in which the author

poses the thesis that the bureaucracy in Indonesia forms a mechanism that contributes to the process of nation-building), 1973, pp. 9, 10.

19. **Ibid.**, p. 9.
20. See e.g., Herbert Feith and Lance Castles (eds), **Indonesian Political Thinking, 1945-1965** (Ithaca, New York: Cornell University Press, 1970), pp. 316-325.
21. W.J. Cator, **The Economic Position of the Chinese in the Netherlands Indies** (Chicago: University of Chicago Press, 1936).
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Ong Eng Die, **Chineezen in Nederlandsch-Indie: Sociografie van een Indonessische Bevolkingsgroep** (Assen: Van Gorcum, 1943).
Lea E. Williams, **Overseas Chinese Nationalism: the Genesis of the Pan – Chinese Movement in Indonesia, 1900-1916.**(Glencee Free Press, 1960.)

G. William Skinner, "The Chinese Minority," in Ruth Mc Vey, (ed), **Indonesia** (New Haven. Yale University HRAF, 1963).
22. See Charles A. Coppel, "Mapping the Peranakan Chinese in Indonesia," Offprint from **Papers on Far Eastern History**, No. 8, September, 1973, pp. 143-167.
23. **Volktelling 1930, Deel VII, Chineezen en Andere Vreemde Oosterlingen** (Census 1930, Vol. VII, Chinese and Other Foreign Orientals). Batavia: Landsdrukkerij, 1935.
24. The enumeration was held in 1956 and published under the title **Penduduk Indonesia** (The Population of Indonesia), Biro Pusat Statistik, Seksi Demografie, 1958.
25. Skinner, **op. cit.**, p. 97 and note 2. See also Williams, **op. cit.**, p. 11.
26. From a personal communication.
27. From information received at the Central Bureau of Statistics and compiled by the Immigration Office in Jakarta.
28. See Ong Eng Die, **op. cit.**, pp. 239, 259, 262. Also The Siau Giap, "Group Conflict in a Plural Society," **Revue de Sudest Asiatique**, 1966, pp. 1-31, 185-217.
29. For a short biography of Mr. Assaat see Feith and Castles, **op. cit.**, p. 474.

30. From Badan Pekerja KENSI Pusat (Central Working Committee of the All-Indonesian National Economic Congress) **KENSI Berjuang** (The Struggle of the KENSI), Jakarta: Jambatan, 1957, p. 53 ff.
31. Ralp Anspach, "The Problem of a Plural Economy and its Effects on Indonesia's Economic Structure A Study in Economic Policy." Unpubl. Ph.D. Dissertation, Berkeley: University of California, 1963, p. 196 ff.
32. **Ibid.**, p. 232 ff.
33. **Ibid.**, 314 ff.
34. See Gouw Giok Siong, **Warganegara dan Orang Asing** (Citizens and Aliens). Jakarta: Keng Po, 1960. Also Anspach, **op. cit.**, pp. 373-379.
35. Anspach, **op. cit.**, p. 378.
36. Skinner, **op. cit.**, note 32.
37. For a detailed discussion on dual citizenship and the Soenario-Chou Agreement see Donald E. Willmot, **The National Status of the Chinese in Indonesia 1900-1958**. Cornell Modern Indonesia Project Monograph Series, Ithaca, 1961, rev. ed.; Mary F. Somers, **Peranakan Chinese Politics in Indonesia**. Ithaca: Cornell Modern Indonesia Project Interim Reports Series, 1964; Charles A. Coppel, "The National Status of the Chinese in Indonesia," **Papers on Far Eastern History**, 1, March 1970.
38. Instruksi Presidium Kabinet No. 37/U/IN/6/1967 perihal kebijaksanaan Pokok Penyelesaian Masalah Cina 37/U/IN/6/1967 on the Basic Policy to Resolve the Chinese Problem).
39. **Sinar Harapan**, 29 March, 1972.
40. **Kompas**, 11 February, 1974.