

**The final, definitive version of this paper has been published as:**

A Challenge for Business? Developments in Indonesian Trade Unionism after Soeharto edited by Michele Ford, Chapter 14, *Business in Indonesia: New Challenges, Old Problems* edited by M. Chatib Basri and Pierre van der Eng, 2004, pp. 221-233.

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## **A Challenge for Business? Developments in Indonesian Trade Unionism after Soeharto**

Michele Ford

In post-Soeharto Indonesia, ‘militant unionism’ – along with shrinking credit, the uncertain political climate and inconsistencies within the regulatory environment – has been identified as a major reason for foreign capital flight and domestic firm closures (Sadli 2000). Claims about the deleterious effects of worker militancy have been a focus of extensive press coverage as well as seminars, government statements and discussions among business, union and NGO think-tanks.<sup>1</sup> Indeed, the relationship between labour activism and Indonesia’s economic wellbeing has become an influential contextual factor in the development of the Indonesian industrial relations system.

This chapter discusses debates on unionism and business from a labour movement perspective. It begins by briefly outlining developments in unionism in New Order Indonesia and sketching changes in the regulatory environment and union activity in the first five years after the fall of Soeharto, before turning to the central question regarding the extent to which ‘militant’ unionism has been a challenge to business. It argues that, while the new industrial relations climate does indeed present challenges for employers, those challenges lie in developing effective mechanisms through which they can work with unions rather than in the spectre of a strong and militant labour movement bent on the destruction of business.

### **Unionism in New Order Indonesia**

Indonesia has a long and rich history of organised labour. Efforts to mobilise workers have been documented since the late 19th century, and labour organisations played an important role in the nationalist movement in the late colonial period (to 1945) and under Indonesia’s first President, Sukarno (1945–67). Organised labour entered a new phase when Soeharto’s New Order regime started to take shape in 1966–67 after an attempted coup and the ensuing massacre of Indonesians associated with the Indonesian Communist Party (PKI) and other leftist groups. Building on the concepts of functional groups formulated during the Guided Democracy period (1959–65), the New Order government introduced the idea of Pancasila Industrial Relations – a corporatist system of industrial relations ostensibly built on the ‘family principle’ and the ‘traditional’ values of ‘mutual help’ and ‘deliberation to reach a

consensus' (see Ford 1999, 2000). As part of its attempt to corporatise the representation of labour, the New Order encouraged unionists who had survived the purges to establish the All-Indonesia Labour Federation (FBSI), a single peak body comprising 21 industrial sector unions (Hadiz 1997). Civil servants and the employees of state-owned enterprises were excluded from representation; the former were required to join Korpri, the Civil Servants Corps, while the latter had no formal right to organise (Ford 1999).

State control of organised labour reached new heights after 1985, when the All-Indonesia Workers' Union (SPSI), a single union with nine departments, replaced FBSI (Department of Manpower 1997: 5–7). Although SPSI was officially restructured as a federation in 1993 (the Federation of All-Indonesia Workers' Unions, FSPSI) and unaffiliated enterprise unions were permitted from 1994, little real change was achieved. In practice, the New Order government effectively maintained its one-union policy by preventing alternative unions from organising above plant level. The single union was primarily an instrument of control rather than a representative body (Ford 1999; Hadiz 1997). SPSI, and later FSPSI, had little influence at the national level, and even less in most workplaces. Workers were forced to look elsewhere for means of improving their wages and workplace conditions.

As a result of the strictures government placed on the formal union, most effective labour organising took place outside the officially sanctioned structures in New Order Indonesia (Ford 2003). By the early 1990s, there were four main types of oppositional labour movement organisations in Indonesia: informal grassroots workers' groups, self-styled alternative trade unions, radical student groups and labour NGOs. These groups were part of a complex constellation of organisations involved in the organisation and representation of labour. Alternative unions and community-based worker groups – many sponsored by labour NGOs or radical student groups – did not have access to the shop floor or to tripartite forums at the national or local level. Nevertheless, these organisations had a significant effect on the degree of labour activism. Whereas the government recorded just 57 industrial strikes in 1984, 752 industrial strikes were documented in the popular media when strikes reached a peak in 1994 (Kammen 1997: 390–395).<sup>2</sup> Although many of these strikes appear to have been spontaneous, many others were conducted or sponsored by worker groups outside the official union. More importantly, these informal and semiformal worker groups provided a forum in which workers could learn about their rights and begin to gain organisational experience.

### **Changes in the regulation of trade unions after the fall of Soeharto**

Despite the increase in informal labour organisation in the 1990s, workers were ill placed to take advantage of the dramatic changes in Indonesia's political and social landscape after Soeharto's resignation in 1998 (Aspinall 1999). The impact of the economic crisis of 1997–98, coupled with alternative worker organisations' lack of shopfloor experience and the diversion of public interest away from labour issues, meant that organised labour did not have the strength to influence the political or industrial relations landscape immediately after the New Order period. However, international pressure to recognise workers' freedom to organise provided a window of opportunity for labour. As legislative and policy constraints on independent unionism decreased, there was an explosion in the number of trade unions

registered in Indonesia. In the first five years after the fall of Soeharto, these unions sought to determine a role for themselves in Indonesia's new industrial relations landscape.

Most of the legislative and policy changes affecting the regulation of labour in the five years after the fall of Soeharto occurred during the Habibie interregnum. Two major legislative initiatives influenced the form and substance of unions during this period. The first of these was the ratification and implementation of International Labour Organization (ILO) Convention No. 87 Concerning Freedom of Association and Protection of the Right to Organise. The second was Habibie's decision to proceed with the implementation of Manpower Law No. 25/1997. President Habibie ratified ILO Convention No. 87 through Presidential Decree No. 83/1998.<sup>3</sup> This decision was then implemented through Ministerial Regulation No. PER-05/MEN/1998, which considerably lowered requirements for union, union federation and confederation registration but did not permit true freedom of association (Ford 2000). On 30 September 1999, just before the Habibie interregnum ended, Ministerial Regulation No. PER-05 /MEN/1998 was superseded by Ministerial Decree No. 201/1999. Although the latter appeared to accommodate the different types of unions forbidden under the earlier regulation, its substance was contradictory. Having allowed for sectoral unions and 'other forms that meet workers' needs', the decision subsequently restricted its definition to enterprise unions, sector-based union associations, federations and confederations.<sup>4</sup>

The second important legislative measure of the Habibie interregnum was the transitional government's decision to proceed with the implementation of Manpower Law No. 25/1997 (GOI 1997). The law, which the New Order described as an attempt to comprehensively update Indonesia's labour legislation, was designed to replace six ordinances and eight laws then in force.<sup>5</sup> As well as defining the operation of the industrial relations system, it covered labour force issues in both the formal and informal sectors. Despite widespread criticism, a working group appointed by the Habibie government decided against striking Manpower Law No. 25/1997 from the statutes (Amiruddin and Masduki 1997). In fact, the only change made through Law No. 11/1998 on the Change of the Implementation of Law No. 25/1997 was to postpone the date the law became effective from 1 October 1998 to 1 October 2000 (*Kompas*, 9 September 1998).<sup>6</sup>

Government regulation of labour remained at the centre of worker protests and labour activist politics after Habibie fell from power. Controversy over Manpower Law No. 25/1997 and associated draft laws continued into the Abdurrahman presidency. In 2000, two consecutive laws were passed which again postponed the implementation of Manpower Law No. 25/1997, to October 2002.<sup>7</sup> Two supplementary laws, dealing respectively with labour unions and a revamped Industrial Relations Tribunal, were also produced. These draft laws were broadly consistent with the overall framework of Law No. 25/1997, although they did redress some aspects that had attracted earlier criticism. The passage of the draft trade union bill on 10 July 2000 as Law No. 21/2000 was significant because it made registration possible for a number of unions based on NGO-affiliated and student-sponsored worker groups. Under the law, as few as 10 workers could form a union and multiple unions could be established in a single workplace.<sup>8</sup> However, the law retained provisions giving the government power to withdraw official recognition of unions and allowed the court to dissolve unions that contravened the

1945 Constitution or Pancasila, or whose leaders threatened national security. A number of important ministerial decrees were also issued during Abdurrahman's presidency, most notably Ministerial Decree No. KEP-150/MEN/2000 on employment termination (hereafter referred to as Kepmen 150/2000).<sup>9</sup> Kepmen 150/2000 gave resigning workers and workers dismissed for serious violations rights to compensation, prompting employers to complain that the decree was too generous to labour. Under direction from President Abdurrahman, Kepmen 150/2000 was modified by the Minister for Manpower and Transmigration, Alhilar Hamdi, in May and June 2001 through Ministerial Decree No. KEP-78/MEN/2001 and Ministerial Decree No. KEP-111/MEN/2001 (SMERU 2002: 17–21) – decrees that were rescinded after violent worker protests.

Law No. 25/1997 was finally nullified days before its scheduled implementation on 27 September 2002 (*Jakarta Post*, 23 September 2002, 28 September 2002). A new bill on labour protection was drafted in bipartite negotiations under the auspices of a parliamentary committee (Komisi VII) in late 2002 and early 2003. The bill was passed in February and signed by President Megawati Sukarnoputri in April 2003.<sup>10</sup> Employers believed that the passing of Manpower Law No. 13/2003 was a victory for business because it 'corrected' unfavourable aspects of Kepmen 150/2000 and was 'better' than the highly unpopular Law No. 25/1997.<sup>11</sup>

### **Increased union militancy?**

By the end of the Habibie interregnum in October 1999, 20 union federations were registered at the national level.<sup>12</sup> By August 2000, 24 national union organisations and some 10,330 enterprise unions had registered with the Department of Manpower and Transmigration (*Kompas*, 12 September 2000). Two years later, the Department of Manpower had registered 61 federations, one confederation, almost 150 labour unions and some 11,000 enterprise unions (SMERU 2002: vi). In contrast to the Soeharto period, when unionism was restricted predominantly to blue-collar formal sector workers employed in private enterprise, new unions developed in a wide range of formal sector occupations, including white-collar occupations such as finance and journalism, the public sector and state-owned enterprises (Ford 1999). Variation in union organisation also increased rapidly. Under Soeharto, unionism had been defined by industrial sector or enterprise; in the post-Soeharto period, unions are also formed on regional and subsectoral bases.

New national-level unions have been strongly influenced by international forces. In August 1998, the American Center for International Labor Solidarity (ACILS) supported a split in FSPSI, which resulted in the formation of the Reformed Federation of All-Indonesia Workers' Unions (FSPSI-Reformasi). More recently, FSPSI and Muchtar Pakpahan's All-Indonesia Labour Union (SBSI) both restructured as confederations. A series of new peak union bodies have also emerged with international support. The Indonesian Confederation of Trade Unions (KSBI) was formed on 13 May 1999. Two months later, on 16 July, ACILS 'facilitated' the formation of the Unionists' Solidarity Forum (FSU) (ACILS 1999: 16). Both these organisations failed. The Indonesian Trade Union Congress (KSPI) was formed in June 2002 and held its first conference in early 2003.<sup>13</sup> KSPI is affiliated with the International

Confederation of Free Trade Unions (ICFTU) and enjoys the confidence of important international actors, including ACILS and the ILO.<sup>14</sup>

At the time of writing, KSPI, KSPSI and KSBSI<sup>15</sup> were the most influential central union bodies in Indonesia. However, estimates of the membership of these organisations are a matter of contention because they do not have reliable, transparent mechanisms for recording membership details. All three confederations claim large numbers of members. KSBSI, which is now affiliated with the World Confederation of Labour, claims 2.1 million members in 287 branches; KSPSI claims 4 million members;<sup>16</sup> and KSPI's 12 union affiliates collectively claim some 3.1 million members.<sup>17</sup> All have complex funding formulae, but most members do not pay dues.<sup>18</sup> Dita Sari's National Front for Indonesian Workers' Struggle (FNPBI) has also been important in national labour politics, although it has not concerned itself very much with factory-based organising.<sup>19</sup>

Many small factory or regionally based unions that grew out of independent and NGO-sponsored worker groups also registered in the five years after the fall of Soeharto (Ford 1999, 2003). Some of these unions, such as those associated with the IUF-affiliated<sup>20</sup> Federation of Independent Workers' Unions (FSPM), have been successful in developing ties with international union organisations. Others have continued to rely on support from international NGO bodies that is channelled through local labour NGOs in Indonesia. Some of these small unions have proven to be better able to extract dues from their members, but they have had difficulty achieving financial independence. In addition, like the large, centralised unions, union federations and confederations, most small unions have been fraught with internal dissension, sometimes resulting in division or collapse. For example, two very well-known Jakarta-based NGO-sponsored unions, the Greater Jakarta Workers' Union (SBJ) and the Association of Independent Labour Unions (GSBI), have experienced acrimonious splits.

Importantly for business, the relationship between the growth in the number of unions and union effectiveness and/or militancy is a tenuous one, for a number of reasons. First, as suggested above, real union density is much lower than claimed by the major union confederations. Second, even where nominal union density has increased, most unions do not have the wherewithal to mount concerted campaigns because resources for new unions are scarce or are tied to the visions of international organisations or domestic NGOs of what a union should be, and most worker activists have yet to acquire the management and negotiation skills required to successfully run a union. Third, thorny relations between unions make it difficult for the labour movement to coordinate effectively at the national level, as demonstrated by many unionists' disquiet about the choice of union representatives who participated in bipartite negotiations on Law No. 13/2003. And finally, in contrast to the New Order period when worker activists had no choice but to stage strikes and mount public protests because they were allowed no real role in the workplace, the vast majority of unions are focused on developing collective bargaining procedures now that it is possible to do so.

**A challenge for business?**

Business was unprepared for the rapid rise of unionism in the post-Soeharto period.<sup>21</sup> Under the New Order, both the Employers Association of Indonesia (Apindo) and SPSI (later FSPSI) were dominated by the government, but industrial relations outcomes generally favoured employers.<sup>22</sup> In the final years of the New Order, the activities of worker and non-worker labour activists affected some businesses at the enterprise level. However, they did not affect the outcomes of tripartite forums or seriously engage the attention of Apindo. As Djimanto, the Secretary General of Apindo, noted when asked about changes brought about by the fall of Soeharto, 'in the past everything could be sorted out if we stayed close to the government, but it's not like that any more'.<sup>23</sup>

Two of the most important features of the post-Soeharto industrial relations landscape have been an increasing shift in emphasis from tripartite to bipartite mechanisms and a tendency towards decentralisation. Although both tripartism and bipartism were enshrined in the rhetoric of New Order industrial relations, in practice the system was primarily characterised by centralised, state-dominated tripartite mechanisms. Tripartism remains an important feature of post-Soeharto industrial relations, but state recognition of multiple unions and those unions' expectations about developing workplace bargaining mechanisms have brought a new prominence to bipartism. Meanwhile, decentralisation has had important consequences for the role of government in workplace industrial relations. Under Law No. 22/1999 on regional autonomy, determination of the minimum wage, and potentially a range of other industrial relations functions, has been devolved to the local level.<sup>24</sup> Business people and unionists report that Department of Manpower officials, who played a major role in industrial relations at all levels before the fall of Soeharto, are no longer certain whether responsibility for particular functions lies with them or with local government.<sup>25</sup> This uncertainty has had significant consequences for the operation of tripartite bodies at the national and provincial levels.

At a national level, business leaders responded to the growth in unionism, unions' demands for a role in workplace negotiations, the passing of pro-worker labour legislation and the decentring of government in industrial relations processes by restructuring Apindo to make it easier to engage with unions and the government. The restructure was prompted by the National Recovery Committee of the Indonesian Chamber of Commerce and Industry (Kadin), whose members have come to hold a majority of positions on the Apindo board in recent years.<sup>26</sup> Following the restructure, Apindo mounted a public relations campaign against unions and pro-worker legislation while simultaneously working with unions and government to develop forums for negotiation on labour legislation and other industrial relations concerns.

Apindo's anti-union public relations campaign had three main themes. Perhaps the strongest of these was Apindo's critique of the government's response to workers' demands that labour legislation be modified or rescinded. Employer opposition to government policy reached its peak in June 2000 with the circulation of Kepmen 150/2000 on employment termination, which employers argued was politically motivated and provided too much protection for workers, especially with regard to severance pay, including allowances for seniority, and the provision of compensation to workers who had committed workplace misdemeanours.<sup>27</sup>

Employers succeeded in having Kepmen 150/2000 modified. However, when these amendments resulted in violent protests in June 2001, particularly in Bandung, the government announced that it would revoke the amendments and re-enact Kepmen 150/2000. This prompted a widespread outcry from domestic and foreign investors alike. In one example, the director of PT Harvest International Indonesia publicly argued that these developments indicated that ‘government’s policy could be dictated by “terror”’, making it clear to foreign investors that Indonesia was unsafe (*Jakarta Post*, 18 June 2001).

Industrial unrest was the second main theme in business’s public statements about the growth in unionism and its effects on foreign and domestic investment. Although unions remain relatively weak, they have a far stronger role in the workplace than before the fall of Soeharto. We do not yet know whether the real rate of industrial unrest is any higher than under Soeharto’s New Order, but unions’ expectations of a place at the bargaining table and their willingness to strike have formalised the links between workplace relations and industrial action. Strikes at the Shangri-La Hotel, Sony and Toyota Astra Motor, in 1999, 2000 and 2001 respectively, appeared to confirm the worst fears of private enterprise. Spokespeople for both Sony and Toyota Astra Motor downplayed the impact of the strikes (*Jakarta Post*, 20 May 2000, 6 April 2001), but analysts were quick to condemn striking workers for destabilising the business climate.<sup>28</sup> When Sony eventually closed down its Bekasi plant in 2002, commentators again cited ‘radical trade unions’ and unfavourable labour law among the causes of the closure (*Jakarta Post*, 29 November 2002).

The third, related, theme was business’s concern over rising minimum wages. Although real wages fell dramatically in 1997–98 (Feridhanusetyawan and Gaduh 2000: 310), they returned to pre-crisis levels in 2001. In that year, the minimum wage in Jakarta rose from Rp 350,000 to Rp 426,250 per month, and in late 2001 the government announced plans for a 2002 wage rise of 38 per cent, from Rp 426,250 to Rp 591,600 per month. In response, some members of Apindo threatened internal relocation to provinces with lower minimum wages (*Jakarta Post*, 24 November 2001, 28 November 2001). Officials from the Department of Manpower condemned business for being alarmist (*Kompas*, 25 January 2002), and only 32 companies filed for relief because of incapacity to pay (*Jakarta Post*, 23 January 2002). However, business spokespeople continue to argue that rising wage levels, particularly in the manufacturing sector, are a threat to business – a threat they link to the growth of unionism.

While Apindo led the campaign against union-friendly policies, foreign interests were also vocal about the impact of changes in industrial relations on their willingness to invest in Indonesia. In early 2001, the Indonesian ambassador for Singapore claimed that Singaporean companies were concerned about labour–management relations in Indonesia (*Kompas*, 2 February 2001). In Japan, Yuri Sato, a prominent economist, warned that Indonesia could lose investment if wages increased and labour unrest continued (*Jakarta Post*, 3 February 2001). The Japan Bank for International Cooperation (JBIC) claimed a year later that Japanese companies had indeed begun to relocate from Indonesia, at least partly because of ‘increasing militancy and anti-foreign investment sentiment among trade unions’ (*Jakarta Post*, 26 March 2002). The Malaysian government also voiced concerns about growing militancy among Indonesia’s labour unions, saying that ‘investors would turn to other

countries if they found that industrial relations in Indonesia were not attractive' (*Jakarta Post*, 6 June 2002). Two months later, the Korean Chamber of Commerce warned that South Korean companies would pull out of Indonesia if labour problems were not addressed, citing 'unfavourable labour policy, wage increases, poor productivity and constant strikes' (*Jakarta Post*, 24 August 2002). Meanwhile, the Taipei Economic and Trade Office in Jakarta claimed that Taiwanese investors were discouraged by labour conflict and unfavourable labour rulings in Indonesia (*Jakarta Post*, 29 August 2002). The press polemic on militant unionism and its effects on foreign investor confidence continued into 2003 (*Jakarta Post*, 8 January 2003, 13 January 2003), although some foreign companies preferred to emphasise other problems associated with doing business in Indonesia (*Jakarta Post*, 27 June 2003).

The government's position in the public debate on unionism and investment has shifted over time. At first, officials publicly denied that companies were leaving Indonesia. In January 2001, Luhut Pandjaitan, the Minister for Industry and Trade, argued that some industries had diverted purchase orders to other countries because of Indonesia's fragile security conditions but were not relocating their factories. Meanwhile, the Minister for Manpower, Hamdi Alhalil, explicitly denied that aggressive unions were driving out textile and footwear manufacturers (*Jakarta Post*, 25 January 2001).<sup>29</sup> But eventually the anti-union cry was taken up by government officials. In July 2002, after Rini Soewandi, the Minister for Industry and Trade, had asked the Minister for Manpower and Transmigration, Jacob Nua Wea, to rein in labour unions because increasing militancy was undermining the economy, Nua Wea said that unions had 'gone completely over the top' and that labour militancy was discouraging investors (*Jakarta Post*, 22 July 2002). A month later Rini Soewandi reiterated her concerns, arguing that many foreign companies had closed or relocated their businesses because of labour militancy and Indonesia's high-cost economy (*Jakarta Post*, 30 August 2002). In December 2002, Nua Wea again suggested that strikes and demonstrations were scaring away foreign investment (*Kompas*, 12 December 2002).

The position of employers relative to labour strengthened again after mid- 2000 as a result of Apindo's active involvement in tripartite negotiations and the bipartite discussions sponsored by Komisi VII, and the success of its media campaign. However, many employers now recognise that they can no longer ignore unions in the workplace, regionally or nationally. In mid-2003, Apindo moved to establish a bipartite cooperative forum, which the head of Apindo described as an attempt to 'build mutual trust with the unions' (Sofjan Wanandi, cited in the *Jakarta Post*, 18 July 2003). The forum's first meeting on 16 July 2003 was attended by representatives of 75 unions. In some cases, individual companies are also attempting to accommodate unions – particularly where those unions have demonstrated their potential to effectively organise workers. A noteworthy example is that of union–management relations in large, foreign-owned hotels in Jakarta, Bandung and Yogyakarta. After the Shangri-La dispute, enterprise unions associated with FSPM developed effective bargaining procedures in hotels including Gran Melia and the Jakarta Grand Hyatt. In the case of the Grand Hyatt, management has provided the enterprise union with a permanent office, equipped with facilities such as an international telephone line and a computer. It also permits the head of the union to conduct union business for a proportion of each shift. The union employ an



administrative officer whose primary task is to systematically check the hotel's service charge records to ensure that workers receive their fair share. As service charges comprise a major part of hotel workers' remuneration, the union's ability to check hotel records and have errors rectified is an important indication of its ability to negotiate successfully with management.<sup>30</sup>

Initiatives such as this are positive if they are indicative of a genuine attempt by employers to engage with unions. However, as Apindo itself recognises, the extent to which individual cases of successful workplace negotiations and Jakarta-centred cooperative projects will be matched by changes at the provincial level and in the vast majority of workplaces has yet to be seen.<sup>31</sup>

## **Conclusion**

The great majority of unions in Indonesia present little threat to business because they emphasise collective bargaining and workplace participation. As employers and governments have recognised elsewhere, unions do not seek to undermine the structure or profitability of business once they are incorporated into effective industrial relations processes, because it is in their interests to promote improvements in workers' wages and conditions within a framework of general accommodation of business rather than through outright opposition and unrealistic demands. It could be argued, then, that stronger, more stable unions would actually deliver more predictability for company management than either the extra-workplace organisations of workers that existed in the late New Order period or current unions whose legitimacy is not recognised by employers. The challenge for business is not the threat of 'militant' unionism but how to develop a new industrial relations paradigm that allows for a real role for unions inside and outside the workplace.

## **Acknowledgements**

Field work for this paper was conducted with funding from the Centre for Asia-Pacific Social Transformation Studies at the University of Wollongong.

## **Notes**

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<sup>1</sup> A KSBSI representative told me in July 2003 that KSBSI was working hard to present a less militant image (interview with Timbul Simanungkalit, 3 July 2003). See also, for example, PBJ (2001).

<sup>2</sup> For the same year, Lambert (1997: 93) quotes 'independent' estimates of 1,350 strikes

<sup>3</sup> The text of Presidential Decree No. 83/1998 is available at [http://www.nakertrans.go.id/undang\\_undang/Kepres/Kepres831998\\_kovensillo87.htm](http://www.nakertrans.go.id/undang_undang/Kepres/Kepres831998_kovensillo87.htm), accessed 29 August 2003.

<sup>4</sup> Copies of the text of these regulations were provided by LBH Bandung.

<sup>5</sup> The text of Law No. 25/1997 is available at [http://www.nakertrans.go.id/undang\\_undang/uu-25-1997.htm](http://www.nakertrans.go.id/undang_undang/uu-25-1997.htm), accessed 29 August 2003.

<sup>6</sup> The text of Law No. 11/1998 is available at [http://www.nakertrans.go.id/undang\\_undang/uu-11-1998.htm](http://www.nakertrans.go.id/undang_undang/uu-11-1998.htm), accessed 29 August 2003.

<sup>7</sup> The texts of Law No. 21/2000 and Law No. 28/2000 are available at [http://www.nakertrans.go.id/undang\\_undang/UU21\\_SerikatPekerja.htm](http://www.nakertrans.go.id/undang_undang/UU21_SerikatPekerja.htm) and [http://www.nakertrans.go.id/undang\\_undang/uu-28-2000.htm](http://www.nakertrans.go.id/undang_undang/uu-28-2000.htm), respectively, accessed 29 August 2003.

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<sup>8</sup> Many unionists criticise the 10-person rule, which they say has weakened the labour movement by making it too easy to form unions. They argue that the majority of registered unions are ‘paper unions’ with little or no grassroots support (interviews with Sofyan, 1 July 2003; Edi Hudyanto, 26 June 2003; and Hikayat Atika Karwa, 26 June 2003).

<sup>9</sup> The text of Ministerial Decree No. KEP-150/MEN/2000 is available at [http://www.nakertrans.go.id/undang\\_undang/Kepmen/k150.htm](http://www.nakertrans.go.id/undang_undang/Kepmen/k150.htm), accessed 29 August 2003.

<sup>10</sup> For analyses of the act from a labour perspective, see Kolben (2002). The text of Law No. 13/2003 is available at [http://www.nakertrans.go.id/undang\\_undang/uu-13-2003/index.html](http://www.nakertrans.go.id/undang_undang/uu-13-2003/index.html), accessed 29 August 2003.

<sup>11</sup> Interview with Djimanto, Secretary General, Apindo, 30 June 2003.

<sup>12</sup> FSPSI, ‘Serikat Pekerja Seluruh Indonesia’, undated mimeographed table of unions registered at the national level at the end of the Habibie interregnum.

<sup>13</sup> Interview with Sofyan, General Secretary, Central Leadership Council of the Reformed All-Indonesia Tourism Union – Indonesian Council of Trade Unions, 1 July 2003; ICFTU–APRO, ‘The Indonesian Trade Union Congress (ITUC) Launches’, available at <http://www.icftu-apro.org/news/APLabour120.html>, accessed 5 September 2003.

<sup>14</sup> 4 Interview with Puthut Yulianto, Program Officer, ACILS, 15 July 2003; interview with Alan Boulton, Director, ILO Jakarta Office, 16 July 2003.

<sup>15</sup> KSPSI is the Confederation of All-Indonesian Trade Unions; KSBSI is the Indonesian Confederation of Prosperous Trade Unions.

<sup>16</sup> World Bank, ‘Indonesia: State of Social Dialogue’, available at [http://wbln0018.worldbank.org/HDNet/HDDocs.nsf/vtlw/7c0e13915df5451885256d6d00617c85/\\$FILE/IndonesiaTU-PRSP.pdf](http://wbln0018.worldbank.org/HDNet/HDDocs.nsf/vtlw/7c0e13915df5451885256d6d00617c85/$FILE/IndonesiaTU-PRSP.pdf), accessed 5 September 2003.

<sup>17</sup> ICFTU–APRO, ‘The Indonesian Trade Union Congress (ITUC) Launches’, available at <http://www.icftu-apro.org/news/APLabour120.html>, accessed 5 September 2003.

<sup>18</sup> For example, KSBSI dues are officially divided 40:30:30 between the workplace unit, the branch level and the central level. The 30 per cent allocated to the central level is divided 5:15:10 between the Regional Coordination, the Federation and the Central Organising Committee of the Confederation (interview with Timbul Simanungkalit, Member, Central Leadership Council of KSPSI, 3 July 2003). However, Central Committee members of both KSPSI and KSBSI claim that little money makes its way past the branch level (interview with Hikayat Atika Karwa, 26 June 2003; interview with Timbul Simanungkalit, Member, Central Leadership Council of KSPSI, 3 July 2003).

<sup>19</sup> According to Dita Sari, the leader of FNPBI, the union’s major concern for 2003–04 is the 2004 election campaign (interview with Dita Sari, FNPBI, 13 July 2003).

<sup>20</sup> International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Associations.

<sup>21</sup> My thanks to Teri Caraway for sharing her observations on this question with me.

<sup>22</sup> As MacIntyre (1994: 252) points out, while business bodies were not as closely monitored or controlled as the official union, they still acted as instruments of the state rather than as independent vehicles for the advancement of business interests.

<sup>23</sup> Interview with Djimanto, Secretary General, Apindo, 30 June 2003.

<sup>24</sup> Although the full implications of Law No. 22/1999 have yet to be analysed, employers have signalled their concerns that local wage-setting processes could be captured by non-market interests, hence adding to the insecurity of business.

<sup>25</sup> Interview with Djimanto, Secretary General, Apindo, 30 June 2003; interview with Sofyan, General Secretary, Central Leadership Council of the Reformed All-Indonesia Tourism Union – Indonesian Council of Trade Unions, 1 July 2003; interview with Timbul Simanungkalit, Member, Central Leadership Council of KSPSI, 3 July 2003.

<sup>26</sup> Interview with Djimanto, Secretary General, Apindo, 30 June 2003.

<sup>27</sup> Interview with Djimanto, Secretary General, Apindo, 30 June 2003.

<sup>28</sup> Soon after this, the government attempted to limit union strikes to the period between October and January each year in order to increase the predictability of the business climate (*Jakarta Post*, 1 January 2001).

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<sup>29</sup> The alleged unfair dismissal of a union official was one of the reasons cited for the outbreak of the extended strike of April–May 2000 (*Jakarta Post*, 20 May 2000).

<sup>30</sup> Interview with Riswandi, Chair, Grand Hyatt Jakarta Independent Union, 29 June 2003.

<sup>31</sup> Interview with Djimanto, Secretary General, Apindo, 30 June 2003.