

## INDONESIA: THE RISE OF CAPITAL: A REVIEW ESSAY\*

Jeffrey A. Winters

### Introduction<sup>1</sup>

A few months ago I was approached by a professor of Southeast Asian political economy who planned to use Richard Robison's *The Rise of Capital* in an undergraduate course she was preparing. Rather pressed for time, and being a specialist on countries in Southeast Asia other than Indonesia, she asked me if I would suggest one or two pieces in the literature which might stand as a stimulating counterpoise to Robison's book. I answered that Robison's own earlier work, including his dissertation<sup>2</sup> and articles published in this journal,<sup>3</sup> is probably the best material currently available to confront the arguments presented in *The Rise of Capital*. We speculated on the probable reactions of students to the spectacle of a scholar debating her or himself. Would they conclude that the world is so lacking in students of Indonesian political economy that a major scholar has no choice but to write his or her own "Anti-Dühring"?<sup>4</sup>

*The Rise of Capital* is, first of all, a very important (and desperately needed) contribution to the literature on Indonesian politics. In the questions it raises and the exciting areas for research it pioneers, Robison's book represents by far the best work currently being done on post-1965 Indonesian politics. Unlike his dissertation, which has been influential but which painted too static a picture of the Indonesian polity, this latest effort by Robison is stimulating, dynamic, and controversial. The tone is set (and the opening volley shot) with the book's very first sentence: "The most important revolutionary force at work in the Third World today is not communism or socialism but capitalism" (p. vii).<sup>5</sup> This declaration carries Robison

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1. This article is based upon work supported under a National Science Foundation Graduate Fellowship. Any opinions, findings, conclusions, or recommendations expressed here are those of the author and do not necessarily reflect the views of the National Science Foundation.

2. Richard Robison, "Capitalism and the Bureaucratic State in Indonesia: 1965-1975" (Ph.D dissertation, Sydney University, 1977).

3. See Richard Robison, "Towards a Class Analysis of the Indonesian Military Bureaucratic State," *Indonesia* 25 (1978): 17-39, and "Culture, Politics, and Economy in the Political History of the New Order," *Indonesia* 31 (1981): 1-29.

4. Though Robison is probably his own most formidable critic, he is not debating only himself. In his theoretical chapter he makes his differences with every other major Western Indonesianist quite plain.

5. Throughout the text of this essay and in the footnotes, unless otherwise identified, page numbers in parentheses refer to *The Rise of Capital*.

through eleven chapters and almost four-hundred pages densely packed with information and argumentation. So stimulating did I find the book that it generated stacks of notecards which I hoped to weave into this assessment of his success. Though I take issue with many of the arguments Robison advances (even his primary one), I should admit that almost all the ideas I use to criticize his positions were generated while reading his book.

Before turning to the body of this essay, one final point of recognition should be made. Robison has done a great service to students of Indonesian politics, for he has, with *The Rise of Capital*, put Indonesia on the comparative politics map. Scholars and teachers casting about for an excellent case study to use for comparative purposes with other, similar Third World countries (Nigeria and Mexico come immediately to mind) can now finally look at and comment upon Indonesia.<sup>6</sup> We shall all benefit tremendously from this very well-researched and well-presented analysis of post-World War II Indonesian political economy.

### *Robison's Argument: A Brief Overview*

There are three key elements in the design of Robison's book. The first is his argument that a significant or substantial indigenous bourgeoisie had finally been formed in Indonesia by the late 1970s. The second and related element is his description of how (by what processes and through what mechanisms) this indigenous class developed. Making a convincing case for these first two components of his argument constitutes what Robison terms his "first task": to trace and document the actual "rise" of indigenous capital in Indonesia. There is, in addition, a third element (constituting a second task) to Robison's argument which deals with the impact of the rise of an indigenous bourgeoisie on the Indonesian state.<sup>7</sup>

As a useful first step I will review briefly this two-task argument contained in *The Rise of Capital*. This will be followed by a general critique of the book, and, finally, I will discuss what I believe to be the primary flaw in Robison's work: his overly narrow focus on the rise and impact of the indigenous bourgeoisie to

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6. The book will have served no small purpose if it doubles to 200 the number of persons in the United States who can name every Indonesian president, one major Indonesian city (not counting the Capital and "Bali"), and recognize that the "New Order" is not some sort of *avant-garde* organization for reformist nuns.

7. Save for about twenty pages in the final chapter, the entire book, spanning a century and a half of history, is written from the perspective of the capitalist class in Indonesia (even when, by Robison's own admission, this group is so small and weak that it hardly exists). A second and rather frustrating point should be raised here. Though Robison is concerned with questions of the "state," "state policy," "state structure," and "state function," he does not take up the task of explaining systematically what, exactly, he means by these terms and concepts, the relationships among them, and the impact of social classes upon them (and vice versa). On the one hand, this omission is understandable, as whole bodies of literature, especially in the Marxist tradition, are devoted to the analysis of these daunting subjects. On the other hand, it is not nearly enough to cite, as Robison does, the Poulantzas-Miliband debate and move on. Had Robison put forth a clear and consistent statement on these matters, it would have been possible both to assess his position and offer amendments to it. Regrettably, space limitations allow me neither to describe what I *think* Robison means when he writes about things like the state, nor to suggest alternative definitions.

the near exclusion of important competing and even prior factors (mainly structural and extra-national) in the political economy of post-1965 Indonesia.

### *The "First Task"*

In an article describing the purpose and content of his book, Robison writes, "In *The Rise of Capital* my first task was to challenge the myth that there was no national capitalist class."<sup>8</sup> By the sixth chapter of his book he proclaims the task accomplished.<sup>9</sup> The indigenous capitalist class, which arose not from petty bourgeois beginnings but from within the state, had by the late 1970s been born. Robison is very specific about the factors that contributed directly to the "rise" of capital. First, there were the institutional instruments. These included joint ventures with foreign and Chinese capitalists, and the various military and politico-bureaucratic business groups which flourished after 1965. These entrepreneurial clusters supplied a structure within which an indigenous class could be "nurtured." The most important institutional instrument of all, for Robison, was the array of state corporations through and around which an indigenous bourgeoisie could be built up. He writes,

State capital in the New Order Indonesia [*sic*] has not been an instrument for confrontation or expropriation of bourgeois capitalism but the central component of a state-led, corporatist form of capitalism, constituting a framework within which domestic private capital accumulation is nurtured. (p. 220)<sup>10</sup>

The state enterprises were particularly important for "asli" (meaning indigenous) entrepreneurs in that they supplied key opportunities for "spin-offs" in such areas as consumer manufacturing.

These institutional mechanisms or instruments were supported and helped along, in Robison's story, by a long-standing and deliberate effort on the part of the state to create a strong indigenous capitalist class.<sup>11</sup> This objective was part of a

8. Richard Robison, "The Rise of Capital," *Inside Indonesia* 9 (December 1986): 2. Robison does not mention his own contributions to the life of this "myth." See below, n. 31.

9. "By the end of the 1970s the picture of domestic capital as weak, dependent and subservient could no longer be sustained" (p. 176).

10. For reasons which are not immediately evident, Robison vacillates (between pages 212 and 220) on the admittedly "contentious" issue of whether the state corporations were mainly instruments for the patrimonial appropriation of surplus, or for the provision of conditions for the accumulation of private capital, and hence, to create a capitalist class. As is clear from this passage, however, Robison decides finally that they are instruments for the creation of capitalists.

11. "The emergence of these [domestic corporate] groups was directly related to state intervention on their behalf. Policies of protection and subsidy were complemented by privileged access to trade monopolies, forestry concessions, state bank credit and government contracts for construction and supply. Most important, the state poured billions of dollars into investment in infrastructure and large industrial projects [directed through the instruments described above, mainly] which acted as a catalyst to capital accumulation in the private sector." (Robison, *Inside Indonesia*, p. 2). In *The Rise of Capital*, Robison argues that state banks were "used in a deliberate fashion" as "instruments of government policy to build a strong domestic capitalist class . . ." (p. 224).

larger strategy of "nationalist" industrialization which, according to Robison, dated back to the earliest days of Indonesian independence. There were a variety of impediments to the actual implementation of the nationalist strategy—not least of which being the pressures mainly from abroad for Indonesia to integrate itself into the New International Division of Labor (NIDL). The critical turning point in the struggle (between "national" and international forces of capital) to gain meaningful legislative support for the cause of the indigenous bourgeoisie, Robison argues, was the "Malari"<sup>12</sup> of 1974. These riots so unsettled General Suharto's New Order regime that immediate changes in Indonesian state policy were implemented to give more advantages to indigenous capitalists in their long and losing struggle with their Chinese and foreign competitors.<sup>13</sup> The elements of the asli bourgeoisie that benefitted most from these changes, Robison points out, did not themselves take part in the uprisings.

These, then, are the main highlights of the actual rise of the Indonesian capitalist class. Robison does not stop, of course, at merely describing the rise itself. He goes on to consider the socio-political impact of this nascent indigenous class on the structure and operation of the Indonesian state. Attention turns now to his discussion of the significance of the rise of capital in Indonesia.

### *The Second Task*

The strong indigenous bourgeoisie in Indonesia is comprised predominantly of erstwhile politico-bureaucrats located within (or, at the very least, attached directly to) the state. These new capitalists amassed most of their operating capital by exploiting the privileges they gained (monopolies, contracts, permits, credit, etc.) from their access to the essentially "patrimonial"<sup>14</sup> state. But unlike their counterparts of the earlier "Benteng"<sup>15</sup> program and Guided Economy period,<sup>16</sup> these new capitalists were no longer mere "briefcase" entrepreneurs who immediately sold their privileged access to licenses and contracts to "real" Chinese and foreign capitalists.<sup>17</sup> The emergent strong asli bourgeoisie of the New Order period themselves became capitalists with a direct stake in capitalism. The main reason for this transformation was that the new-style capitalists actually became shareholders (albeit usually minor partners)

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12. "Malari" stands for *Malapetaka Januari* and refers to the uprisings of January 15, 1974 in Jakarta.

13. See, for instance, these claims on pp. 166 and 326.

14. It should be noted that, in sharp contrast to his usage in his dissertation, Robison eschews this language in *The Rise of Capital*. Nevertheless, it remains evident that it was basically through patronage practices that the upper-most stratum of the indigenous bourgeoisie arose.

15. "Benteng" refers to the Indonesian government program between 1950 and 1956 in which import licenses were reserved for use by indigenous importers. Almost all the licenses were sold to Chinese entrepreneurs.

16. Guided Economy is the name for the period from 1959 to 1965 during which state direction and ownership of the economy were emphasized.

17. These were sometimes called "ali-baba" arrangements, where "ali" referred to the "politically connected" indigenous fixer and "baba" referred to the Chinese or foreign entrepreneur who would own and operate a company or use a license or permit.

in the joint ventures with Chinese and foreigners—particularly after the events of 1974.<sup>18</sup>

In Robison's view, this gradual capitalist-ization of the former politico-bureaucrats created in each individual a "tension" as their priorities and motivations were now simultaneously shaped by irreconcilable patrimonial and entrepreneurial logics.<sup>19</sup> Though still partly dependent on the continued privileges the "bureaucratic capitalist" state confers, members of the strong indigenous bourgeoisie in Indonesia are increasingly forced to choose between their interests in a "regularized" (or in Weberian terms, "legal-rational") system for their activities as industrial capitalists on the one hand, and the perpetuation of the very tribute system which has served them so well in the past on the other. In Robison's estimation, there is a fairly clear tendency in the direction of pressures for regularization as expressed through such state-created and -dominated institutions as Kadin<sup>20</sup> and Golkar.<sup>21</sup>

Thus the rise of a strong asli bourgeoisie in Indonesia is having an impact not only at a personal level, but at the level of the state structure and operation itself. "Will the dual role of politico-bureaucrats as capitalists," Robison asks, "bring the existing contradictions in the relationships between state and capital to a crisis point?" (p. 342-43). He never answers this question conclusively, but he does say that the nascent strong Indonesian capitalist class constitutes "a new and significant focus of socio-economic power" (p. 177) which "has been successful in forcing the beginnings of a restructuring of state power. . . ."<sup>22</sup>

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18. Robison says, for instance, that generals who accumulated wealth on the basis of politico-bureaucratic practices had, by the late 1970s, an avenue to "entry into the capitalist class on their own behalf" (p. 268). As capitalists, military officers "develop an interest" in the establishment of policies conducive to the general processes of accumulation, such as "the control of labour" (p. 267). One could probably argue persuasively, of course, that even before becoming capitalists military officers displayed interests along these lines, though perhaps the specific motives for doing so were different.

19. This tension, in Robison's view, is manifested even at the palace level. Because the Suharto family has accumulated a "substantial base of capital ownership," their position is no longer exclusively based on political muscle and patrimonial networks. "The Suhartos are now," writes Robison, "both politico-bureaucrats and capitalists" (p. 349). It is not at all clear to me why there should be any "tension" in this arrangement for the Suhartos.

20. Kadin stands for Kamar Dagang dan Industri, or Chamber of Trade and Industry.

21. Writes Robison, "Once domestic business groups were established the benefits of this capricious system became less obvious. Rule of law, especially regarding property rights, became relatively more important for domestic capital as their investments grew." He also suggests that this process is partly responsible for the state's interest in creating an indigenous bourgeoisie. He writes, "Why did the state take such pains to develop the indigenous bourgeoisie? At one level this was because the officials of the state themselves were becoming increasingly integrated with the [predominantly Chinese] domestic bourgeoisie as joint venture partners or as monopoly licence holders dependent upon policies of state regulation and protection." (Both quotes are from Robison, *Inside Indonesia*, p. 2.) There is, I think, a small matter of timing and causality here which Robison does not appear to consider. Golkar stands for Golongan Karya, the state party under the New Order.

22. Robison, *Inside Indonesia*, p. 3.

With an overview before us, it is now possible to back up and take a critical look at Robison's arguments. I begin where Robison begins—with the first task of establishing a case for the rise of an indigenous bourgeoisie.<sup>23</sup>

### *A Critique*

#### *The "First Task" Revisited*

In view of the role in and impact on the Indonesian state that Robison ascribes to the strong<sup>24</sup> indigenous bourgeoisie, matters of class size and strength are not unimportant. It is, therefore, disappointing that he must admit to a considerable amount of difficulty in supplying any "quantitative" (p. 88) estimates of the asli bourgeoisie's nature *qua* capitalist class.<sup>25</sup> All we are told is that the indigenous capitalists are "significant" in number and operate on a "substantial" scale (p. 363). Because Robison constantly communicates the features and activities of the asli bourgeoisie by referring to a limited number of particular capitalists by name (rather than by referring to aggregate or group characteristics as one likely would in discussing, say, the Australian capitalist class), one cannot escape the powerful impression that he is in fact describing a tiny group of people, all of whom probably know each other (at least as acquaintances). Though I did not count, specific mention is made of perhaps seventy-five individuals (including the Chinese) who fall into the various categories of strong capitalists. Allowing every adult relative of these seventy-five people also to be called a large capitalist (being careful, of course, not to double and triple count where families overlap), would the size of this "class" balloon to many more than a few thousand individuals?<sup>26</sup> And if not, would it not be more accurate to label this tiny sliver of Indonesian society not a capitalist class, but a capitalist "crust"? The main point is that if an extremely small group of actors is

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23. The reader may already have noted an important discrepancy in the terminology Robison employs to describe the class whose rise he traces. It is a troubling matter which cannot be satisfactorily addressed here. But briefly, Robison claims in various places to have documented the rise of a "national" (or "domestic") capitalist class, as for instance, in his *Inside Indonesia* piece where he explains how he challenges the myth that there is no "national" capitalist class. And yet, it is obvious from the socio-political arguments Robison goes on to make that the class to which he wants to draw attention is *indigenous*. The problem is that the labels "national" and "domestic," when referring to capital, always include the Chinese (both citizen and alien) in Robison's usage. The Chinese, of course, are unable to participate in any overt pressures for "restructuring." From Robison's own direct statements (see, for example, p. 366), it is quite evident that in most instances he actually wants to write "indigenous" when instead he writes "national" or "domestic." I will use the terms "asli" and "indigenous" when referring to the class around which Robison has structured the arguments in his book.

24. Robison is very clear in arguing that the small and middle asli bourgeoisie are not (nor have they ever been) of significant socio-political or economic importance.

25. There is also no serious discussion of the geographic distribution of this class. From Robison's account, the asli bourgeoisie (again, excluding the small and middle elements) does not seem to be "Indonesian" at all, but "Jakartan."

26. Recall, for perspective, that one half of one percent of Indonesia's adult population would be about 500,000 people.

involved, general assumptions about the interests and demands of capitalists on the state need to be reassessed and adjusted.<sup>27</sup>

It is apparent that Robison in fact operates with general, unadjusted assumptions about the capitalists he analyzes in Indonesia. Consider the following passage:

Another mitigating factor is the very interest of the capitalist class, in Indonesia as elsewhere, to sanctify property and, to an increasing degree, to regularise the process of accumulation within a legal and predictable framework. Despite the fact that arbitrary political action has been a central feature in the establishment of business groups, this is likely to become less acceptable as the capitalist class entrenches itself. (p. 349)

The thrust is that, because the asli bourgeoisie are capitalists, they will seek to "regularise" the Indonesian system. The problem here is that Robison does not consider the real possibility that this group is small enough to find it very much in their interest to pursue the seemingly contradictory path of pushing for guarantees of private property (as Robison points out that they do) and leaving many other "capricious" state practices in place.<sup>28</sup> Certainly capriciousness is no great evil when it can generally be counted upon to disadvantage one's competitors.<sup>29</sup> If this is true, there is good reason to challenge Robison's claims that the emergent asli bourgeoisie will act essentially as ideal-typical capitalists and seek to challenge the patrimonial state.<sup>30</sup>

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27. While Marxists stress the ownership and control of the means of production in defining a capitalist class, it would not be a trivial matter theoretically if a capitalist "class" consisted of a single individual.

28. In an extremely lucid passage, which, I would argue, does considerable damage to the claims Robison wants to make about his asli bourgeoisie becoming the main force behind the restructuring of the state, Robison points out that "there is little incentive for major indigenous capitalists to agitate for political power as a class when the military rule so effectively in their interests. At the same time there is no reason whatever for the major indigenous capitalists to put any real venom into campaigns against foreign or Chinese capital while they are guaranteed a stake in the growth of these groups" (p. 364).

29. On this view, we should expect asli capitalists not to attempt a dismantling of the patrimonial state, but instead to work to have it operate as much as possible in their interest. This is not the sort of "regularization" Robison writes of, however. Part of the problem here for Robison seems to be a belief that it is in the nature of capitalist entrepreneurs to press for *laissez-faire* conditions. But surely this is only the case when the number of entrepreneurs is so great and the market so broad as to make the general interests of the class indistinguishable from the particular interests of each capitalist. Huge transnational corporations, whose managers are surely as committed as one can be to *laissez-faire* principles, routinely refuse to invest in a Third World country until guarantees are given that barriers blocking the entry of competitors will be erected behind them.

30. Observers should be watchful, then, for evidence that this domestic bourgeoisie (but not only this class) is in fact quite content to make full use of the "irrational" qualities of the Indonesian state. Asli capitalists should not find such manipulation an especially daunting task, for the power of the state on these matters appears to be highly concentrated. One indication of this is supplied by Robison himself. Asli entrepreneurs told him that the power to launch indigenous Indonesians into business

In sum, though we learn a tremendous amount about the fits and starts of the local capitalists over the past century (but especially since the Second World War), Robison's support for his assertion that a significant and substantial asli bourgeoisie has formed is somewhat disappointing. Not only is he unconvincing in his claim that a group deserving of the label "class" has come into existence,<sup>31</sup> but he never supplies a compelling reason for us to believe that this new bourgeoisie should seek the changes in the structure and operation of the state he describes.

### *Institutional Instruments Recast*

A number of references have already been made to Robison's dissertation. As some of the criticisms in this section and the one to follow also draw heavily on apparent inconsistencies and contradictions between Robison's dissertation and his book, it would be helpful to devote some attention to the question of why the differences between the two works are important. The discussion will then turn to the matter of the treatment of the institutional instruments.

Sudden and radical changes in perspective and emphasis are not bad *per se*. (Fads aside, the study of politics in general could benefit from a thorough-going "change of mind.") As long as scholars are careful to demonstrate why a formerly held view is less compelling than the new one being advanced, no one should complain. This brings us to the problem of Robison's change of mind in his book. First, he does not explain his reasons for adopting a new perspective on a whole host of issues associated with state and society in Indonesia. Indeed, he makes virtually no mention of the generally excellent arguments in his dissertation and subsequent articles.<sup>32</sup> Second, Robison's positions and evidence in support of them in his earlier work—especially his doctoral thesis—are considerably more plausible and persuasive than those in his book.<sup>33</sup> One of my objectives in this and the next section of this essay is to point out the salient differences in Robison's two major works. Admittedly, it is somewhat tedious to keep bouncing back and forth between the two texts as I do. But there is no other easy way to raise the objections I have.<sup>34</sup>

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on a competitive basis was in the hands of "no more than half a dozen individuals . . ." (p. 355).

31. It is puzzling that Robison should tell us that an asli capitalist class had formed in Indonesia by the late 1970s, for in 1977 he argued not only that no such group had formed, but that a number of factors intrinsic to the Indonesian system militated against any such class forming in the near future. Robison never addresses this discrepancy.

32. Robison's pre-1983 work is, it should be noted, widely cited in materials dealing with Indonesian politics—and in most cases quite favorably. Though there are certain weaknesses in Robison's earlier arguments, no one has, in my view, offered anything to challenge his penetrating analyses of "bureaucratic capitalism" and the relationships he describes among state, foreign capital, and elite classes within Indonesia.

33. That is to say, on the basis of my own observations, research, and conversations with a number of students of Indonesian politics (both Indonesians and Westerners), I find the characterization of institutions and political dynamics in the dissertation to be closer representations of reality than that given in *The Rise of Capital*. Except in the cases where I make my disagreements plain, I consider all the arguments I cite in this essay from Robison's doctoral thesis to be superior to those put forth in the book.

34. For those readers less interested in the actual passages from Robison's doctoral



The most striking thing about Robison's treatment of the institutional instruments he highlights in *The Rise of Capital* is how unrecognizable they are from the very same institutions described less than a decade earlier in his dissertation. If Robison saw these institutions as instruments for anything in 1977, it was for the preservation and entrenchment of the politico-bureaucratic factions within the New Order which had appropriated them.<sup>35</sup> Robison specifically argues that these bodies, which constituted an alliance of state officials, Chinese capitalists, and foreign entrepreneurs (and excluded, almost by design, most asli elements), were *not* creating a strong and independent indigenous capitalist class in Indonesia.

Robison's contrasting treatment of two such institutional bodies, Pertamina and Bulog,<sup>36</sup> is representative of the gap separating book and dissertation. In *The Rise of Capital*, these two state corporations are portrayed predominantly as "engines" of national industrialization and generators of an indigenous capitalist class.<sup>37</sup> In the dissertation, these same state structures are discussed mainly as instruments constantly plundered by officials for patronage (and political survival) purposes.<sup>38</sup> The "spin-offs" from state corporations, which Robison argues in *The Rise of Capital* are so important in catalyzing the growth of asli capital, are described in the dissertation as being of benefit overwhelmingly to foreigners and Chinese (and, of course, to the arbitrage-officials with whom they worked so closely). The evidence offered to prove that this is no longer the case is far from persuasive, and not at all consis-

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thesis, I have tried to confine them to the footnotes.

35. Not just the particular instruments involved, but the entire process underway, are described in startlingly different terms in the dissertation. Robison writes, for example, that "bureaucratic capitalism functions *not as the agent of the transformation* of the Indonesian economy from an underdeveloped or peripheral capitalism to national industrial capitalism *but to preserve a partial capitalism* in which the national component takes the form of merchant capitalism." (Robison, "Capitalism and the Bureaucratic State," p. 2). [My emphasis]. Though I believe Robison is basically correct about the deepening and preserving impact of bureaucratic capitalism with specific reference to the role played by politico-bureaucrats, the overall perspective in his dissertation is overly static insofar as it ignores other sources of pressure for change—such as those coming from Transnational Corporations (TNCs) and various international agencies serving many of their interests.

36. Pertamina is the name of the state-owned oil company, and Bulog (Badan Urusan Logistik Nasional), like the "Marketing Boards" in Tropical Africa, is responsible for the purchase and price stabilization of various basic commodities, especially rice.

37. Robison refers to Pertamina as a "model for state business relationships" (p. 156), and says it was "used as the spearhead for the creation of industrial capitalist accumulation" (p. 152). Bulog is mentioned almost exclusively in terms of its role as the distributor and regulator of basic commodities (p. 220). It has been a "major launching pad" for indigenous corporate capital (p. 229).

38. The very first thing that Robison says about Bulog in his doctoral thesis is that it is "a lucrative appanage benefice" (p. 243) for the state officials that control it. It has survived, despite its often dismal purchasing and regulatory performance, because of its "value as a source of finance and patronage . . ." (p. 243). Robison writes, meanwhile, that Pertamina was used by politico-bureaucrats to raise funds which are then "ploughed into the political survival of military ruling groups of the New Order" (p. 239). (All page references in this note are to Robison, "Capitalism and the Bureaucratic State.")

tent with observations of Indonesian lawyers who draft the various private contracts masking the actual ownership patterns of firms by Chinese and foreigners.<sup>39</sup>

Another issue which is problematic is that of the alleged "deliberate" and long-standing effort on the part of the state to create a strong indigenous bourgeoisie. It is never entirely obvious why the state should want to undertake this potentially self-subjecting project with gusto.<sup>40</sup> When Robison ascribes this intention to the "state," is he in fact referring to the strategies of a small clique of technocrats whose power and influence he himself admits to be rather tenuous? This is never completely clear.<sup>41</sup> One very good reason to suspect that there has been more rhetoric than substance on this issue is the rather curious fact that the Chinese (and foreigners, for that matter) have consistently outperformed the asli capitalists, in both absolute and relative terms, in spite of repeated "deliberate" state efforts to protect and promote the latter.<sup>42</sup>

There is no mention whatever in Robison's dissertation of this powerful "nationalist" government strategy to create an asli bourgeoisie. Indeed, Robison supplies there some fairly compelling arguments to suggest that the very organization and operation of the system in Indonesia (the "patrimonial bureaucratic capitalist state") militate against any strong commitment to the entrepreneurial (much less the political) aspirations of asli entrepreneurs,<sup>43</sup> writing, for instance, that,

The formation of a strong national economy is indeed contrary to the interests of the bureaucrat bourgeoisie who have formed structural ties to foreign and Chinese bourgeoisie which provide fundamental financial

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39. Based on private discussions with Indonesian corporate lawyers in Jakarta and the US.

40. Robison's assertion raises several questions. Is there, for instance, some powerful structural imperative operating such that the state would be better off in fiscal terms if the asli bourgeoisie were made stronger? Is the alleged effort based on some artefact of national pride left over from the independence struggle against the Dutch? Why would a state, which has long enjoyed considerable autonomy from domestic social classes, *not* seek to keep a potentially pushy domestic bourgeoisie in a "requesting" rather than a "demanding" position?

41. Robison mentions that it was the view of young indigenous entrepreneurs he interviewed that the residents of the palace were not "interested in the creation of a genuine indigenous capitalist class or even in becoming capitalists themselves . . ." (p. 355). In his dissertation Robison writes, moreover, that, "Generally it was felt that economic planners had no special commitment to the creation of a strong Asli bourgeoisie." Robison, "Capitalism and the Bureaucratic State," p. 213.

42. Robison tries to explain this curious Chinese staying-power by referring to their "inbuilt-resilience" and the fact that they run "tight-knit" family firms integrated into well-developed credit and distribution networks. (See, for instance, p. 272). Important as these factors may be, they are not nearly as crucial as the one mentioned in Robison's 1978 *Indonesia* article, where he attributes the Chinese success, even after the 1974 legislative changes, primarily to the fact of their intimate ties (structural and personal) to politico-bureaucrats. See Robison, "Towards a Class Analysis," pp. 22-23.

43. According to Robison, "The purpose of bureaucrat bourgeoisie in entering business is not the accumulation and investment of capital but the raising of finance for political and personal survival." He says, furthermore, that bureaucratic capitalism supports merchant capitalism *against* "national, industrial capitalism." (Robison, "Capitalism and the Bureaucratic State," p. 14.)

support for the New Order politico-bureaucrat elites. Through these ties they have become [not "capitalists," as in *The Rise of Capital*, but] an integral component of the neo-merchant, dependent, capitalist economy.

He continues that as long as the bureaucratic state persists in Indonesia, experiences like Benteng "can only be continually repeated in varying form."<sup>44</sup> I found no place in Robison's book where he argues explicitly that the bureaucratic state is no more. Indeed, according to his *Inside Indonesia* article, it is precisely the bureaucratic state which his strong bourgeoisie is "beginning" to restructure.

In *The Rise of Capital*, Robison tends to raise this question of intentional state support of the local bourgeoisie in the same breath he discusses "national" strategies, actors, and interests. His disdain for any further Indonesian integration into the New International Division of Labor (as pushed by the IMF-World Bank crowd on behalf of transnational capital) leads him into a rather disconcerting acceptance and adoption of New Order "nationalist" rhetoric supporting selected domestic interests often no more beneficial to "Indonesia" (but surely to the small groups pushing for them) than the NIDL path he opposes.<sup>45</sup> He quotes, for instance, selected "bureaucrat nationalists" as saying that the IMF-World Bank development strategy for Indonesia is "sinister" and holds back "the true development potential of Indonesia" (p. 154). As for what "Indonesia's" "true" development potential is, we do not know, for Robison never seriously challenges this term "nationalist."<sup>46</sup>

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44. Robison, "Capitalism and the Bureaucratic State," p. 445. On page 238 of his dissertation Robison writes that "we cannot therefore say that bureaucrat capitalism is the genesis of a national, industrial Asli bourgeoisie. Instead of the appropriation of state capital and resources to establish large national industrial corporations (except in the ill-fated case of Ibnu Sutowo) we have seen the appropriated facilities and resources channeled to foreign an Chinese bourgeoisie." Without explaining what his reasons are for doing so, Robison presents the opposite view on p. 212 of his book.

45. On page 154, for instance, President Suharto's support of the international borrowing spree by Ibnu Sutowo throughout the early 1970s (which bankrupted Pertamina), is portrayed not as an effort by the president to maximize his access to highly discretionary funds for patrimonial purposes, but mainly as nationalist-inspired maneuvers.

46. On page 148 we are told that the "bureaucrat nationalists" view the penetration of foreign capital as "an exploitative and destructive exercise for Indonesia," while a nationalist strategy would harness these same forces for "long-term national economic goals. . . ." Is a policy nationalist if it benefits a small sliver of Indonesia's population instead of a small sliver of some other country's population? Robison himself seems to point out, incidentally, that most nationalist investments by the state in the 1970s and 1980s have gone toward the construction of "infrastructure," which is what such resources are typically used for when serving the interests of international capital seeking an improved environment for surplus extraction. A matter of considerable importance (which cannot, unfortunately, be addressed fully in this short essay) concerns Robison's view of the prime motives of state action. The state seems to act primarily in response to "legitimacy crises" that arise when one or another social group (almost always "declining" or "decaying," curiously) publicly questions the government's "nationalist" commitment. Robison does not, I think, make a convincing case for the potency of this political lever.

This brings us, finally, to the Malari riots of 1974.<sup>47</sup> There are several questions that Robison's discussion of the Jakarta uprisings raises, but the most pressing one must be why he mentions the events at all (or why he devotes as much attention to the Malari as he does). It seems that he wants to weave this outburst into a broader fabric of ever-mounting indigenous social pressure aimed at bringing about policy changes beneficial to asli capitalist interests. The objective appears to be one of arguing that the riots played an integral role in the eventual rise of a strong bourgeoisie. But from his own story it is evident that no such role was actually played. A brief review of the Robison account should make this plain.

Robison is very clear in maintaining that the elements of what he calls the strong asli bourgeoisie did not participate in the events of 1974. The core rebels were comprised of the weak and "declining" (p. 163) social forces which were, by the early 1970s, disgruntled with the rotten socio-economic fruits the New Order regime (which had taken power with no small amount of middle and upper class support and expectation) had produced. These included the small and middle indigenous bourgeoisie, students, urban intellectuals, and a spattering of disaffected military types as allies. Though Robison admits that these forces had virtually no support in the wider population, and that they were handily crushed by the military government, he argues, "nevertheless," that their actions so unsettled the regime that all kinds of changes were instituted to placate them.<sup>48</sup> Oddly enough, it would appear that from all the evidence Robison himself presents, the groups which "forced" an accommodation from the state hardly benefitted at all from whatever policy changes were won.<sup>49</sup> More curious still, the very same "nationalist" legislative reforms (to the extent that they were of substance) do not seem to have been of much significance in the processes contributing most significantly to the successful rise of the people Robison calls a strong asli bourgeoisie. The truly crucial factor in the transformation of politico-bureaucrat to strong capitalist, as Robison himself points out, was their tenacious grip on a strategy of tight integration and alliance with foreign and Chinese capital within a framework of joint ventures and various other (largely patrimonial-inspired) import-export schemes. Robison writes,

Those indigenous capitalists who have organised politically to defend their interests as a class over the past thirty-five years have been precisely those declining, Muslim-oriented traders and small-scale manufacturers without the social or economic power to impose their political will on successive governments. The more successful indigenous capitalists preferred to consolidate themselves through the existing mechanisms of patronage and joint venture, rather than by organising publicly in defence of class interests. (p. 324)

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47. Robison presents his main arguments about the Malari and its importance in chapter five, "The State, International Capital and Economic Nationalism: 1965-1975," pp. 131-75.

48. Robison argues on page 119 that "decaying" social forces cannot bring about major changes in state policy, incidentally.

49. Not only were students arrested and various media muzzled, but Robison suggests in several places that the protective laws fought for in 1974, "if indeed they have ever been rigorously applied" (p. 315), were of minimal consequence for small and middle elements of the asli capitalist class. Two studies Robison mentions in his book, one on Australian joint ventures in Indonesia in 1977, and the other on Japanese joint ventures in 1980, found overwhelmingly that the Indonesian partners were still Chinese. The 1977 study said that indigenous partners (when used) are fronts to give the "impression that Indonesians share in foreign investment" (p. 193).

In short, the lone group to benefit from the Malari riots was that element of asli capital which *did not* participate, but instead allied with the very groups (and practices) against which the uprisings were directed in the first place. If this is an accurate representation of the events, Robison has devoted a great deal of attention to a dramatic but relatively inconsequential sideshow.<sup>50</sup>

### *The Second Task Revisited*

Robison's first task was to argue that a strong indigenous capitalist class had formed in Indonesia. Related to this was the project of explaining how this occurred. His second task, though he did not call it this, was to explore the socio-political impact of this new and potentially significant class on the structure and operation of the essentially patrimonial Indonesian state. This section will assess Robison's arguments about the direction of change currently underway as a direct result of the rise of a significant and substantial asli capitalist class.

The old pattern of asli involvement in capitalism in Indonesia, described very nicely in Robison's pre-1983 writings, was characterized by the image of the "briefcase" entrepreneur. No significant capitalist class could arise out of this pattern because the indigenous partners never became engaged in the processes or logic of capitalist accumulation. Basically, they collected rents on the "access" they provided for "real" capitalists. Robison supplies the following excellent description in his thesis of the social and political implications of this pattern:

As far as the emergence of an Asli rational [sic] and industrial bourgeoisie is concerned, the evidence provided in the case studies of the private business groups of bureaucrat bourgeoisie and their clients would suggest that there is *no Asli challenge either to foreign or Chinese capital or the politico-bureaucratic state*. On the contrary, these business groups represent *an integration rather than a confrontation* with these forces and with the dependent and partial nature of Indonesian capitalism. . . . It must be expected that this situation will continue. . . .<sup>51</sup>

Robison suddenly asserts in his book that all of this changed when the politico-bureaucrats, who were building considerable personal fortunes, began to sink their resources into enterprises as minority shareholders in joint ventures with the same

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50. Once again, if we glance back at the description of the same events in Robison's dissertation, we get an entirely different, and, I would argue, better, sense of their intent and impact. He writes that "seemingly" there was a "nationalist drift" in policy. But "none of the changes *actually undertaken* have [sic] fundamentally threatened the socio-economic structure of a dependent, neo-mercantilist economy" (p. 397). Elsewhere in the dissertation Robison says that "By 1975, after the settling of the confusion which followed the January riots of 1974, there seemed little evidence to suggest that either the neo-patrimonial bureaucratic state and elite or neo-merchant capitalism had been seriously disturbed" (p. 352). (See Robison, "Capitalism and the Bureaucratic State.") It seems unlikely that the additional years since 1977 have revealed that much more about the role the Malari played in the politics of the 1970s. In any event, the relevant impact must have been immediate, for as Robison points out in *The Rise of Capital*, the asli bourgeoisie had been boosted into existence by the late 1970s—when Robison was writing his dissertation.

51. Robison, "Capitalism and the Bureaucratic State," p. 345 [my emphasis]. Robison goes so far as to argue, somewhat incorrectly, that Indonesia ". . . is not in the process of transformation to a society of bourgeoisie and wage labourers." (Ibid., p. 374.)

Chinese and foreign capitalists they formerly served only as arbiters.<sup>52</sup> A tension arose within each budding asli capitalist as the dual roles of politico-bureaucrat and capitalist clashed with each other. It is predominantly at this personal, particular level that transforming pressures are building within the Indonesian state, according to Robison.

One place to start in assessing this scenario might, once again, be with Robison's dissertation. There he argues, first of all, that there were a number of personal factors inhibiting the very processes he now claims were already underway in the 1970s.<sup>53</sup> Few incentives existed for politico-bureaucrats, who needed fairly rapid turnovers on their briefcase-entrepreneurial activities to maintain their patron-client networks, to sink their resources into long-term industrial production.<sup>54</sup> Second, to the extent that growing personal fortunes were being invested, the capital was not going into "productive" ventures at all, but instead into land (including rice fields in the rural areas), real estate, hotels, and even gold. It was also being put in foreign and domestic bank accounts (and no doubt being drawn upon by Chinese and foreign entrepreneurs for productive endeavors) to collect interest. These investments made perfect sense in an environment where patrons could fall and fortunes invested in ventures dependent in any way on "access" could be wiped out.<sup>55</sup> My main criticism here is that in

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52. There are two passages in *The Rise of Capital* which should be highlighted here. The first one (see p. 223) is the point at which Robison wants to demonstrate that a transforming process is underway whereby ever-stronger capitalists in Indonesia are gradually taking over the functions of the state corporate sector. That is, they are benefitting from the "spin-offs." It is startling that the example Robison offers as evidence of this process is that of Liem Sioe Liong's take over of the state-run cement industry. Of course, Liem is Chinese. The second passage (p. 311) is, in some ways, even more troubling, for Robison not only supplies additional evidence of the fact that it is probably the rise of the Chinese capitalist class he should have focused on, but he tries to argue that the Chinese will be able to bring their weight down on the side of "regularization" in the conflict with the patrimonial system. Such a suggestion is unconvincing, particularly in light of Robison's own arguments elsewhere in the book to the effect that the Chinese (for ethnic reasons) can play no such role. Robison was closer to the truth the first time when he wrote in his dissertation that "a bourgeoisie with national interests capable of challenging foreign economic power is emerging in Indonesia. It is, however, a Chinese Indonesian bourgeoisie." Robison, "Capitalism and the Bureaucratic State," p. 14. [My emphasis].

53. Robison writes, with reference to the politico-bureaucrats, that "For the most part, their moves into business have not resulted in the emergence of an Asli national bourgeoisie. The patterns of the Liberal Democratic period [1950 to 1957] are repeated instead. . . . these bourgeoisie do not confront either politico-bureaucratic power or foreign and Chinese bourgeoisie but, instead, *their groups are an integral and dependent component of both.*" Robison, "Capitalism and the Bureaucratic State," p. 292. [My emphasis].

54. Joint ventures were not being used to accumulate capital, Robison argued in his dissertation, but "Instead, the joint venture, where it involves the politico-bureaucratic elite, has become simply the institutionalized means of exchanging concessions for finance." *Ibid.*, p. 284.

55. Robison has much to say in his dissertation about what the politico-bureaucrats were (and were not) doing with the surplus they extracted from the Indonesian system. For instance, he writes that "much of the wealth flowing to Indonesians is not being accumulated and invested but consumed" (p. 146). He continues, "It would appear instead that the privately owned finance of officials is directed primarily

*The Rise of Capital* virtually no mention is made of these very real impediments and, more importantly, how they were overcome.<sup>56</sup> When a pattern of capital ownership and investment changes so dramatically, it is important that the reasons for this change be explored carefully. At the very least, Robison should have addressed his own arguments about the obstacles preventing politico-bureaucrats from becoming actual capitalist entrepreneurs.

Let us grant the case, however. Let us accept that the impediments were overcome and a strong (if quite tiny) asli bourgeoisie has been created (even deliberately). It is still important to take a critical look at what Robison sees as the socio-political implications of these changes. The matter I would like to delve into here is that of the "tension" Robison says has arisen within each new capitalist, and what follows from it.

Robison's basic position on the impact of the strong asli bourgeoisie is summarized nicely in the following passage:

Their significance as a component of the capitalist class is not the extent of their ownership of capital but their potential to act politically and publicly on behalf of capital against the immediate interests of the state and its officials who may see revenue collection, long-term planning and control of the terminals of state economic power [the institutional instruments] as more important than short-term problems of accumulation. (pp. 364-65)

Robison points out that the asli capitalists now share with foreign and Chinese capitalists an interest in such matters as interest rates, the price of labor, government fiscal policy, access to markets, and general conditions for corporate competition. But only they, unlike their otherwise more powerful non-asli competitors, are able to press for changes in overtly political ways.

The major objection to be raised here concerns what I think might be a basic flaw in Robison's portrayal of the situation, the logic involved, and the options available to the nascent asli capitalists. Simply put, the "tension" Robison describes—pitting the practices of patrimony against the demands of industrial capitalism—is

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towards the purchase of urban property, particularly office blocks, hotels, shopping centres and luxury housing estates" (p. 344). The very logic of bureaucratic capitalist appropriation for finance, writes Robison, with its quick turnover, low-cost, low-overhead, and low-complication character, is "anti-industrialization" (p. 238). The political patron has no interest in the "long-term" industrial sector, with its low profit rates and constant capital reinvestment requirements (for these get in the way of consumption and selective distribution, which are the core of the patrimonial system). All references here are to Robison, "Capitalism and the Bureaucratic State."

56. In *The Rise of Capital* Robison says that asli entrepreneurs are taking ever greater shares in joint ventures. Meanwhile, joint ventures, the institutional instruments which give politico-bureaucrats a stake in the capitalist side of the system (and, in the process, create capitalists), played no such role according to Robison's dissertation. In 1977 Robison wrote that there have been "few attempts to establish large industrial enterprises. Instead, as the companies become bigger, there is an increased tendency to enter joint ventures as a minor partner [who does not manage the company or direct its resources for investment]." On the impact of joint ventures, Robison's thesis contends that "What is occurring here is the *capitalization of the Chinese bourgeoisie by the Indonesian state*." (Robison, "Capitalism and the Bureaucratic State," p. 284). [My emphasis]. This image is, of course, utterly unrecognizable once it finds its way into the pages of *The Rise of Capital*.

probably overstated. The image Robison conjures is one of asli capitalists having (at some point) to take sides and make a clear choice between their patrimonial and capitalistic behaviors and interests. I would argue that no such choice is, in any general sense, *necessary* or *inevitable*. With specific reference to asli capital in Indonesia, an even stronger proposition can be made: it would on balance *not* be in their interest to make such a sharp choice.

One way to flesh out this proposition would be to explore the conditions under which it would be very much in the interest of asli capitalists to dismantle the patrimonial state. There would be at least two circumstances under which the reasons for taking such action would be compelling. The first would be if asli capitalists *cum* politico-bureaucrats derived all or even most of their incomes from capitalist profits (from their typically minor share in joint ventures). Put another way, they would be considerably more eager to scrap the patrimonial system if their material sustenance from it were almost nil. Robison nowhere makes this case.<sup>57</sup> A second compelling reason to do away with the patrimonial state (again, strictly from the perspective of a rather small asli bourgeoisie increasingly involved in capitalist ventures) would be if the state and its "capricious" practices were utterly non-adjustable. That is, the choice would be all or nothing. It is on this second matter that Robison's lines are drawn much too brightly.

It is not at all obvious that members of the asli capitalist class (individually or collectively) should in fact *desire* to dismantle the patrimonial state in its entirety. This brings us full circle on the matter of the size and composition of the capitalist "class" itself. Blanket motivations cannot be ascribed to individuals and groups just because they are involved in capitalist modes of accumulation. If the strong indigenous capitalist "class" of "Indonesia" is indeed a very tiny, close-knit slice of the population whose singular advantage vis-à-vis Chinese and foreign competitors is the capriciousness of the state system (which only the asli elements can hope to command politically); if a significant share of this same group's wealth and power still derives from embracing and advancing their politico-bureaucratic role (by charging rent for access); and, perhaps most importantly, if the patrimonial state itself can be *modestly reformed* to accommodate certain key needs of large-scale property owners (mainly guarantees that property cannot be confiscated arbitrarily), but otherwise left essentially intact so it can serve many of the tremendous advantage-granting functions it has served in the past for the very crust of actors at its helm, *then* Robison's suggestion that these new asli forces will (even gradually) challenge the patrimonial character of the Indonesian state (and "restructure" it fundamentally) is probably mistaken.

Robison tends to view the capriciousness of the Indonesian state only in terms of the fetters it imposes on the activities of industrial entrepreneurs. But caprice (meaning the absence of strong rule of law) surely has its indispensable side. For it is what enables a police state to carry out its social control function on behalf of the privileged classes in a society where distribution is severely skewed.<sup>58</sup> The

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57. In his dissertation he notes, in support of the point I am trying to make here, that "Whilst the bureaucrat state remains patrimonial and factions and individuals within it remain dependent upon appropriating and selling political power for political and personal survival, self interest will continue undermine [sic] national policy. A high price for political concessions will continue to be more appealing to the politico-bureaucratic elite than administering a protracted programme aimed at creating a national economy." Robison, "Capitalism and the Bureaucratic State," p. 346.

58. And getting worse, if Bulkin's data are correct. See Farchan Bulkin, "State and Society: Indonesian Politics Under the New Order (1966-1978)" (Ph.D. dissertation,



positive and useful side of caprice for asli elites (capitalist or otherwise), then, is that it prevents huge disenfranchised chunks of society from advancing their interests effectively. If rule of law prevailed *in general*, it would be "legal" to form real opposition movements which would surely swell rapidly in Indonesia into a force at least as threatening as the Communist Party was in the early and mid-1960s. It would seem, therefore, that caprice is in a basic sense a prerequisite for maintaining the *status quo*, and that any "restructuring" of the Indonesian state by asli capitalists (if the whole game is not to be threatened) must leave much of the system intact. It is not clear whether Robison agrees with this claim, or, if he does, whether he recognizes its implications for the real limits to what he terms "regularization" of the system.<sup>59</sup> The thrust of my objection to Robison's version of what the asli capitalists are likely to do (or are already doing) to the Indonesian state is that, if they are motivated to do anything, it is to maintain the current system (with relatively modest reforms), not sweep it away.

### *Structural Factors*

Probably the single greatest weakness of Robison's book is its narrow focus on the asli bourgeoisie as the primary locus of dynamism and source of pressure for change in the political economy of Indonesia. This final section will argue that structural imperatives of the Indonesian state (especially revenue-related ones) are and have been far more crucial in shaping not only the content of key state policies, but also the evolving form of the state's structure and operation. The central issue here, of course, is the theory of the state one wants to advance. Despite the size and strength of the Indonesian military-bureaucratic state (and the relative weakness of domestic social classes, even *after* the rise of a "strong" asli bourgeoisie), Robison insists on a society-centered<sup>60</sup> approach to the analysis of the entire state system

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University of Washington at Seattle, 1983). Robison's tendency to view everything, including the state, from the perspective of capital leads to a narrowness of motivation for most policies and actions on the part of the state. When the state acts, it must be in service of the politically and economically dominant classes (except when these classes are "weak," in which case there is a power "vacuum" and the state acts "relatively autonomously"—which, for Robison, seems to mean with no clear social logic at all). The state itself, as a social structure, needs to be taken much more seriously. Benedict Anderson has done some work along these lines in his "Old State, New Society: Indonesia's New Order in Comparative Historical Perspective," *Journal of Asian Studies* 42, 3 (1983).

59. He does say in several places that he does not foresee "bourgeois democracy," but instead some sort of "authoritarian corporatism." (This view is summarized in Robison, *Inside Indonesia*, p. 3). What is authoritarian corporatism but institutionalized exclusion and structured caprice? Again, caprice is not in itself an evil. Only uncontrolled or unpredictable caprice. My argument is that it makes sense to expect asli capitalists not to dismantle the capricious system (which anyway they cannot live without), but to make every effort to make it work as much as possible in their own interests (which is to say, against those of their economic and social competitors).

60. For a concise discussion of the differences between state- and society-centered approaches, see Theda Skocpol, "Bringing the State Back In: Strategies of Analysis in Current Research," in *Bringing the State Back In*, ed. Peter Evans, Dietrich Rueschmeyer, and Theda Skocpol (London: Cambridge University Press, 1985).

(which implies, of course, a theoretical view of state-society relations).<sup>61</sup> It is his society-centered view, for instance, which leads him to argue (somewhat unconvincingly) that the state made a deliberate effort to create a strong asli bourgeoisie. This same view informs his arguments about how the Malari riots "forced" changes in major areas of Indonesian state policy.

It is interesting that while Robison clings to a society-centered perspective to explain the shift in state policy in 1974, he must abandon this line of argument when it comes to accounting for the next major policy shift, which occurred in 1981/82. Suddenly, Robison is forced to focus his attention on structural factors having to do with the fiscal base of the state itself, and the various crises the system was facing. If Robison admits that the collapse of oil prices was the prime factor in forcing a reassessment of Indonesian state policy in the early 1980s,<sup>62</sup> why does he not focus on the dramatic price hikes of 1973/74 as the prime factor in the policy changes of those years? It is strange indeed that Robison emphasizes *societal* forces to explain key state policy shifts at a point when the strong asli bourgeoisie has not yet formed (1974), and *structural* (and even extra-national) forces at a point when this same bourgeoisie is, if we are to believe the arguments in his book, already constituted and flourishing (1981/82).

There are many indications in *The Rise of Capital* that Robison is aware of the importance of structural, state-centered forces in the political phenomena he describes. The disappointing fact is, however, that these important references, especially to revenue-related factors, are never at the center of his analysis, but instead always lurking in the shadow cast by the true star of the show: the indigenous social classes. There are three important points at which Robison oscillates between state- and society-centered perspectives in a way which indicates, perhaps, his own creeping suspicion that his stubborn focus on the asli bourgeois classes may be essentially beside the point. The first is in chapter five, which raises a number of "theoretical considerations." About midway through this chapter Robison is already making references to the importance of the oil price hikes of the early 1970s, as when he writes that they greatly "strengthened the hand of national capital" in its ongoing struggle against foreign concerns, just as the collapse of the oil price regime in the early 1980s "has weakened it." The important thing to notice here is that the tremendous shift in the composition of the revenue base of the state is discussed as a matter which strengthens the hand of *national capitalists*. Of course it did no such thing. It strengthened the hand of the state itself insofar as the hand of foreign capital, which had until that point been the main supplier of fiscal resources to the Indonesian state, had been weakened. Asli capitalists, who had (and have) no significant control over the flows of oil revenues to the state through Pertamina, were (and are) happy bystanders in these major structural-fiscal gyrations.

Toward the end of the same chapter, when Robison is foreshadowing his discussion of the Malari, we are treated to another little structural delicacy. Departing radically from his focus of the previous several pages on the various conflicts between the national and international elements of capitalist classes operating in Indonesia, Robison admits that,

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61. He writes in his chapter on "theoretical considerations" that "the New Order can only be understood and explained within its specific historical and social context in which class is a crucial factor" (p. 117). The singular flaw of Robison's book is that he treats the rise of an asli capitalist class as *the* crucial factor.

62. Specifically, in the direction of the "requirements" of foreign capital as urged by such agencies as the IMF and the World Bank.

A final, but crucial, factor which gives the state a substantial degree of freedom in its choice of policies is its freedom from reliance upon domestic sources of revenue. [. . .] Domestic class forces therefore possess no leverage against the state deriving from the state's need for revenue. (p. 124)<sup>63</sup>

Regrettably, Robison drops this extremely important theoretical thread almost as suddenly as he picks it up. In the very next paragraph we are back to a discussion of how these same groups that lack not only structural levers to grip and pull, but social organization reaching (even superficially) into Indonesian society as well, "constituted [in 1974] such a potential for social unrest" that the government "judged it necessary" to respond to their demands for protection against capitalist competitors, etc. Of course, what was important was not that New Order officials judged it "necessary" to respond to angry Indonesians, but that they judged it desirable politically and "possible" in fiscal terms.<sup>64</sup> With the windfall of oil profits, which the state appropriated *directly* through its own state corporations, it was possible suddenly to withhold state responses (in the form of key policies) to foreign interests and placate domestic groups which had been seriously injured *qua* entrepreneurs prior to 1974.<sup>65</sup> Would Robison be willing to argue that his same declining and decaying Malari rebels could have forced a policy change in the absence of a prior shift in the revenue base of the state itself? And if he would not, why does he not place these prior and far more significant *structural* factors at the center of his analysis, and put the more contingent whinings of the asli bourgeoisie in the shadows?

The third and final point in the book where Robison centers the discussion squarely on structural matters is his last and best chapter. This chapter is, save for the last few paragraphs of the book (when the focus shifts back to the role of the asli bourgeoisie), devoted to a consideration of the impact of the collapse of oil prices on the Indonesian state, its structure, its policies, and the ways in which it must adjust (regularize?) to forestall a general fiscal collapse. It is the

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63. This passage more than any other confirms my suspicion that Robison needs to rethink his theory of the state, and of the forces (structural, political, economic, personal, and so on) to which the state responds in the formulation of policy. If the state does not rely on domestic sources for revenue, on what sources does it rely? And how much freedom does the state have from these sources? On the tax base of the Indonesian state, and the very minor share of it contributed by indigenous entrepreneurs and their attendant activities, see J.S. Uppal's *Taxation in Indonesia* (Yogyakarta: Gadjah Mada University Press, 1986).

64. The factor making it "possible" was a reduced reliance on foreign suppliers of revenue, who, as it turned out, found what policy changes did come about after 1974 rather distasteful. The distaste was reflected in the a declining rate of foreign investment.

65. Robison's rather strange treatment of the collapse in 1975 of Pertamina (which he says dealt a "body-blow" to the cause of economic nationalism), is relevant here. Ibnu Sutowo used Pertamina, Robison argues, to bankroll the sorts of nationalist industrial projects and concerns neglected by IMF and World Bank industrialization strategies. One would expect that when Pertamina collapsed and control over this "state within a state" was turned over to the technocrats in the National Planning offices (who sided in their views with the IMF—World Bank people), state policy could not possibly tilt in the "nationalist" direction (especially with the Malari rebels stifled). But by some unexplained miracle, the major economic policies between 1975 and 1982 were dominated by "the very sorts of policies urged by the bureaucrat nationalists in the period before Pertamina's collapse" (p. 158). Why?

only twenty-five pages in the entire book which allow Robison to make the following very important argument, articulated succinctly in his *Inside Indonesia* article, about powerful pressures forcing the Indonesian state to reform itself to "survive".

When the oil prices collapsed the contradictions [between patrimonial and rule-of-law practices] grew. Not only could the state no longer provide the investment in infrastructure and projects which generated high growth rate, [sic] but patrons had few resources to allocate. On top of this, fiscal pressures forced the state to introduce new domestic taxes while looming balance of payments problems forced it to move away from Import Substitution Industries (ISI) where the capital stock of the domestic bourgeoisie was located towards export-oriented policies and greater access to foreign capital.

Robison continues,

In this situation the position of the politico-bureaucrats weakened as their continued depredations and expropriations clearly became obstacles to Indonesia's very economic survival.<sup>66</sup>

If there is any "tension" demanding changes in the system, it is surely this last (and decidedly structural) one Robison mentions. In sharp contrast to those places where Robison claims various social groups have "forced" changes on the Indonesian state, somehow his claims above that these powerful structural factors have "forced" reforms ring true and are convincing.<sup>67</sup>

It is the last part of Robison's book which is the most stimulating and fertile. But alas, it is also the only part which lies outside the broader theoretical framework he uses. Much more research must be done to explore the ways in which the Indonesian system is connected to and shaped by the international environment. This is not to suggest that domestic classes and actors are unimportant. Only that their structural and institutional levers for pressuring the state are far weaker than those wielded and pulled by others. To the extent that this is true, Robison has misdirected his analytical focus in the search for those factors that have been and will be most important in bringing change to Indonesia.

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66. Robison, *Inside Indonesia*, pp. 2-3. [My emphasis].

67. This is not the only place Robison steps out of his society-centered mode and supplies brief insights which almost undermine everything else he tries to say. Three-fourths of the way through the book, after devoting whole chapters to his argument about the rise and impact of the asli bourgeoisie, Robison suddenly writes, with reference to the reforms of Pertamina and Bulog (whose political appropriation and plundering were threatening the very fiscal viability of the state), that the insolvency of these two state enterprises "was bringing pressures for regularisation not previously achieved by generations of critics and reformers" (p. 246). [My emphasis].