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Indonesia's Labor Movement and Democratization

Teri Caraway and Michele Ford

Labor movements and their political allies played a decisive role in the democratization of early industrializing economies, a dynamic recognized by a long tradition of academic research (Bellin 2000; Rueschemeyer, Stephens, and Stephens 1992). However, much of the literature on later democratic transitions has focused on the role of elites in regime change, a fact that has drawn criticism among scholars of the labor movement (see, for example, Collier and Mahoney 1997). This tendency to neglect the role of labor movements in moments of political transition reflects both scholarly proclivities and the complex relationship between organized labor and the democratic impulse in late-developing countries (Bellin 2000). As Valenzuela (1989, 445) has noted, while “virtually all processes of redemocratization include a sharp increase in labour movement activation through strikes and demonstrations,” organized labor may act to facilitate or impede political change. Whether or not the labor movement supports (re)democratization depends on a range of factors, including its strength in absolute terms and relative to capital (Barrett 2001; Valenzuela 1989), the characteristics of its institutions (Chu 1998), and its relationships with the state and the broader prodemocracy movement (Bellin 2000; Calenzo 2009).

Where a labor movement *does* play a significant role in the fall of an authoritarian regime, its contribution to regime change can take many forms. It may, for example, shape the oppositional agenda (Chu 1998), undermine the ruling party's legitimacy and thus destabilize the regime (Collier and Mahoney 1997), or directly trigger regime change through mass protest (Kraus 2007). Its capacity to contribute to democratic consolidation depends on a great many factors, some of which are related to its structures and prior experience (Buchanan and Nicholls 2003) or its ability to refashion its relationship with government and the ruling elites (Hamilton and Kim 2004; Lee 2006). In other circumstances, that capacity may hinge on the economic context of the transition and subsequent changes in that context, which may undermine formal improvements in the position of workers and their representative institutions (Alemán 2010; Calenzo 2009; Kraus 2007; Shin 2010; Valenzuela 1989).

While democracy presents new political opportunities for the working class, the economic crises and neoliberal reforms that accompanied most political transitions in the late twentieth century constituted a challenge for organized labor movements. Labor movements have fared differently in the wake of these political and economic transformations (Caraway, Cook, and Crowley 2015). In Eastern Europe, unions experienced a hemorrhaging of membership after the transition to democracy and a market economy (Crowley and Ost 2001). In Latin America, labor unions reclaimed collective rights denied to them under authoritarianism but

were weakened by labor market reforms that undercut their organizational strength (Cook 2002). In the new democracies of Southeast Asia, unions emerged from authoritarianism weak, often deeply fragmented and without partisan allies, hampering their capacity to make gains (Caraway 2009; Ford and Gillan 2016). How labor movements responded to these challenges depended on authoritarian legacies and the specific features of the transition context (Caraway, Cook, and Crowley 2015). On balance, the assessment of labor scholars has been that globalization has trumped democratization, and that workers' movements are in decline.

The experience of the Indonesian labor movement presents some parallels and some contrasts with these general trends. In many countries, the story is one of resurgence during the transition followed by decline. In the repressive context of Suharto's Indonesia and an impotent official union, the labor-oriented nongovernmental organizations (NGOs) and self-styled alternative unions of the late Suharto years helped shape the oppositional agenda and destabilize the regime by undermining its legitimacy at home and abroad in the early-mid 1990s (Ford 2009). During this period, labor activists successfully internationalized labor abuses, raising awareness of how Indonesia's oppressive political environment undermined workers' labor rights. In response, the regime drove vocal labor activists underground. As a result, workers did not participate as an organized force in the antiregime protests that swept through Indonesia in the wake of the Asian Financial Crisis (Aspinall 1999). This legacy of exclusion affected the capacity of unions to seize new opportunities for political mobilization, both during and after the transition to democracy.

What is striking, however, is the increased visibility of labor after the moment of regime change. Small in size and without links to political parties, unofficial unions were poorly positioned to seize the opportunities presented by the collapse of the Suharto regime. Labor activists both within and outside of labor unions nevertheless exploited the greater political openness of the Habibie years to register new organizations and to engage in collective protest. Unions have demanded more favorable treatment for their members in the workplace. They have also pursued working-class interests in the political arena, persuading politicians at the local and national levels to adopt many proworker policies. In the process, they have challenged the deeply rooted belief that only educated elites have a right to engage politically.

This transformation was possible because labor activists managed to leverage fundamental changes within the political opportunity structure to shift the locus of the movement from outside mainstream labor unions to within them. Indonesia's fragmented unions also succeeded in putting aside their many differences to cooperate on many important policy issues, like social security, with impressive results. But, while these successes are quite remarkable, unions have most likely reached the limits of what they can accomplish without greater membership density, more effective collaboration, and an organic link to a programmatic party of the Left.¹

Labor activism and the push for democracy

For most of Suharto's thirty-year reign, the most dynamic forms of labor activism were located outside labor unions. The New Order regime domesticated preexisting unions through

exclusionary corporatist structures designed to control rather than empower workers (Ford 2009; Hadiz 1997). Outside official union structures, a small army of labor NGOs organized workers and advocated for worker rights at home and abroad. Closer international scrutiny put the spotlight on labor rights abuses in the early 1990s, creating an opportunity for activists and workers to contest low pay and labor rights violations, which in turn prompted a wave of labor mobilization. The Suharto regime responded initially by granting some concessions, but again repressed labor activism in its waning years. Labor activists emerged from the shadows only briefly, playing a minimal role in the protests that deposed Suharto just a few years later. Their activism nevertheless played an important role in undermining the ruling party's legitimacy and destabilizing the regime.²

Struggling in the shadows

The Indonesian labor movement was in a poor position to contribute to the push for democracy in the 1990s in terms of its strength relative to capital and to government, the characteristics of its institutions, and its relationship with the state. Although Indonesia's formal sector has always been small, labor unions held a privileged position during the first two decades of independence by virtue of their participation in the revolutionary struggle. However, the political space available to labor activists was seriously curtailed first by Sukarno's introduction of Guided Democracy in 1959 and then by the anticommunist purges of 1965 (Cribb 2002; Lev 1966). Powerful leftist unions were destroyed, leaving the labor movement all but decimated in the transition to the New Order. The centrist unions that had survived the purges were forced to merge in 1973 into a single national federation to which all unionized workers were to belong. Twelve years later, this federation was replaced by a single union, which—although subsequently restructured as a federation in response to international criticism—had lost what little remained of its independence (Ford 1999; Hadiz 1997).

The official union, the All-Indonesia Workers' Union (Serikat Pekerja Seluruh Indonesia, SPSI), was part of a broad suite of state-controlled "functional groups," the structures of which served as a means of control, not representation (Reeve 1985). Unions had access to check-off systems and some government funding, but played little role in workplace industrial relations. Importantly, also, their previously vigorous engagement in the political sphere was curtailed by an ideological approach to unionism that had no place for politics (see Ford 2010). State surveillance of attempts to work around these systemic barriers to freedom of association was overt and effective: reformists within the official union were marginalized; wildcat strikes and demonstrations broken up by the military; and worker-activists persecuted, imprisoned, or even killed. As a consequence, it fell to student groups and NGO activists—not unionists—to find ways to support and organize workers.

Deeply embedded in the broader democracy movement, these middle-class activists were committed to building independent worker organizations as part of the broader push for democracy. The first labor NGOs were established by disenchanted unionists and human rights activists between 1978 and 1985. By the time the regime fell in 1998, there were dozens of labor NGOs in Indonesia's main industrial regions, and even in some of its less industrialized cities and provincial towns. Many of these labor NGOs engaged in research or policy advocacy, or a combination thereof. They used media statements and public advocacy

campaigns to expose labor abuses and to lobby the government and multinational corporations for increases in the minimum wage, for changes to legislation, and on issues such as the military intervention in labor disputes. They also documented the living and working conditions of factory labor, writing lengthy reports for dissemination in Indonesia and elsewhere. As it was illegal to form independent labor unions, other labor NGOs established community-based worker groups or cells of “guerrilla workers” within factories and provided logistical support and encouragement for strike actions. This work was dangerous: activists were shadowed by the National Intelligence Agency (Badan Intelijen Negara, BIN), visited in their homes and threatened, and sometimes even held by police overnight.

The government was all too aware of the potential impact of labor NGOs’ research and advocacy work on perceptions abroad. As the minister for defense and security acknowledged, NGOs “influence international relations because they are extremely active in internationalizing issues and shaping public opinion” (Edi Sudrajat cited in *Kompas*, September 30, 1994). Yet NGOs’ advocacy of labor rights was tolerated, if at times barely, by a regime increasingly concerned with its reputation with foreign states and foreign investors. Where the regime drew the line was on the involvement of NGOs and student groups in grassroots labor organizing, which threatened its capacity to control the masses. Forced underground, this work was necessarily limited in its scope and impact. It nevertheless played a vital role in convincing a core group of workers—the vast majority of whom had no exposure to independent unionism beyond cautionary tales about its dangers—that collective action offered the only chance to improve their working lives.

Challenging the regime

Having struggled in the shadows, NGO activists and student groups became more openly confrontational from the late 1980s, when economic liberalization, interelite conflict, and the fall of the Berlin Wall forced the regime into a period of political “openness” (*keterbukaan*), which lasted from 1989 to mid-1994 (Aspinall 2005b). In the mid-1980s, Indonesia had shifted from an economic model that favored import substitution to one focused on export-oriented production (Hadiz 1997). Then, with the end of the Cold War, came a strengthening of connections between human rights and international aid and trade agendas, resulting in increased pressure on the regime. The government responded to these pressures by relaxing controls on civil society and being more tolerant of public expressions of dissent.

These developments created the conditions that allowed NGO activists to be more vociferous in their criticisms of the regime’s labor rights record and more visible in their organizing activities. The pattern of underground organizing work that had dominated in the 1980s was first disrupted by human rights NGOs, who came together in collaboration with former labor union activists to establish the first of the alternative unions of the late New Order period. The organization known as the Solidarity Free Trade Union (Serikat Buruh Merdeka–Setia Kawan) was established by a group of NGO activists, human rights activists, and unionists in September 1990 (Bourchier 1994). Among its high-profile founders was Muchtar Pakpahan, a lawyer and labor NGO activist who later headed the second alternative union, the Indonesian Prosperous Labor Union (Serikat Buruh Sejahtera Indonesia, SBSI), established in 1992 after Setia Kawan’s collapse. The inability of Setia Kawan and SBSI to register as

labor unions meant that they, like the informal workers' groups sponsored by NGOs and student groups, were unable to openly engage in workplace organizing, let alone participate in collective bargaining or tripartite committees. Unlike those groups, however, the very existence of these alternative unions challenged the one-union policy head on, prompting the regime to take a stronger stance than it had against underground organizing, which in turn forced its record on labor rights further into the international spotlight. Workers also took direct action, mounting thousands of wildcat strikes in the early 1990s (Kammen 1997).

Setia Kawan was never officially banned, but SBSI was denied permission to hold its inaugural congress in 1993. Following this incident, and several cases where strikes were repressed or SBSI members were dismissed from workplaces, SBSI filed a complaint of violations of freedom of association with the International Labor Organization (ILO 1994). In the same year, as part of an NGO-led alliance called the Solidarity Forum for Workers (Forum Solidaritas untuk Buruh, Forsol Buruh), Pakpahan met with the team sent by the U.S. government to assess Indonesia's eligibility for ongoing Most Favored Nation status under its Generalized System of Preferences.³ Recommendations from this review led to the restructuring of the state-sponsored union as a federation and the issuing of a ministerial decision in 1994 permitting the formation of nonaligned enterprise unions, but not recognition of SBSI as a legal union. Momentum continued to grow, and in April 1994 SBSI initiated strikes involving tens of thousands of workers from some twenty factories in Medan. The strike action quickly descended into ten days of wide-scale destruction and anti-Chinese violence. Dozens of strikers were arrested, including many from SBSI and some labor NGO activists, and at least one person was killed. Pakpahan was arrested on charges of inciting the violence and subsequently imprisoned, serving a number of months of his sentence before being released in response to international pressure. He was again imprisoned in July 1996 after the so-called July 27 Affair, when the headquarters of the Indonesian Democratic Party (Partai Demokrasi Indonesia, PDI) were stormed and prodemocracy activists arrested and held until the end of the New Order.

SBSI was joined in 1994 by the Indonesian Center for Labor Struggle (Pusat Perjuangan Buruh Indonesia, PPBI), the labor wing of the People's Democratic Association (Persatuan Rakyat Demokratik, PRD). Known from 1996 as the Democratic People's Party, the PRD was established by student activists seeking to pursue more radical mobilization tactics. Its stated aim was to pursue democratization based on "the sovereignty of the people" (PRD 1996). The PRD was not merely anticapitalist; it took an explicitly Marxist position regarding the role of the working class as the primary agent of change (PRD 1996). Unlike Setia Kawan and SBSI, PPBI did not seek registration as a union. Rather, it took a confrontational approach that centered on strike action, staging a series of high-profile public protests, including a series of strikes involving more than ten thousand workers from fifteen factories across Surabaya. The PRD was outlawed after the July 27 Affair, when PRD leaders and the head of PPBI were among those arrested (Alliance of Independent Journalists 1997).

Labor contained

The government failed to eliminate the groundswell of worker opposition that SBSI and PPBI had represented in the crackdown of 1996. However, it did succeed in containing both organizations, leaving the independent labor movement in a greatly weakened state. Labor

NGOs continued to engage in grassroots organizing and prosecute the labor movement's change agenda, for example, through a national campaign against Law No. 25/1997 on Manpower (Amiruddin and Masduki 1997). But without mass mobilization of the scale achieved by SBSI and PPBI in the mid-1990s, the collective power of the labor movement was much diminished in the final years of the New Order. The advent of *reformasi* (reform) in May 1998 found the labor movement reeling from aftereffects of the repression of 1996 and from the Asian financial crisis, which caused serious disruption in the economy in 1997–98, and ultimately led to regime change.

The collapse of the exchange rate and growing investor uncertainty had a serious impact on Indonesia's small formal sector. Secondary industry—where unions are concentrated—had experienced strong growth in the 1980s and 1990s, but real wages plummeted and more than a million manufacturing jobs were lost in 1997–98 alone (Manning 2000). In this climate, workers were understandably reluctant to engage in union activity for fear they would be sacked. It is not surprising, then, that organized labor did not drive the mass protests that triggered regime change. While industrial workers participated in the wave of demonstrations immediately prior to the end of Suharto's thirty-two-year reign, the mobilizations that ushered in the new regime were dominated not by labor but by students and the urban poor (Aspinall 1999; Törnquist 2004).

Organized labor in transition

It took time for the labor movement to generate sufficient momentum to take full advantage of the opportunities presented to it by the new political context. Labor activists were quick to take up the opportunity to establish new unions, but they struggled to translate official recognition into strong collective bargaining agreements. Poorly functioning industrial relations institutions and unions' top-heavy structures and lack of experience with workplace collective bargaining meant that there was little change for ordinary workers in most workplaces, despite the rapid growth in the number of independent unions (Ford and Sirait 2016). Union officials had more success in mobilizing their membership outside of the factory gates to defend against policy reforms that unions opposed and to push for policies that benefited their membership.

Unions were slow to engage in the political arena, reflecting the depth of influence of the New Order's economic model of unionism among labor activists (see Ford 2005). Over time, however, the organized labor movement clawed its way in from the periphery to become a significant presence on the national stage, not only through policy advocacy but also through an increased engagement in electoral politics, where they have demanded a more programmatic approach to campaigning and even run union candidates for office. In the process, these unions refashioned their relationship with government and the ruling elites and demonstrated that the industrial working class can have a voice beyond the factory. Whereas unions used to sit on the sidelines, they are now a visible and vocal organized presence in local and national politics.

A new organizational landscape

Organized labor was one of the first beneficiaries of democratization, as Habibie's new government responded within weeks of assuming office to international pressure to recognize workers' right to freedom of association.⁴ This change in policy resulted in a rapid increase in the number of unions and the shift in the locus of activism from labor NGOs and student organizations, and their associated worker groups, to mainstream unions. With the recognition of freedom of association, the legacy union—now known as the Confederation of All-Indonesia Workers Unions (Konfederasi Serikat Pekerja Seluruh Indonesia, KSPSI)—faced significant challenges to its monopoly. Soon after the transition to democracy, reformists supported by the international labor movement broke away to create a series of new unions, which in 2003 established the Confederation of Indonesian Trade Unions (Konfederasi Serikat Pekerja Indonesia, KSPI). Meanwhile, SBSI registered formally within weeks of the end of the New Order and later changed its name to the Confederation of Indonesian Prosperous Labor Unions (Konfederasi Serikat Buruh Sejahtera Indonesia, KSBSI).⁵ These three mainstream confederations are the dominant players in contemporary labor politics in Indonesia.

In addition to these large national unions, smaller unions registered at the factory or regional level in Greater Jakarta, Medan, and Surabaya, many emerging out of the NGO-sponsored workers' groups and the PRD-supported networks of the late Suharto period. These included the Jakarta-based Workers Committee for Reform (Komite Buruh untuk Reformasi, KOBAR), which incorporated leftist unions and several groups formerly associated with Christian and human rights-based labor NGOs (Interview with KOBAR activist, February 1999). In 1999, these committees came together to establish the National Front for Indonesian Workers' Struggle (Front Nasional Perjuangan Buruh Indonesia, FNPBI), which finally achieved formal status in September 2000. Unlike other unions, FNPBI continued to rely on mass mobilization, campaigning on globalization and the increasing precarity of employment, rather than on "traditional" union concerns (Interview with FNPBI president, July 2003). Over time, however, FNPBI's focus on supporting the PRD in the political arena drained its resources, and before long it had all but disappeared (Interview with PRP activist, September 2016).⁶

NGO-sponsored unions that endured beyond the early years of reformasi include the Independent Workers' Union of Medan (Serikat Buruh Medan Independen, SBMI) and the Association of Independent Labor Unions (Gabungan Serikat Buruh Independen, GSBI), a Jakarta-based union that had its roots in factory-level organizations supported by Sisbikum. Of particular note, however, is the Committee of Indonesian Unions Action (Komite Aksi Serikat Buruh Indonesia, KASBI), which brought together a number of FNPBI affiliates and NGO-sponsored unions in Jakarta, Medan, and Surabaya in 2003 (Interview with KASBI activists, October 2006). On May Day 2008, KASBI transformed itself into a confederation—called the KASBI Confederation (Konfederasi KASBI)—which has grown in influence since that time. However, while KASBI and other smaller leftist unions have been active in the policy sphere, they remain relatively minor players on the national stage as a consequence of their failure to develop a large membership base in the factories and their lack of engagement in electoral politics.

Unions and policy advocacy

In the early years after the fall of Suharto, unions were most visible in the realm of policy advocacy. None of the major political parties—which differentiate themselves primarily by whether they are religious or nationalist (Aspinall 2005a; Mietzner 2008; Tomsa 2010)—espouse a proworker platform, so there was no obvious ally for unions. In the absence of institutionalized links to a particular party, the main venue through which unions have influenced policy is through collective mobilization. Initially, unions' efforts focused on issues pertaining to industrial relations such as labor law reform. Later the scope of their concerns expanded to include social protection measures such as universal healthcare. As unions adapted to the new political context, they began to complement street-based protest with other tactics such as lobbying and challenging government actions in court.

One key to unions' success in the policy arena was that Indonesia's fragmented unions collaborated across organizational divides to advance their shared policy interests (Caraway and Ford 2017). This collaboration was evident in their engagement with the labor reform process. After the ratification of ILO Convention No. 87, the government turned its attention to rewriting the Suharto-era legal framework governing industrial relations. As the government began to formulate the Trade Union Act, Indonesia was rocked by major protests in response to the revocation of a ministerial decree that provided very generous severance pay to workers (Ministerial Decree No. 150/2000). The unilateral revision of the decree by the Wahid administration unified Indonesia's divided labor movement in protests across the archipelago, forcing the government to reinstate the original ministerial decree. In mid-2002, unions flooded the streets once again in response to the second major labor bill, which contained many provisions that unions opposed. The Indonesian legislature responded by drawing unions and employers into bipartite negotiations to craft a compromise, which eventually became Manpower Law No. 13/2003. Although unions were divided in their assessment of the law, three years later they were united in the streets when the Yudhoyono administration announced its intention to revise the law in response to complaints by employers and the international financial institutions. Unions mounted large protests and succeeded in derailing the reform.⁷

These early mobilizations around labor law reform demonstrated that workers could influence policies that affected them through exercising their collective power in the streets. The threat of disruption led legislators to back away from policies that unions opposed. Once the dust from the labor reform battles settled, unions engaged in campaigns against the ongoing use of outsourcing, the introduction of privatization, reductions in fuel subsidies, and for the introduction of universal social security. Driven by the powerful Federation of Indonesian Metalworkers Unions (Federasi Serikat Pekerja Metal Indonesia, FSPMI), the campaign for universal healthcare involved thirty-three unions, federations, and confederations of varying size and influence. In addition, several union networks, many of which brought together small independent unions that grew out of the NGO-sponsored alternative labor movement of the late Suharto period, became involved. What became known as the Action Committee for Social Security Reform (Komite Aksi Jaminan Sosial, KAJIS) also included farmers' and fishers' alliances, and high-profile NGOs, including the Trade Union Rights Center, Indonesian Corruption Watch, and the Urban Poor Consortium.

While the campaign did not have universal support within the labor movement, it not only drove the passage of Law No. 24/2011 on Social Security Providers, but convinced legislators and others of the salience of the labor movement in the policy sphere.

KAJS used a broad range of tactics, which helped ensure the success of the campaign. It lodged a citizen's lawsuit, forged partnerships with individual politicians and academics, and attended parliamentary debates on the law, disrupting proceedings to make their opinions known (see Cole and Ford 2014). Ultimately, however, these tactics were underwritten by labor unions' capacity to stage large-scale demonstrations. Following a series of rallies across Indonesia, momentum peaked on May Day 2010, when some 150,000 workers marched in Jakarta (Tjandra 2014). Workers again marched on the parliament on July 29 to demand recommendations made by the relevant parliamentary commission be incorporated into a draft law (*Detik News* July 29, 2010). On May Day 2011, hundreds of thousands of workers demanded that the government immediately ratify the draft implementing law (*Hukum Online* May 1, 2011). The following month, hundreds of workers walked the 250 kilometers from Bandung to the Presidential Palace in Jakarta bearing a petition with fifty thousand signatures (*Antara News* June 20, 2011). Demonstrations ramped up as the deadline for the passing of the bill approached, culminating in a large demonstration on October 28, the last possible day of debate for the law. Some thirty thousand people gathered outside the national parliament, demanding that the law be passed (*Suara Pembaruan* October 28, 2011). Having learned that two factions were continuing to oppose it, protestors broke down the gate and entered the parliamentary complex. That night, protest turned into celebration when Rieke Diah Pitaloka and Ribka Tjiptaning emerged to announce that the bill had become law (*Detik News* October 28, 2011).

Campaigns on issues like social security helped develop a shared platform between the confederations at the national level, culminating in the declaration on May Day 2012 of the formation of the Indonesian Workers Assembly (Majelis Pekerja Buruh Indonesia, MPBI) by the three main confederations and a number of smaller labor unions. MPBI organized a series of mass actions including a national strike involving millions of workers in fourteen industrial districts across the country in October 2012 (Sundari 2012). Calling for the eradication of outsourcing and the low wage policy, it popularized the discourse of a "decent" standard of living, which became a core demand in the years to come. These efforts resulted in a number of concrete achievements including an expansion in the basket of goods used to calculate the decent living standard figure used in minimum wage setting and the strengthening of the anti-outsourcing provisions in the Manpower Law through Ministerial Regulation No. 19/2012 on the Conditions Under which Work Can Be Undertaken by Other Companies.

This very public alliance between the three main confederations brought the union movement a higher profile than it had enjoyed in decades. However, MPBI soon faltered as a consequence of interelite rivalries and disagreements around wages strategy, as well as fundamental differences in approach. After differences deepened further around the 2014 presidential election, when the confederations supported different candidates, their relationship was to some extent restored with the formation of a coalition called the Indonesian Labor Movement (Gerakan Buruh Indonesia, GBI) on May Day in 2015. This and other attempts to restore unity to the labor movement have failed to achieve the level of collaboration experienced during the heady days of MPBI. However, KSPI remained actively

engaged in the policy sphere, tackling a broad range of industrial and social issues from better maternity leave provisions to the opposition to eviction of poor communities from government land in Jakarta and Law No. 11/2016 on Tax Amnesty.

Mobilizing for the minimum wage

Unions' most consistent policy advocacy campaign focused on the annual minimum wage negotiations. In tandem with the democratization process, Indonesia undertook a dramatic decentralization of government functions. District and municipal governments came to play a dominant role on issues of deep concern to workers including the enforcement, or lack thereof, of national regulations pertaining to labor. Most important, they were made responsible for the annual minimum wage setting process, which typically begins mid-year when the representatives from the unions, the local branch of the employers' association, and the local government conduct market surveys to determine the cost of the basket of goods and services used to calculate the minimum decent standard of living. Once this information is gathered, the wage council recommends a figure to the district head or mayor, who then approves or adjusts this recommendation and then forwards it to the provincial governor for final approval.

This annual process created an opportunity for unions to work together to secure generous minimum wage increases for workers. Prior to the initiation of decentralized wage setting, real minimum wages plunged in the wake of the Asian financial crisis, only returning to precrisis levels in 2000. From 2000 to 2002, real increases averaged about 10 percent per year (Bird and Manning 2008). When the new decentralized system came into effect in 2002, however, unions had limited success in securing major gains for workers through the wage councils, and average minimum wage increases in Java's more than one hundred districts and municipalities hovered just above the inflation rate until 2013. During this period, real increases were too small in most localities to bring minimum wages into line with the minimum decent standard of living.⁸

Unions responded to this relative wage stagnation by mounting a campaign for a living wage in 2010. This campaign was initially carried out by local coalitions of unions and depended on mass collective mobilization, or the threat thereof, to achieve its goals. The peak of mobilization occurred in late 2011 and early 2012, producing some of the most disruptive mass protests of the democratic era. In the 2011–12 wage negotiation cycle, tens of thousands of workers brought the Batam free trade zone to a standstill after employers reneged on a promise to bring the municipality's minimum wage in line with the living wage standard. Soon after the wage negotiations were settled in Batam, mass protests took place in Bekasi and Tangerang, two major industrial areas near Jakarta. Workers there poured onto the toll roads to pressure the local and national governments to support large minimum wage increases (Caraway and Ford 2014). In Tangerang, the governor acquiesced to worker demands to match Jakarta's minimum wage, and in Bekasi, the national government pressured employers to concede to wage increases that they had challenged in court.⁹

The disruptive power of workers' collective mobilization and the normative resonance of worker demands for a decent living heightened concern about labor peace at the national level and produced important changes that opened the door to wage gains of an average of

more than 44 percent in the industrial areas around Jakarta and Surabaya in the 2012–13 round (author calculations). With wages now equal to or greater than the living wage standard in these areas, unions needed a new strategy to maintain upward momentum. Unions began to question more systematically the adequacy of the government's definition of the living wage and called for increases in the minimum wage that far exceeded that level. MPBI formulated a national strategy for minimum wage negotiations and timed the national strike for October 3, 2012, just as minimum wages at the local level were intensifying. Unions faced little resistance from local governments in the areas where unions had engaged in major disruptions in 2011–12, though workers had to push harder in other industrial areas. As a consequence of this campaign, minimum wage increases in industrial areas that year averaged around 40 percent.¹⁰

One reason that unions were able to achieve such large wage gains is that they had learned to exploit the electoral vulnerability of incumbents. In mid-2005, district heads and mayors began to be directly elected. In contrast to the previous system of indirect elections by the local legislature, direct elections required candidates to appeal directly to voters. The advent of independent candidacies for executive positions further intensified political competition by creating a new route to executive power. The greater intensity of these executive races increased the incentive for candidates to engage with working-class voters in union-dense regions. In the Riau Islands, for example, the successful candidate in the province's first gubernatorial election entered a political contract with KSPSI, gifting a building to house its secretariat in return for union support (Ford 2014). In 2017, a candidate challenging the incumbent governor of Jakarta signed a ten-point political contract with thirteen unions that, among other things, promised to ignore a government regulation designed to limit minimum wage increases. Incumbents in several other industrial areas have also sided with workers in the minimum wage negotiations that preceded their reelection bids (Caraway, Ford, and Nguyen 2019).

In addition to leveraging local elections to their advantage, cooperation among unions in core industrial centers around Jakarta (Jabodetabek) and Surabaya (Ring 1) resulted in a form of pattern bargaining on minimum wages. In the Jabodetabek and Ring 1 metropolitan areas, unions exploited gains in neighboring districts to pressure local executives to side with them in the wage negotiations. When the governor of Jakarta signed off on a minimum wage that exceeded the level agreed to in Tangerang, workers demanded that the mayor keep his pledge that the minimum wage in the municipality would be equal to Jakarta. With some arm-twisting he finally agreed, and once the municipality increased its minimum wage, Tangerang district followed suit.¹¹ In the Ring 1 metropolitan area, the governor had declared that Surabaya must have the highest minimum wage. Concerned that Surabaya's mayor would propose a wage increase the unions deemed to be too modest, unions in Pasuruan district exploited their close relationship with the district head to preempt a decision in Surabaya by announcing a large increase, which in turn put pressure on Surabaya's mayor to agree to higher wages. This sort of maneuvering across jurisdictions was made possible by unions sharing information about the progress of negotiations with each other so that they could strategize effectively, and by the political allegiances that unions in some localities had established with directly elected executives.

So effective were unions in exerting pressure on local governments to raise minimum wages that the newly elected government of Joko Widodo (Jokowi) intervened in 2015 with a

government regulation that mandated that minimum wage increases be determined by a set formula and not through negotiation, thus eviscerating the local wage councils. The use of executive authority to undermine national labor legislation was unsuccessfully contested by unions in the courts, leaving them with few options to contest the regulation. In the meantime, unions lost their most valued institutionalized means of shaping policy outcomes. The disruption of the annual wage negotiation cycle also had serious implications for unions' ability to exert political influence, as it undermined their ability to strike bargains with incumbents and challengers in district head, mayoral, and gubernatorial races.

Unions as vehicles for political participation

Unions' hard-fought policy wins at both the national and local levels were important not just in themselves but also because they created space for nonelite actors to engage in electoral politics. Unions' political experiments were at first driven by interest from mainstream political parties, which had identified the potential benefits of accessing the voting blocs they assumed unions controlled in union-dense locations (Ford and Tjandra 2007). Emboldened by these approaches, their growing mobilizational power, and early experiences backing winners in executive races, union strategists and branch leaders subsequently began to consider running union candidates in legislative races (Caraway and Ford 2014).

From an organizational perspective, representation in the executive arm of government or in the legislature offered the promise of more direct influence, which would mitigate the frequency with which unions had to engage in mass mobilization and through it the drain on union resources. Perhaps even more importantly, electoral politics was seen as a means to give working-class actors a stronger voice in Indonesia's democratic institutions, and not just on the streets. However, the absence of any prolabor parties meant that there was no straightforward way for unions to engage electorally. In the early transition years, there were several failed attempts to establish a labor-based party. In addition to PRD, SBSI had established a party in the lead-up to the 1999 election, which competed under various names in the next three elections. Some KSPSI leaders also tried to set up political parties before the 1999 and 2004 elections. Once registered, a party must win a certain percentage of the popular vote in national legislative elections in order to participate in the subsequent election, and none of these parties cleared the threshold (Ford 2005).

Having failed to establish a sustainable labor party as an electoral vehicle, unions seeking to engage directly in elections were forced to join forces with a mainstream party.¹² The first major efforts by unions to test the electoral waters by partnering with existing parties occurred in the 2009 national elections (Caraway and Ford 2014). The party that offered the best deal was the Islamist Prosperous Justice Party (Partai Keadilan Sejahtera, PKS). PKS went on to conclude agreements to run multiple candidates from two large federations, and fielded labor candidates for local office and nine seats in the national assembly from several different unions in union-dense electoral districts in the Riau Islands, Central Java, West Java, and Banten (Interviews, various years).¹³ Unlike the National Workers Union (Serikat Pekerja Nasional, SPN), which made an exclusive arrangement with PKS, FSPMI allowed its cadres to run as candidates for a variety of parties (Ford 2014). Five years later, FSPMI was the only large union to mount a concerted political campaign in the lead-up to the 2014 national elections, fielding candidates for a variety of parties in a number of districts in East

Java, West Java, Banten, and the Riau Islands (Interviews, 2013). While FSPMI and SPN were the only federations that made deliberate decisions to run labor candidates, a number of other unionists who were also party cadres ran for office in 2009 and 2014 without institutional support from their unions.

Most efforts to elect union cadres to legislative office foundered in part because unions failed to cooperate effectively across organizational lines (Caraway and Ford 2017). In many cases, candidates from different unions (even sometimes from the same union) competed against each other in the same electoral district (Caraway, Ford, and Nugroho 2015; Ford 2014). Even in cases where candidates from different unions were not running against each other, unions did little to help candidates from other unions. Nevertheless, a small handful of candidates with union backgrounds did win seats. Most union candidates who succeeded relied more on connections with their party or community ties for victory than on union support. But, among the victors in 2014 were two candidates from FSPMI who ran on their union identities for two different parties in the local legislative contest in Bekasi district. These candidates won because of the size of the membership base in Bekasi and the fact that they ran just one official FSPMI candidate in each of those electoral districts. These two candidates drew explicitly on their union background and FSPMI's organizational resources to win.

A logical extension of unions' electoral experiments has been to field candidates in local and provincial executive elections—a strategy that has been tried in Deli Serdang and Bekasi.¹⁴ In Deli Serdang, Bambang Hermanto, a union official and former factory worker, ran in 2013 for deputy district head alongside an activist from the peasant movement with support from his union. Together the team collected copies of 76,306 identity cards—significantly more than the number required to pass verification (*Utama News* May 29, 2013). Other unions in the district agreed to support the campaign (Interview with Bambang Hermanto, December 2013). However, financial restrictions meant that key campaign strategies could not be implemented, and the team came eighth of eleven, gaining just 15,745 of the 545,777 votes cast. In 2017, FSPMI official Obon Tabroni ran as an independent candidate for district head in Bekasi. Having collected copies of almost double the required 135,000 identity cards, Obon qualified to compete in the race. Despite an energetic campaign, Obon placed third with about 18 percent of the vote, behind the incumbent and a former district head backed by coalitions of major parties but well ahead of the pair of candidates backed by another major party (Andryandy 2017).

In addition to fielding their own candidates, unions have also engaged in political bloc strategies in which they back a nonunion team running for executive office. Coalitions of unions have made public endorsements of candidates in executive races in Aceh, the Riau Islands, East Java, West Java, Banten, and Jakarta. In several of these cases, unionists extracted written political contracts from candidates. The most coordinated effort by unions to mobilize support for a nonunion candidate occurred in 2013, when a network of unions not only endorsed the prolabor PDI-P legislator Rieke Diah Pitaloka in West Java's gubernatorial race, but also actively campaigned on her behalf. Although she narrowly lost the race to the incumbent, she prevailed in the areas where unions were strongest (author calculations).

After years of testing the waters in these lower-level executive races, unions ventured into presidential politics in 2014. The major union confederations were split over their choice of

candidate. The leaders of KSPSI and KSBSI backed Jokowi and formed an organization called Worker Volunteers for Jokowi (Relawan Buruh Sahabat Jokowi) to support his campaign (Ford and Caraway 2014). The mobilization on behalf of Jokowi, however, paled in comparison to KPSI's efforts in support of rival candidate, Prabowo Subianto, a former military officer with a record of human rights violations. KSPI agreed to back Prabowo after he signed a political contract on several issues of concern to unions. Echoing developments at the local level in some union-dense areas, Prabowo's willingness to sign this political contract showed that candidates for top political office considered labor to be a constituency worth cultivating. A number of KSPI affiliates, and especially FSPMI, campaigned for Prabowo in worker-dense areas in the lead-up to the election, and convinced many of its members to punch their ballots for Prabowo on election day.

Conclusion

As demonstrated in this chapter, the labor movement may have been minimally involved in the actual moment of regime change, but it played a pivotal role in the broader push for democracy by publicizing the plight of Indonesian workers among members of the international community and challenging the regime's attempts to contain the labor movement, and has since grasped the opportunities presented to it by democratization. Once dominated by labor NGOs and leftist student groups, the movement now consists of independent unions, which have achieved significant victories in economic and policy terms locally and nationally. And while their efforts in the electoral arena have met with mixed results, they forced candidates for executive office—including that of president—to consider, and in some cases to accommodate, the interests of industrial labor. These achievements are impressive given the unfavorable legacies of authoritarianism and the continued dominance of oligarchic actors in contemporary Indonesian politics (Hadiz and Robison 2014; Winters 2014).

What, then, are we to make of the nature of labor's incorporation in post-Suharto Indonesia? While the exclusionary corporatist system of the Suharto years is gone and its legacy fading, contemporary Indonesia has not embraced the inclusionary incorporation of labor actors favored by populist governments in Latin America or social democrats in Western Europe. Instead, unions have gained the rights to freedom of association, collective bargaining, and public assembly characteristic of more established democracies without organic links to a major political party with a proworker platform. With no direct access to the electoral arena via a labor or leftist party, unions offer their votes to the highest bidder in the electoral market, producing some strange bedfellows. These limitations notwithstanding, there is no doubt that the organized labor movement not only helped lay the groundwork for Indonesia's democratic transition, but has contributed to democratic consolidation by mobilizing for labor rights and by providing a conduit for working-class engagement in politics.

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Notes

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² This section draws on Ford 2009.

³ The Generalized System of Preferences is a scheme providing import concessions for developing countries. The Indonesian campaign was initiated in 1987 by the American Federation of Labor-Congress of Industrial Organizations, Asia Watch, and the International Labor Rights Education and Research Fund. It involved lobbying the U.S. government to cancel Indonesia's access to Most Favored Nation status on the grounds of its unacceptable level of labor rights violations. After two short reviews in 1987–88 and 1989–90, the American Office of the Trade Representative initiated an extended review in August 1992. For details see Glasius 1999.

⁴ This subsection draws on Ford 2009.

⁵ For more details of these unions and their evolution, see Caraway 2008; and Ford 2009.

⁶ The PRD ran unsuccessfully in the 1999 elections, attracting just 78,730 votes. It sought to contest the 2004 elections as the People's United Opposition Party (Partai Persatuan Oposisi Rakyat, POPOR) but failed to complete the registration process (Ford 2009). It was reconstituted a third time in 2007 as the National Liberation Party of Unity (Partai Persatuan Pembebasan Nasional, Papernas), but again failed to contest the 2009 election.

⁷ For further analysis of these labor law reform episodes see Caraway 2004; Ford 2004; and Juliawan 2010.

⁸ Wage trends in urban and industrial areas outside of Java that had wage councils, such as Medan and Batam, show a similar pattern.

⁹ The employers won the case, which was a trigger for perhaps the largest of a series of protests in Bekasi in early 2012. Government intervention was key in pushing employers to accept the results of the wage negotiations, despite their victory in court.

¹⁰ Wage increases in 2013–14 and 2014–15 were more modest but still in double digits in real terms, and as wage increases moderated in industrial areas, they increased in nonindustrial areas.

¹¹ For a more detailed analysis of this episode see Caraway and Ford 2014.

¹² Independent candidacies are prohibited in legislative races.

¹³ Apart from PKS, only Gerindra ran a recognized labor leader for national legislative office in 2009 (Caraway, Ford, and Nugroho 2015).

¹⁴ In 2011, Dwijatmiko, the provincial head of one of the KSPSI factions, ran for governor as an independent candidate. Dwijatmiko was a businessman, however, and was not considered to be a legitimate labor candidate. FSPMI's leader in Purwakarta, Fuad BM, has registered as a candidate for the vice district head for the 2018 race with the Gerindra Party.