Singapore Management University
Institutional Knowledge at Singapore Management University

Research Collection School of Social Sciences School of Social Sciences

10-2013

Evolving Chineseness, Ethnicity and Business: The Making of the Ethnic Chinese as a 'Market-Dominant Minority' in Indonesia

Chang Yau HOON
Singapore Management University, cyhoon@smu.edu.sg

Follow this and additional works at: https://ink.library.smu.edu.sg/soss_research

Part of the Asian Studies Commons, and the Organizational Behavior and Theory Commons

Citation

Hoon, Chang Yau. 2014. "Evolving Chineseness, Ethnicity and Business: The Making of the Ethnic Chinese as a 'Market-Dominant Minority' in Indonesia." In *Catalyst for change: Chinese Business in Asia*, edited by Thomas Menkhoff, Hans-Dieter Evers, Chay Yue-Wah and Hoon Chang-Yau, 107-128. Singapore: World Scientific.

This Book Chapter is brought to you for free and open access by the School of Social Sciences at Institutional Knowledge at Singapore Management University. It has been accepted for inclusion in Research Collection School of Social Sciences by an authorized administrator of Institutional Knowledge at Singapore Management University. For more information, please email cherylds@smu.edu.sg.

Published in Catalyst for Change: Chinese Business in Asian. Singapore: World Scientific, 2014. pp 107-127.
Creative Commons Attribution-Noncommercial-No Derivative Works 4.0 License
Published Version Open Access

Chapter 5

Evolving Chineseness, Ethnicity and Business: The Making of the Ethnic Chinese as a "Market-Dominant Minority" in Indonesia

Hoon Chang Yau

1. Introduction

The ethnic Chinese in Indonesia play a very significant role in the nation's economy. Their dominance in the Indonesian economy is often seen as disproportionate to their numbers, as reflected in the popular assertion that "the Chinese constitute only 3.5 percent of the population but control 70 percent of Indonesia's economy" (*Far Eastern Economic Review*, May 28, 1998, cited in Chua, 2008). In the *New York Times* bestseller, *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*, Amy Chua (2004) identified Chinese Indonesians as one of the "market-dominant minorities" in the world. Her book highlights the double bind of free market democracy: it privileges certain ethnic minorities to dominate the market and accumulate wealth on the one hand, and also allows a frustrated indigenous majority to pit against the wealthy ethnic minority on the other. The book, which became phenomenally popular among the Chinese Indonesians in Indonesia, cited the May 1998 anti-Chinese riots in Indonesia as a prime example of its thesis. Although it does not offer any solution to their predicament, to many Chinese Indonesians, the book has provided a logical explanation to the vulnerable position of the Chinese minority in Indonesia.

The ethnic Chinese have been stereotypically portrayed in Indonesia's public sphere as economic creatures and wealthy business people. While it is true that a large proportion of Indonesia's *private* economy pre-1998 was dominated by a *handful* of Chinese conglomerates, the characterization of

Chinese Indonesians as "market-dominated minority" is not applicable to all — there are many poor Chinese in Tangerang and Singkawang, for instance. Nevertheless, politicians, academics, popular literature, presses and media have repeatedly reinforced such stereotype making it pervasive and entrenched in the popular imagination of many Indonesians. Against such generalization, Christian Chua argues that Chinese tycoons and Chinese minority "do not share more than the same ethnic ascription," as he sought to "analytically de-link" the two in his book (Chua, 2008, p. 3). Gilman reminds us that stereotypes are "the product of history and of a culture that perpetuates them" (Gilman, 1985, p. 20). This chapter addresses how the Chinese have been constructed and constituted as a "market-dominant minority" through an examination of the changes in the identity and societal and economic role of the Chinese in Indonesian history.

Ethnicity can be used (or misused) to serve the interests of power holders. Under the pretext of nation building, governments can manipulate ethnicity by developing cultural policies to suit this objective. The state often appeals to common paradigms of "race," culture, nation, blood and soil when promoting nationalism for most people still regard identities based on culture, society and nation-state as absolute, essential and substantial. To them, "culture is organic, territory bound, and normative; a society is a bounded community; a nation-state has only one cultural system which eventually leads to the assimilation of people with different cultures" (Wu, 1997, pp. 142–143). Such paradigm is problematic not least because it homogenizes culture and identity, and ignores the possibility of multiple identities that people may assert at different times or even at the same time. As different regimes in Indonesia homogenized and manipulated the Chinese ethnicity, the heterogeneity within this ethnicity was disregarded and denied. This is one of the reasons why Chinese Indonesians persist to be a distinct ethnic group, which becomes a ready target of violence and attacks during times of social unrests and regime changes.

2. The Heterogeneous and Evolving Chinese Identity

The ethnic Chinese in Indonesia have been flexible, responsive and ingenious in their adaptation to change. Their identity has been multiplied

in accord with their degrees of adaptation and acculturation to their local circumstances. The different manifestations of Chineseness in different political periods in Indonesia indicate that identities are not static, but are dynamic and can be transformed and redefined. The ethnic Chinese in Indonesia have never been a homogeneous group. Regional and class diversity partly account for their heterogeneous self-identification. Chineseness in Medan, for instance, is different from Chineseness in Jakarta, Pontianak, Bangka, Semarang, Sukabumi or Malang.

The ethnic Chinese are culturally heterogeneous and can be grouped differently in different periods. Conventionally, scholars have divided them into two main groups, the China-oriented *totok* (China-born, pure blood) and the acculturated *peranakan* (local-born or mixed blood). Although centuries of residence in Indonesia caused *peranakan* men (most immigrants being male) to intermarry with local women, to adopt local culture and to lose many of the features of their Chineseness, by 1900, they were still unable to fully assimilate into the native population. The main obstacles to assimilation include colonial racial policy, religion, economic position and the Chinese sense of cultural superiority. The identity of the *peranakan* was by no means unified, though it is worth noting that it was racially and patrilineally defined, i.e., the group was defined and constituted by the race and gender of immigrants.

In contrast to the earlier, predominantly male migrations, the immigrants who arrived in Indonesia at the end of the 19th century included a significant number of women. As a result, it became possible for Chinese men to take a China-born wife rather than a native or *peranakan*, and these immigrants formed the distinct *totok* community. The *totok* community, nevertheless, was not a unified group as they came from different parts of China and spoke in different Chinese dialects. The *totok* were generally more politically orientated to China. The *totok-peranakan* distinction, however, is not fixed and has been subject to change. The traditional distinction based on "race" and birthplace became unrealistic after the Great Depression when migration of Chinese from China into Indonesia halted. Scholars subsequently used a socio-cultural definition to replace the previous definition of *totok* and *peranakan*. According to this distinction, a *totok* refers to a Chinese who had a Chinese-orientated

upbringing and who use the Chinese language as the medium of communication even though he/she was born in Indonesia. Similarly, a *peranakan* refers not only to the Chinese with mixed ancestry, but also to those pure-blood Chinese who were born locally and who could not speak Chinese.

To understand the complex identities that the ethnic Chinese in Indonesia have assumed at different times and the multiple identities that they assert at the same time, it is necessary to understand how the Chinese have perceived themselves and others, and the extent to which they have been willing to identify with their Chineseness. It is also necessary to understand how they have been regarded and how their ethnicity has been constructed by indigenous Indonesians (hereafter, *pribumi*), and the willingness of the *pribumi* to accept them as one of their own. In order to achieve such understanding, it will be useful to examine the common stereotypical identities portrayed and perceived by the Chinese themselves and by the *pribumi*.

Stereotyping is a method of processing information that involves a reduction of images and ideas to a simple and manageable form. As there is no real line between the "self" and the "other," stereotypes function as an imaginary line that serves to set "them" apart from "us" (Gilman, 1985). *Pribumi* have commonly perceived the Chinese in these stereotypes: *They* are a homogeneous and changeless group. *They* exploit our economy and are rich. *They* feel superior and exclusive. *Their* loyalty to Indonesia is questionable. *They* are reluctant to assimilate (Coppel, 1983, pp. 5–27). The next section will explore the constructions of these stereotypes in Indonesian history.

3. The Making of the "Market-Dominant Minority" in Indonesian History

The journey of the ethnic Chinese in becoming a "market-dominating minority" began during the Dutch colonial period when they played the role of economic middlemen. Chinese immigrants in the 19th and early 20th century in Dutch East Indies found assimilation into native society virtually impossible. This was largely due to the Dutch "divide-and-rule" policies and the structure of colonial society. The population in colonial

Indonesia was divided into three racial groups with different legal rights and privileges: the Europeans were at the top, the Foreign Orientals (mainly Chinese) were in the middle and the natives were at the bottom. The economic activities of the Chinese were circumscribed by the Dutch administration: the Agrarian Law of 1860 prohibited them from owning land, thereby preventing them from engaging in agriculture; and they were excluded from becoming civil servants as they were not allowed from taking the civil servant examination. These restrictions left them with few options but to engage in trade and retail activities (Diao and Tan, 2004).

Before the end of the 19th century, the Dutch granted a small number of Chinese monopoly privileges to engage in profitable but "immoral" activities (read: revenue farming), such as the selling of opium and the operation of gambling establishments and pawnshops. The Chinese were also involved in the much hated enterprise of tax and debt collection. In granting the Chinese these licences, the government collected licence fees in return. This proved to be an inexpensive and simple means of raising official revenues. The privileges given to these Chinese, and their dominance in the retail market, contributed to the construction of the stereotype that the Chinese dominated the economy.

Under these conditions, for the Chinese to assimilate into indigenous society would have meant a drop in social status and the loss of some of the business privileges. The *pribumi* resented the revenue farmers and perceived the Chinese as "natural enemies of the indigenous, sucking their blood and exploiting them, thwarting their economic development" (Phoa, 1992, p. 14). In 1900, in order to protect the natives' rights, the Dutch implemented the Ethical Policy for "native betterment," but it came at Chinese expense. The grievances of the Chinese at that time include the ban on revenue farming; paying higher taxes; and the restrictions resulting from the pass and zoning systems, which required them to live in specific urban ghettos and to obtain visas if they wanted to travel. The Ethical Policy discriminated against the Chinese, destroyed assimilation processes and changed the Chinese position from being the "protégés of the rulers to becoming the foremost enemy of the state" (Phoa, 1992, p. 14).

The widespread resentment caused by Dutch "apartheid" policies and the inability to attain European or local identity catalyzed many *peranakan* Chinese to move in a direction which enhanced their Chinese identity.

Around 1900, partly through mass immigration of the Chinese to Southeast Asia, sentiments of Chinese nationalism were spread to the region, causing diverse Chinese communities in the Dutch Indies to mobilize and identify with a greater "imagined community" of a pan-Chinese nation. The rise of pan-Chinese nationalism in Java was manifest in the emergence of the Tiong Hoa Hwe Koan (THHK or the Chinese Organization) which fostered educational and cultural nationalism; the Sianghwee (Chinese Chamber of Commerce) which encouraged commercial nationalism; and a *peranakan* Chinese newspaper, *Sin Po*, which promoted political nationalism.

3.1 *Contested citizenship in post-colonial Indonesia*

> "They have been here since the time of our ancestors. In fact, they are real Indonesians who live and die in Indonesia. However, because of a political sleight of hand, they have suddenly become foreigners who are not foreign" (Pramoedya Ananta Toer, famous Indonesian writer, 1998, p. 54).

After Indonesia gained Independence, the ethnic Chinese were faced with the quandary of citizenship. A Citizenship Act that aimed at a demonstration of loyalty to Indonesia was introduced in 1958. This Act adopts an "active system" by which Indonesian citizens of Chinese descent would lose their citizenship if they failed to make an official declaration to reject Chinese citizenship. When this Act was fully implemented in 1960, there were two main categories of Chinese in Indonesia: the *Warga Negara Indonesia* (or Indonesian citizens, WNI) who were mainly *peranakan*, and the *Warga Negara Asing* (or foreign citizens, WNA) who were mainly *totok*. The WNA Chinese were further divided into citizens of the People's Republic of China (PRC) and "stateless" Chinese who were either Taiwan nationals or those who dissociated themselves from PRC and Taiwan. However, as a result of the historic division and prejudices between the *pribumi* and Chinese, many government officials and *pribumi* considered both *totok* and *peranakan* alike, regardless of their nationality, as undesirable "aliens" by and discriminated against them.

Postcolonial Indonesia's economic policies show evidence of discriminations against the Chinese, irrespective of their nationality. The move to

"Indonesianize" the economy by the Sukarno administration should more accurately be described as the "indigenization" of the economy. Many discriminatory measures that were implemented against the WNA equally affected the WNI Chinese. The Othering of the Chinese as a whole became clear when the government introduced the "Benteng" (Fortress) Program in 1950 to promote the development of an indigenous business class (Thee, 2006). The program gave priority and special privileges for *pribumi* Indonesians to participate in the economy, which drew a line between *pribumi* and non-*pribumi* instead of between Indonesians and foreigners. The program, which proved to be a failure, gave rise to the "Ali Baba" practice where business licenses issued to indigenous Indonesians were channeled into companies financed and managed by the ethnic Chinese. *Pribumi* licence holders would receive remuneration as directors of the company with little or no participation in the business (Diao and Tan, 2004). Another anti-Chinese campaign known as the "Assaat Movement" was launched in 1956 to urge the government to give preferential economic treatment to *pribumi* rather than to WNI Chinese, in order to compensate the *pribumi* for their weak positions created by colonial Dutch policy.

The regulation that hit the Chinese the hardest was the law prohibiting retail trade by WNA in rural areas. This regulation known as the Presidential Decree No.10 (PP-10) was enacted in November 1959. Since the Citizenship Act of 1958 was only fully implemented in 1960, the nationality of most Chinese was still ambiguous when the PP-10 was promulgated. Thus, although the PP-10 was only officially directed at WNA, the WNI Chinese experienced similar distress and insecurity as the line of distinction between foreigners and citizens was still unclear. Some WNI Chinese, especially the *peranakan*, supported the PP-10 to show their loyalty to Indonesia and their separateness from the *totok* (Suryadinata, 1978). The wash from PP-10 was dramatic: the dissociation of some *peranakan* from the *totok*; a general increase in consciousness of their problematic identity among the ethnic Chinese; and more than a hundred thousand Chinese (mostly WNA) left for China.

The Chinese in Indonesia have been rendered scapegoats or convenient targets of social hostility at times of regime change or when established authority is shaken. They have suffered a long history of persecution since the first ethnic cleansing carried out by the Dutch in Java in 1740. One of

the most brutal forms of this phenomenon was manifest when President Sukarno's regime collapsed in 1965 as a result of an abortive coup attempt known as the 30th September Movement (G30S). This coup attempt provided the legitimacy for a military offensive against the Indonesian Communist Party (PKI). After the coup, a surge of anti-Communist and anti-Chinese sentiment swept through the country as Communists and Chinese were held responsible for the alleged role of the PRC in the abortive coup. In the process, many Chinese suffered great loss of property and lives. Even though this number is relatively small compared to the number of *pribumi* that were slain at that time, what cannot be overlooked is the mass hysteria that followed the crisis. Anti-Chinese episodes occurred in different parts of Indonesia until 1967 when anti-Chinese sentiments finally began to subside. However, oppression of Chinese identity increased after 1967 under the pretext of "anti-Communism," as part of the Suharto regime's "paranoia."

3.2 *Being the "minor-wives" of Suharto's New Order regime*

> "He [Suharto] used them [the Chinese] but he did not want to acknowledge that because it could become a political liability for him. Never once did he give us [Chinese] a decent place within the New Order because he wanted to keep things — including the credit for what his government achieved — for himself. It was sadly fitting that the New Order should later collapse amid the rubble of anti-Chinese riots. We [Chinese] were treated as minor wives, enjoyed but not recognized" (Jusuf Wanandi, prominent Chinese Indonesian, 2012, pp. 126–127).

The allegations that the ethnic Chinese in Indonesia were linked to the People's Republic of China (PRC) and that both parties were involved in the September 1965 abortive coup determined the fate of the Chinese in New Order Indonesia. After assuming power in 1966, Suharto systematically repressed any expression of Chinese ethnic, cultural and religious identities. Chineseness during the New Order was an imposed rather than a self-identified identity. Chinese identity was artificially constructed by the regime and juxtaposed as an internal and hostile "other" to the "true" indigenous Indonesian (Aguilar Jr., 2001). The dominant society and state

institutions persisted in viewing as outsiders, and imposed discriminatory policies on them.

In the process of making the ethnic Chinese an internal outsider, the New Order imposed a social stigma on the Chinese as exclusive, asocial, rich and China (hence, Communist) -oriented. This stigmatization of the ethnic Chinese was manifest in the reformulation and institutionalization of the "Chinese problem" in Indonesia. The ethnic Chinese — their culture, their religion, their role in the nation's economy, and their very existence — were labeled by New Order politicians as a national problem. The government legitimized its policies, which marginalized the ethnic Chinese in all social, educational, political and religious arenas, in an attempt to solve the "problem."

During the Cold War period, suspicions that the Chinese Indonesians were a potential "fifth column" of China were strongly felt. The suspicious climate resulted in local governments' and *pribumi*'s distrust of ethnic Chinese and justified their discrimination and cultural oppression. The New Order viewed anything related to Chineseness as linked to the Communists and thus as threatening to national interests. Even though this paranoia faded after the Cold War and Sino–Indonesian relations were normalized in the early 1990s, it never disappeared completely.

In 1991, Siswono, then State Minister for People's Housing, issued a paper listing nine "sins" of the ethnic Chinese which he thought had "marred their image" (cited in Tan, 1995, pp. 16–17). The nine "sins" of the ethnic Chinese which he listed are:

1. They live exclusively in their own area;
2. Some companies have a preference to recruit people of Chinese descent;
3. Some companies discriminate in salary in favor of the ethnic Chinese workers;
4. There are some who discriminate between ethnic Chinese and ethnic Indonesians in their behavior toward clients, in their business relations;
5. They do not show social solidarity and togetherness with the ethnic Indonesians in their neighborhood;

6. There are those whose sense of national identity is still very weak, and who treat Indonesia solely as a place to live and earn a living;
7. There are those who in their daily life still speak Chinese and who adhere to their traditions, and do not even know Indonesian customs, and who make no effort to speak Indonesian well;
8. There are those who view their Indonesian citizenship as a legality only;
9. There are those who feel superior toward other population groups.

Three of these "sins" are related to the business practices of this ethnic group. The prominent role of the ethnic Chinese in Indonesia's economy contributed to negative stereotyping. This is also due to the fact that a disproportionate number of Chinese became very wealthy under the New Order and some of them seemed to flaunt their wealth in extravagant life-styles — a circumstance that was perceived as a problem by the *pribumi* when juxtaposed to the poverty of many Indonesians.

The New Order did not follow in the footsteps of Sukarno's policy in indigenizing Indonesia's economy. Instead, the development-oriented Suharto government utilized Chinese business skills to recover the sinking economy. The government's embarkation on a market-oriented economic strategy could not have succeeded without opening the way for the Chinese to participate as fully as possible in economic life because they alone had the commercial experience and ready access to foreign capital. Mackie notes that, "Their contribution to the economic transformation of the country since 1966–1967 has far exceeded that of the *pribumi* businessmen and state enterprises" (1991, p. 91). The New Order government, however, had never acknowledged the economic and other contributions of the Chinese to the nation. This prompted Jusuf Wanandi — a prominent Chinese who had worked closely with the New Order regime — to lament, "We [Chinese Indonesians] were treated as minor wives, enjoyed but not recognized" (2012, p. 127).

Privileges and opportunities provided by the New Order bolstered the positions of Chinese business interests, contributing to the rapid growth of Chinese economic power. However, in restricting the conception of the Chinese to that of players in the economic arena, state policies in Indonesia fostered an image of the Chinese as "economic creatures." Commercial

success unwittingly demonized the Chinese and stirred up anti-Chinese sentiments as they were identified with greed and other negative values, and as villains who secured their gains through exploitation, corruption and collusion to the detriment of the *pribumi*.

A small group of Chinese, referred to as the *cukong*, became very wealthy through cooperation with the Indonesian power elite — usually members of the military. Some of them were cronies of Suharto. The close ties that the ethnic Chinese business community developed with the military regime were known collectively as the *cukong* system. The *cukong* provides skills and capital in running the business while the *pribumi* partner gives protection and various facilities to the *cukong*. These personal ties served to protect the Chinese from potential harassment as a non-*pribumi* ethnic minority identified with commercial monopoly power. The logic was this: since the Chinese had a weak political base and were in a vulnerable position, allowing them to dominate the economy would not pose a political threat to the military's rule in the way an independent indigenous business class might. With this arrangement, the ruling regime could ensure that they had a certain degree of control over the private sector (Lim and Gosling, 1997).

The unfair advantage provided by the *cukong* system created resentment among some *pribumi*, particularly among the less successful businessmen who were supported by Islamic groups and among the opponents of the Suharto administration. This could be seen in the well-known anti-*cukong* campaign staged by these people in 1971 (Suryadinata, 1988). One common criticism was that the *pribumi* felt that they were not the masters in their own nation (*bukan tuan di negeri sendiri*) because they perceived their economy as being controlled by the Chinese who were (and, to some extent, still are) regarded as foreigners.

On many occasions, Chinese Indonesian conglomerates were criticized for "capital flight" because of their reportedly massive investments in China, especially in infrastructure, which Indonesia also desperately needed. It has not helped that the most prominent Indonesian businessmen investing in China were *totok* Chinese. In fact, most of the *cukong* or conglomerates were *totok*. Mackie (1991) notes that *totok* were almost solely responsible for the expansion of Chinese businesses across Indonesia in the early 20th century, when they carried out small business in the more

remote rural areas where *peranakan* had been reluctant to operate. Few *peranakan* were attracted toward the risks and discomforts of such activities; their greater access to education and more settled lifestyle inclined them toward salaried and professional jobs. Also, only *totok* still had a good command of the Chinese language and hence were able to communicate with other Chinese in the region. The expression of Chinese culture, use of the Chinese language and lavish celebrations at Chinese New Year by some rich *totok* had inadvertently heightened doubts about the "loyalty" of the Chinese community as a whole, since the *pribumi* often viewed the Chinese as a homogeneous group. Many *pribumi* do not distinguish the acts of Chinese conglomerates from those of small shopkeepers. The behavior of these big business *totok* conglomerates even caused apprehension among the *peranakan*, who feared that, being less politically protected and more confined to the Indonesian home economy, they were the ones who would bear the brunt of any violent anti-Chinese backlash.

Although Indonesia needed the skills and business networks of the Chinese for national development, paradoxically, the dominant position of the ethnic Chinese in the nation's economy was widely perceived to be a national problem. The result was the government's endorsement and implementation of a military-backed assimilationist policy, directed specifically against the ethnic Chinese and aimed to repress any expression of Chinese identity. Suharto's government considered that Chineseness was incompatible with the national personality and was problematic for national integration and unity. The general assumption was that identity is singular rather than plural, and that one could *either* be an Indonesian *or* a Chinese. To be completely Indonesian, the Chinese were expected to give up all their Chineseness (Hoon, 2006). Hence, a host of harsh measures was introduced to coercively assimilate the ethnic Chinese into the wider Indonesian population and to make them lose their Chineseness and "exclusiveness."

Because their loyalty to the country was under suspicion, the ethnic Chinese were not allowed to form their own political party during Suharto's rule, and no Chinese were appointed to high state positions (with the exception of Bob Hasan in the last years of the regime). Also, entry to

public service, the armed forces and state-run educational institutions was made extremely difficult. The use of Chinese language in public places was strongly discouraged. Printed matter in Chinese characters fell under the category of prohibited imports like narcotics, pornography and explosives, when entering Indonesia (Heryanto, 1999). The government-sponsored "Indonesia Daily," which aimed to convey the official voice of the government, was the only permitted Chinese language press. The government also introduced the name-changing regulation in 1966 to encourage the ethnic Chinese to change their Chinese names into Indonesian-sounding ones, in order to "speed up assimilation" (Suryadinata, 1978).

Indonesian citizens of Chinese descent were not allowed to attend Chinese-medium schools after 1957. The remaining Chinese-medium schools, which catered to the needs of Chinese students who were not Indonesian citizens (i.e., the WNA), were closed in 1966. All Chinese were urged to enter Indonesian-medium schools, either private or public. After the closure of Chinese schools, it was argued that the dichotomy between *totok* and *peranakan* broke down as many younger generation *peranakan* were "Indonesianized" while their *totok* counterparts were "*peranakan*ized" (Suryadinata, 1978). However, some wealthy Chinese families who wished their children to retain their Chineseness sent them abroad to study in Singapore, Malaysia, Taiwan or even China.

The above discussion shows that the New Order adopted a policy toward the Chinese similar to the divide-and-rule policy introduced by the Dutch colonial regime. Essentially, it was a paradoxical policy of privileging the Chinese business communities in an effort to expand the nation's economy, and concomitantly marginalizing the Chinese minority to near pariah status in all social and cultural spheres. Heryanto argues that in the history of Indonesia, never before had the Chinese business elite enjoyed such prosperity, but ironically, never before had they been so deprived of civil rights (1999). This strategy aimed "to keep the Chinese dependent, politically powerless, and easily controllable" (Mackie, 1991, p. 92). Since the Chinese were marked out from the *pribumi* by their assumed wealth, their jobs and their lifestyles, it was fairly easy to arouse anti-Chinese feelings based on either resentment or jealousy of the supposed economic status of the Chinese as a whole.

3.3 *The May 1998 anti-Chinese violence*

> "We were increasingly aware that we were easy targets at times of political turmoil. My friends who had always thought of themselves as Indonesian suddenly faced the fact they were actually regarded as Chinese, and as such deserved to be alienated. They had to seriously rethink what this meant and to reorientate themselves" (Zhou Fuyuan, Chinese Indonesian architect, 2003, p. 454).

In the 1990s, after the Cold War and the decline of Communism, there was reportedly a softening in the government's anti-Chinese stance and a reduced anti-Chinese sentiment in Indonesian society. The visit by Chinese Prime Minister Li Peng to Indonesia in 1990 was seen as a positive sign of change in the status of the ethnic Chinese minority in Indonesia. This positive development was, however, short lived. Anti-Chinese riots once again broke out in May 1998 when the nation was in the midst of its economic crisis. The devastating effects of the financial crisis brought anti-Chinese sentiment to the surface. The Chinese were taken as scapegoats and held responsible for the national crisis, which was partly the result of massive corruption and the state's mismanagement of the economy. The riots, triggered by the killing of four student protesters at Trisakti University, turned into a violent anti-Chinese pogrom. Properties owned by the ethnic Chinese were destroyed; many Chinese were attacked; and Chinese women were raped. Many middle- and upper-class Chinese families panicked and fled the country to seek refuge in safer places overseas. The result was a capital flight of up to an estimated USD165 billion, which cost the Indonesian economy dearly and hampered its recovery from the crisis (Chua, 2008). This behavior attracted much criticism from the *pribumi* community, who denounced the Chinese for being unpatriotic and called their nationalism into question (van Dijk, 2001).

One might pose the question: How were the ethnic Chinese identified and targeted, if there were palpable signs that they had been assimilated? It was indeed clear that the New Order's assimilationist policy had failed to solve the "Chinese Problem" and integrate the Chinese into Indonesian society. Suharto's divide-and-rule policy reproduced Chineseness as a conceptual category ready to be manipulated in times of political crisis. It has been argued that the riots were systematically instigated by the state to divert the masses' anger away from Suharto and his cronies and toward

the Chinese. The Joint Fact-Finding Team (TGPF) established that much of the violence was instigated by provocateurs who incited the local masses, leading the crowds to run amok and start looting and rioting. Heryanto contends that the riots were not provoked by spontaneous racism and that the media propagated the economic-gap theory during the riots, escalating racist attacks on the Chinese (1999). However, others argued that the rioters would not have attacked the Chinese had there been no anti-Chinese sentiment to manipulate in the first place.

The ethnic dichotomy of *pribumi* and non-*pribumi* constructed by the New Order was forcefully reproduced during the May riots. It was used to distinguish who should or should not be targeted, exemplified in the following quote:

> "Because Chinese property was specifically targeted, people tried to protect their shops and houses by putting up signs that the owner was a *pribumi*, a Betawi (original inhabitant of Jakarta), a Muslim, a haji, and so on. Citations from the Koran and texts like Alumni Trisakti, Supporter of Reformation, *maaf milik pribumi* ("owned by a *pribumi*") could also be seen on walls and on banners" (van Dijk, 2001, p. 189).

In this way, the *pribumi* "self" [poor, original inhabitant, loyal citizen, Muslim] were eager to differentiate themselves from the non-*pribumi* "Other" [rich, foreign, disloyal, non-Muslim], so that they could be spared from attack. This shows that after 32 years of the New Order's social engineering, the artificial "us" and "them" binary had been internalized by Indonesian society. Although inter-group differences had been repressed during Suharto's era under the prohibition of any discussion related to ethnicity, religion, race or inter-class differences, they remain very important in both everyday life and legal identification.

4. The Wind of Change: The Resurgence of Chineseness in Post-Suharto Indonesia

> "The traumatic events seemed to be a wake-up call: many [Chinese] people, normally fearful of getting involved in politics, realized that if we do not take the risk and get involved, then politics would simply crush us" (Zhou, 2003, p. 454).

The collapse of the New Order regime marked the return of political freedom to Indonesia, including the emergence of civil society, as Indonesia underwent a process of democratization and *Reformasi* (reforms). The lifting of the 32-year-old restrictions on political participation and civil activism allowed a myriad of political parties, action groups and non-governmental organizations (NGOs) to spring up. Many ethnic Chinese utilized this political liberalization to establish organizations to fight for the abolition of discriminatory laws, defend their rights and promote solidarity between ethnic groups in Indonesia. Many post-Suharto Chinese organizations deploy the discourses of Indonesian nationalism to show that they are genuine Indonesians. This desire for authentication is particularly significant for the Chinese as they have been historically constructed as non-*asli* (non-indigenous) outsiders.

To affirm their ethnicity as an integral part of the nation and challenge the restrictive boundaries of indigeneity, Chinese organizations lobbied for the amendment of a clause in the 1945 Constitution which stated that, the "Indonesian president [should be] *asli* Indonesian." Some Chinese have argued that nationality should be defined in terms of citizen or non-citizen status rather than that of indigenous or non-indigenous categorization. Others contested the narrow definition of indigeneity and contended that anyone who was born in Indonesia should be considered "*asli*", including the Chinese. This debate shows not only that the ethnic Chinese have actively protested against the concept of nationhood based on indigeneity, but also that they have made a conscious effort to shed their "alien" image. The House of Representatives finally passed a Citizenship Bill in 2006, which, amongst other things, in effect abolished the distinction between "*asli*" and "non-*asli*." Although "*asli* Indonesian" still exists as a concept, it has been redefined to include all citizens who have never assumed foreign citizenship of their own free will. This new Law also allows the Chinese to hold several key government posts, including the presidency, from which they were formerly excluded.

The May 1998 anti-Chinese violence brought to the surface the highly problematic position of the ethnic Chinese in relation to the Indonesian nation. One consequence of the riots has been the resurgence of Chinese press, culture, religion and language. For the first time in several decades,

Chinese identity became more visible. In May 1999, President Habibie issued a presidential instruction to allow the teaching of the Chinese language and scrapped a regulation requiring ethnic Chinese to produce certificates of citizenship when registering for school or making official applications. Then in February 2001 President Abdurrahman Wahid lifted the 1978 official ban on the display of Chinese characters and the importation of Chinese publications. Following these decrees, Chinese-language education experienced a boom in Indonesia. Among young ethnic Chinese as well as *pribumi*, learning Mandarin has become a popular pursuit, triggering a proliferation of after-school and after-work Mandarin courses. Nevertheless, this "resurgence" of Chineseness in Indonesia needs to be read in the wider context of the recent economic rise of China and the ramifications of this for the Southeast Asian region. In fact, the national dignity regained by China in recent decades has led to greater respect for the Chinese in Southeast Asia. A new interest in Mandarin and Chinese culture is also common among Chinese and non-Chinese in other parts of Southeast Asia.

Under Wahid's administration, ethnic Chinese were given greater freedom to assert their cultural and religious identity. President Wahid issued a decree in 2000 to annul Suharto's discriminatory regulation that repressed any manifestation of Chinese beliefs, customs and traditions. In issuing the decree, Wahid assured the ethnic Chinese of their right to observe their cultural practices in the same way that other ethnic groups have enjoyed theirs. Following the amendment of the official cultural policy, the ethnic Chinese, for the first time in over three decades, could finally enjoy the freedom to celebrate Imlek (Chinese New Year) publicly without any restrictions. In January 2001, Wahid went a step further, declaring Imlek an optional holiday. In February 2002, Megawati declared that Imlek would be a national holiday, beginning in the year 2003 (Hoon, 2009). This edict is a landmark decision and a further restoration of the cultural rights of the ethnic Chinese.

In the economic sphere, the riots of May 1998 triggered an exodus of ethnic Chinese and generated a capital flight. In its aftermath, President Habibie was faced with the insurmountable task of stabilizing the ailing economy. The post-Suharto regime needed Chinese capitalists to help

Indonesia to recover from the economic crisis (Chua, 2008). In order to reassure the ethnic Chinese concerning their safety in Indonesia, to stem further flight of their capital and to persuade Chinese Indonesians business people to repatriate the capital they had transferred overseas, Habibie promised to carry out legislative reform to eliminate racial discrimination. He issued a decree in September 1998 to end the official usage of the discriminatory labels "*pribumi*" and "non-*pribumi.*" This was seen as a declaration that indigeneity and alienness were no longer tenable distinctions. The pronouncement of the edict was followed by a series of law reforms to abolish various kinds of discrimination.

The Asian financial crisis and the collapse of the Suharto regime had severe impact on some large conglomerates owned and controlled by the ethnic Chinese. For instance, the Indonesian government and foreign investors took over the private banking sector, which had largely been controlled by ethnic Chinese conglomerates before the crisis (Thee, 2006). In spite of this, the ethnic Chinese are still dominating a significant part of Indonesian private economy, especially small and medium enterprises. Chua (1998) maintains that some Chinese tycoons have benefitted from the processes of democratization, decentralization and deregulation in the Reformasi period. These Chinese-owned business conglomerates have not only survived the crisis and recouped their losses, but have also worked out new strategies to navigate the new economic and political terrain. This again shows the adaptability and resilience of the ethnic Chinese minority.

Nevertheless, the political events of May 1998 changed the future of the Chinese Indonesians forever. Not only were their cultural and citizenship rights restored, for the first time in three decades, but the Chinese were now given the opportunity to explore beyond the economic field. The dynamic post-Suharto political scene, dominated by the growth of democracy and civil society, has given rise to a healthy Chinese politics. The ongoing political trauma suffered by many Chinese Indonesians notwithstanding, the unprecedented establishment of Chinese political parties and NGOs has enabled them to become more fully integrated into all facets of political life in Indonesia. Through these organizations, the historical stereotype of the ethnic Chinese as "apolitical" and as "economic animals" has been challenged and debunked. It is hoped that the new

liberal and inclusive political space can empower the ethnic Chinese to reinvent their identity as being beyond that indicated by the disenfranchising stereotype of the "market-dominant minority."

References

Aguilar Jr, FV (2001). Citizenship, inheritance, and the indigenizing of "Orang Chinese" in Indonesia. *Positions*, 9(3), 501–533.

Chua, A (2004). *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*. New York, NY: Anchor Books.

Chua, C (2008). *Chinese Big Business in Indonesia: The State of Capital*. London and New York: Routledge.

Coppel, CA (1983). *Indonesian Chinese in Crisis*. Kuala Lumpur: Oxford University Press.

Coppel, CA (2002). *Studying Ethnic Chinese in Indonesia*. Singapore: Society of Asian Studies.

Diao, AL and M Tan (2004). Chinese business in Southeast Asia. In *Indonesia*, ET Gomez and H-HM Hsiao (eds.). London and New York, NY: Routledge Curzon.

Kwee, TH (1969). *The Origins of the Modern Chinese Movement in Indonesia*, trans. by LE Williams. Translation Series, Modern Indonesia Project, Cornell University, USA.

Gilman, SL (1985). *Difference and Pathology: Stereotypes of Sexuality, Race, and Madness.* Ithaca, NY: Cornell University Press.

Gosling, PLA (1983). Changing Chinese identities in Southeast Asia: An introductory review. In *The Chinese in Southeast Asia: Identity, Culture and Politics* (Vol. 2), LAP Gosling and YC Linda Lim (eds.), pp. 1–14. Singapore: Maruzen Asia.

Heryanto, A (1998). Ethnic identities and erasure: Chinese Indonesians in public culture. In *Southeast Asian Identities*, JS Kahn (ed.), pp. 95–114. Singapore: Institute of Southeast Asian Studies.

Heryanto, A (1999). Rape, race and reporting. In *Reformasi: Crisis and Change in Indonesia*, A Budiman, B Hatley and D Kingsbury (eds.), pp. 299–334. Clayton: Monash Asia Institute, Monash University.

Hoon, C-Y (2006). Assimilation, multiculturalism, hybridity: The dilemmas of ethnic Chinese in post-Suharto Indonesia. *Asian Ethnicity*, 7(2), 149–166.

Hoon, C-Y (2008). *Chinese Identity in Post-Suharto Indonesia: Culture, Politics and Media*. Brighton and Portland: Sussex Academic Press.

Hoon, C-Y (2009). More than a cultural celebration: The politics of Chinese new year in post-Suharto Indonesia. *Chinese Southern Diaspora Studies*, 3, 90–105.

Koning, J (2007). Chineseness and Chinese Indonesian business practices: A generational and discursive enquiry. *East Asia*, 24, 129–152.

Lim, L and P Gosling (1997). Strengths and weaknesses of minority status for Southeast Asian Chinese at a time of economic growth and liberalization. In *Essential Outsiders: Chinese and Jews in the Modern Transformation of Southeast Asia and Central Europe*, D Chirot and A Reid (eds.), pp. 285–317. Seattle and London: University of Washington Press.

Mackie, JAC (1991). Towkays and tycoons: The Chinese in Indonesian economic life in the 1920s and the 1980s. In *Symposium: Indonesia: The Role of the Indonesian Chinese in Shaping Modern Indonesian Life* (Symposium at Cornell University), Southeast Asia Program Publications at Cornell University (ed.), pp. 83–96. Ithaca, NY.

Phoa, LG (1992). Chinese economy activity in Netherlands India: Selected translations from the Dutch. In *The Changing Economic Position of the Chinese in Netherlands India*, MR Fernando and D Bulbeck (eds.), pp. 5–18. Singapore: Institute of Southeast Asian Studies.

Somers, M (1965). *Peranakan Chinese Politics in Indonesia*. PhD Dissertation, Cornell University.

Suryadinata, L (1978). *Pribumi Indonesians, the Chinese Minority and China: A Study of Perceptions and Politics*. Singapore: Heinemann Educational Books.

Suryadinata, L (1988). Changing identities of the Southeast Asian Chinese since World War II. In *Chinese Economic Elites in Indonesia: A Preliminary Study*, J Cushman and G Wang (eds.), pp. 261–288. Hong Kong: Hong Kong University Press.

Tan, MG (1995). Southeast Asian Chinese: The socio-cultural dimension. In *The Ethnic Chinese in Indonesia: Issues and Implications*, L Suryadinta (ed.), pp. 13–27. Singapore: Times Academic Press.

Toer, PA (1998). *Hoakiau di Indonesia*. Jakarta: Penerbit Garba Budaya.

van Dijk, K (2001). *A Country in Despair: Indonesia Between 1997 and 2000*. Leiden: KITLV Press.

Wanandi, J (2012). *Shades of Grey: A Political Memoir of Modern Indonesia 1965–1998*. Jakarta: Equinox Publishing.

Wang, G (1981). *Community and Nation: Essays on Southeast Asia and the Chinese.* Selected by A Reid. ASAA Southeast Asian Publications Series

No. 6, Heinemann Educational Books (Asia) Ltd, and George Allen and Unwin Australia, Sydney.

Wu, DYH (1997). Facing the challenge of multiple cultural identities. In *Emerging Pluralism in Asia and the Pacific*, DYH Wu, H McQueen and Y Yamamoto (eds.), pp. 141–148. Hong Kong: Hong Kong Institute of Asia-Pacific Studies, Chinese University of Hong Kong.

Zhou, F (2003). Where do we belong. *Asian Ethnicity*, 4(3), 453–459.