

**Richard Robison and Vedi R. Hadiz. *Reorganizing Power in Indonesia: The Politics of Oligarchy in an Age of Markets*. New York: RoutledgeCurzon, 2004. 304 pages.**

Erick M. Danzer

In this exciting book, two well-known scholars of Indonesian political economy address questions about the nature of institutional change and the prospects for neoliberal convergence toward democracy and free markets. In the process, they provide one of the most novel, detailed, coherent, and analytically grounded accounts of Indonesian politics in recent years. Their central argument—that an “oligarchic ruling class” emerged during the New Order and survived the Asian crisis and subsequent political reforms—is sure to generate debate.

The first chapter sets the theoretical context of the analysis. Beginning with the recognition that liberal reform efforts in Indonesia and elsewhere have continually fallen short, the authors ask the obvious questions: Why do bad policies or institutions persist? In Indonesia, why have successive attempts at reform faltered, why were pressures for democracy slow in coming, and why has much of the New Order power structure persisted? They assert that neoliberal approaches to institutional change are ill-equipped to deal with those questions because they neglect history, power, and political struggle—the very factors that have shaped changes in Indonesia.

Sadly, the authors oversimplify the debate on institutional change. The notion that policy or institutional reforms will generate intense political conflict is widely accepted, even among the neoliberals that Robison and Hadiz establish as theoretical antagonists. The authors neglect other academic literature on institutional change, many of which writings focus specifically on how institutional change (or continuity) emerges from political conflict. As a result, their contribution to larger political economy debates—outside the study of Indonesia—is likely to be limited.

Moving from theory to history, chapters two through five chronicle the emergence and triumph of the oligarchy during the New Order. The roots of oligarchy are to be found in the 1970s in the growing cooperation between politico-bureaucrats, who controlled rent allocation, and Chinese business conglomerates. Bound by political and economic ties, these groups used their position (i.e., straddling public power and private wealth) to hijack the market reforms of the 1980s. While those reforms are usually considered a high point in New Order economic policy, Robison and Hadiz argue that they served to cement the economic position of the oligarchy, enabling them to seize private control in areas of previous state monopoly. At the same time, the oligarchs ensured their political ascendancy by increasing their control over Golkar, marginalizing non-oligarchic elements of the military, and preventing the organization of civil society.

Although this is ostensibly a book about Indonesia’s economic and political transition, the authors’ interpretation of New Order politics may, in the end, be the most interesting part of the book. In emphasizing oligarchy, the authors play down the traditional actors and political cleavages in Indonesian political scholarship—the military, technocrats, Muslim groups, and even Suharto himself. Suharto is recast as

the penultimate oligarch, yet still an oligarch among oligarchs. Arrayed around him is an incestuous network of co-conspirators, including his own family, prominent generals and bureaucrats, ethnic Chinese business associates, and the families and friends of all of the above. These groups are not patronage seekers subservient to Suharto, as in most other accounts, but members of an effective ruling class.

There are several problems with the conception of oligarchy in the book: the power of the oligarchs relative to Suharto and the military seems overstated; the lines defining the boundaries of the oligarchy are unclear and shifting; and the oligarchy itself is treated as a unified class with none of the bitter rivalries that characterize truly oligarchic systems elsewhere. Nonetheless, by shifting the analytic focus away from well-worn political actors and cleavages, this book gives a remarkably fresh account of the New Order, and brings forward many figures and conflicts that had previously been obscured.

As documented in chapters six and seven, the economic crisis and collapse of the New Order severely challenged the survival of the new oligarchy. The crisis itself pushed many oligarchs toward bankruptcy, while International Monetary Fund (IMF) reforms to abolish monopolies, quotas, and licenses and to reform the banking system cut away at their bases of wealth and power. Fervent supporters of *reformasi* pushed to bring Suharto and other oligarchs to trial for decades of corruption.

One of the central arguments of the book is that the oligarchs were able to defend and reconstitute their wealth and power in the democratic era. On the economic front, chapter eight shows how they resisted deregulation, pushed the burden of debt onto the state, and used obstructionism and corrupt judges to avoid legal punishment. Chapter nine describes how they rebuilt their power in a world of parties, parliament, and decentralization by forming alliances with new actors entering the political arena.

Ironically, this account of the survival of oligarchy after economic crisis and regime change, ultimately the point of the book, is less satisfying than the earlier description of the emergence of the oligarchy during the New Order. The novelty of the early chapters is lost somewhat as the narrative begins to focus much more on conventional characters—Habibie, Megawati, Wahid, and Rais (and their political parties). The authors also rightly emphasize the arrival of new political actors, particularly regional leaders and thugs. Missing, however, are detailed follow-up accounts of the oligarchs that reigned during the New Order and, perhaps more importantly, evidence that those oligarchs and their families continue to exercise tight control over Indonesia's economic and political landscape.

Despite its weaknesses, the overall empirical accomplishment of the book is notable. As the authors point out, much of the writing on Indonesia's transition has been non-analytical, consisting of blow-by-blow accounts of the unfolding of events. Here, by contrast, the authors have provided a book that uses a single analytic framework to rethink the New Order, to provide a promising (if unfulfilled) interpretation of the democratic era, and to link politics past and present in a tightly coherent and highly detailed narrative. Not surprisingly, this book has already become required reading for those interested in Indonesian politics. It will continue to do what good books do—generate debate and new lines of research—and will significantly advance our understanding of Indonesian politics.