

**Rethinking the Dynamics of Capital Accumulation
in Colonial and Post-Colonial Indonesia:
Production Regulation**

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Abstract

This thesis explores the forces driving a series of momentous transformations to Indonesia's production and distribution systems since early colonial rule. The analysis of these forces is anchored in four conceptual themes: the basis of these systemic transformations, their politico-economic ordering as driven by a surplus-creation imperative, labour's role in this imperative and its response to the 'ordering', and the mode of production as the historical setting within which the transformations occur. This thesis illuminates an analytical gap in the literature by nominating labour as the key force in wealth-creation and recognising its active role in challenging ruling appropriation regimes and in the broader social struggles against exploitation and oppression.

The thematic focus defines the boundaries for an exploration of successive colonial and post-colonial ruling regimes. Early chapters examine how the Dutch penetrated the Indonesian politico-economy, entrenching their systems of production organisation and creating an exclusionary system of wealth appropriation. Appropriation systems are characterised by transitions in European political and economic systems, especially from mercantilism to industrial capitalism. The entrenchment of colonial power is considered in relation to the expansion of capitalist organisation in Indonesia. The state's stimulation of this expansion is associated with an undermining of the country's reproductive base and a growing challenge to foreign rule. The Japanese occupying force' demolition of colonial productive and distributive linkages and encouragement of independence activism is connected with a post-war struggle for independence. Links are drawn between colonial rule and the tensions and organisational difficulties faced by Republican regimes leading up to the New Order's re-establishment of a strict regulatory regime, and the development of an indigenous system of capitalist organisation. The surplus-generation and appropriation perspective informs the evolution of Indonesia's productive and economic systems across colonial and post-colonial epochs and the challenges to the system of social and production regulation that heralded the

destabilisation of New Order rule and the rise of the contemporary era of political democracy.

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Glossary

<i>abangan</i>	poor peasants or blue-collar workers
<i>ABRI</i>	<i>Angkatan Bersenjata Republik Indonesia</i> (Indonesian Armed Forces)
<i>adat</i>	custom, used in the context of customary law
<i>aliran</i>	stream or current
<i>appanage</i>	division of land between villagers and rulers
<i>asli</i>	indigenous Indonesian people
<i>Atlantic Charter</i>	1941 US/British declaration of common national principle as the basis for the Allies' opposition to foreign intervention
<i>bakul</i>	merchant importers and suppliers of raw materials
<i>BANGUNAN</i>	series of 5 year development plans, from <i>pembangunan</i> (to build, develop)
<i>bapak</i>	father
<i>BAPPENAS</i>	National development Planning Board
<i>batik</i>	the drawing and dying of designs on textiles employing a waxing technique
<i>bekel or tengkulak</i>	in Javan tradition Chinese paddy brokers, working on a commission basis
<i>Benteng</i>	'Fortress' program of indigenous business support introduced by the Republican government in 1950
<i>Berdikari</i>	<i>Berdiri diatas kaki sendiri</i> (to stand on your own feet) Sukarno credo promoting national self-sufficiency
<i>Bimas Gotong-Royong</i>	agricultural credit or input-provision program to increase rural production (based on concepts of

	community cooperation, self-help)
<i>Birorat Kapitalis (Kabir)</i>	derogatory popular reference to Indonesian bureaucrats' entrepreneurial connections and graft
<i>boew, bahu</i>	measure of land, equals 1.75 acres
<i>bucho</i>	department head
<i>bupati</i>	local rulers
<i>bupati</i>	regent
<i>cukong</i>	Chinese word meaning 'middleman', applying to Chinese entrepreneurs
<i>Cultuurstelsel</i>	Dutch name for the Cultivation System
<i>daerah</i>	region
<i>desa</i>	village
<i>DEKON</i>	Sukarno's <i>Deklarasi Ekonomi</i> , or Economic Declaration
<i>DPR</i>	<i>Dewan Perwakilan Rakyat</i> (Parliament)
<i>erfpacht</i>	land obtained on heritable lease from the government
<i>FBSI</i>	All Indonesia Workers' Federation
<i>Gerindo</i>	<i>Gerakan Rakjat Indonesia</i> (Indonesian People's Movement)
<i>Golkar</i>	<i>Golongan Karya</i> (Functional Group); political party
<i>Gotong rojong</i>	mutual aid, collective assistance – especially during rice harvests, a key element of Sukarno's 'konsepsi'.
<i>guilder</i>	basic unit of Nederlands Indies currency
<i>halus</i>	refined, cultured, sensitive
<i>HIP</i>	<i>Hubungan Perburuhan Pancasila</i> (Pancasila Industrial Relations)
<i>heerendienstein</i>	paid-labour for public works
<i>hongki</i>	raids to destroy competition in the growing of

	export crops
<i>Industri Hilir</i>	‘downstream’ - manufactured goods:electronics, consumer goods, and footwear.
<i>Industri Hulu</i>	‘upstream’ - chemical steel, heavy industries, goods and some manufactured goods.
<i>IGGI</i>	Inter-Governmental Group on Indonesia
<i>Jabotabek</i>	planning region covering Jakarta, Bogor, Tangerang, and Bekasi
<i>Kadin</i>	<i>Kamar Dagang dan Industri</i> (Chamber of Trade and Industry)
<i>kalang</i>	wealthy merchants
<i>kampong</i>	population centre of desa
<i>Konsepsi</i>	Sukarno’s credo (conception) for a new, post parliamentary democracy era, parliament
<i>Kopassus</i>	Special Forces Command
<i>Kostrad</i>	Army Strategic Reserve Command
<i>kretek</i>	clove cigarette
<i>ladang</i>	agricultural system whereby uncultivated land is cleared, burnt off, and crops planted
<i>LBH</i>	<i>Lembaga Bantuan Hukum</i> (Legal Aid Office) NGO offering legal support
<i>liburan</i>	religious holiday
<i>lurah</i>	village chiefs, headmen
<i>Malari</i>	<i>Malapetaka Januari</i> (January disaster) the Jakarta riots of Juary 1974
<i>Masyumi</i>	The Consultative Council of Indonesian Muslims
<i>Masyumi</i>	<i>Majelis Syuro Muslimin Indonesia</i> (Muslim Consultative Council, Muslim Political party
<i>merdeka; kemerdekaan</i>	free, liberated; freedom, liberation
<i>MPR</i>	<i>Majlis Permusyawaratan Rakyat</i> (People’s Consultative Assembly)

<i>mufakat</i>	consensus and agreement
<i>Muhammadiyah</i>	Muslim Organisation
<i>musjawarah</i>	mutual consultation, discussion, deliberation
<i>Nasakom</i>	acronym from Nationalism, Religion, Communism
<i>Nekolim</i>	Neo-colonialism, Colonialism and Imperialism
<i>nogyo kumiai</i>	agricultural cooperation
<i>NU</i>	<i>Nahdatul Ulama</i> . Moslem Theologians' party
<i>padi</i>	rice in the husk
<i>Pancasila</i>	Indonesian state ideology
<i>pangreh praja</i>	in the colonial era, 'rulers of the realm'; in contemporary parlance, civil servants
<i>pasar</i>	market
<i>pemborong</i>	labour contractors
<i>pemuda</i>	youth, especially politically active youth
<i>pengusaha</i>	business person
<i>peranakan</i>	locally born Chinese or European who is acculturated to local society
<i>perintah halus</i>	persuasion used by officials to implement policy
<i>Pertamina</i>	Indonesian state-owned oil company
<i>Peta</i>	Japanese established Indonesia armed units in Java
<i>Peta</i>	<i>Pembel Tanah Air</i> (Defender of the Motherland)
<i>pikul, picul</i>	Dutch unit of weight, one pikul equals 61.9kg
<i>PKI</i>	<i>Partai Komunis Indonesia</i> (Indonesian Communist Party)
<i>PNI</i>	<i>Partai Nasional Indonesia</i> (Indonesian Nationalist Party)
<i>pribumi</i>	indigenous Indonesian
<i>priyayi</i>	Aristocrats, member of the Javanese gentry, or higher officialdom
<i>PSI</i>	<i>Partai Sosialis Indonesia</i> (Indonesian Socialist Party)

<i>Putera</i>	nationalist organisation set up by the Japanese
<i>Repelita</i>	<i>Rencana Pembangunan Lima Tahun</i> (Five Year Development Plan)
<i>romusha</i>	forced labour during Japanese occupation
<i>RTC</i>	November 1949 Roundtable Conference Agreement on Indonesian independence
<i>santri</i>	pious Moslems.
<i>Sarekat Islam</i>	Islamic Association
<i>sawah</i>	irrigated land cultivated with <i>padi</i>
<i>SOBSI</i>	<i>Serikat Organisasi Buruh Seluruh Indonesia</i> (All-Indonesia Workers Organisation) the national association of trade unions
<i>tebasan</i>	system of forward-selling of cash crop prior to harvesting
<i>tegalan</i>	dry (not irrigated) field near the rice fields but used for vegetables and other secondary crops
<i>TNI</i>	<i>Tentara Nasional Indonesia</i> (Indonesian National Army)
<i>Totok-Chinese</i>	Chinese-Indonesian people born in China and settled in Indonesia for a relatively short time
<i>transmigrasi</i>	transmigration
<i>VOC</i>	<i>Vereenigde Oostindische Compagnie</i> (Dutch East India Company)
<i>wayang</i>	puppet shadow-play
<i>zaibatsu</i>	large Japanese business conglomerate

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Introduction

From the earliest days of western colonial occupation the production and distribution systems of the thirteen thousand islands of the archipelago now known as Indonesia have been comprehensively transformed by powerful international forces. The winds of economic change have forced shifts in national priorities from subsistence and tribute-good production to export commodity production. In the modern era this has taken the form of pressures for Indonesia to massively restructure its economic system as a condition of receiving financial assistance. This thesis will investigate the sources of these momentous changes and refocus critical attention on the history of Indonesia's political and economic evolution.

The research was inspired by an ambition to determine the origin, character, and objectives residing in the imperatives impelling fundamental changes to what Indonesians produced and the systemic basis for the organisation of production. The concern has also been with identifying the interests served by the changes, the source of their authority, and the political and economic impacts of these changes on Indonesia and Indonesians. The thesis investigates these issues for the various epochs of economic organisation since colonial times, considering the factors that cohered them and tore them apart. It is contended that an understanding of the sources and impacts of these changes on Indonesia's productive and distributive systems can be used to illuminate contemporary political and economic developments in Indonesia.

A core ambition for this thesis has been to fundamentally redress a major *lacunae* in established texts' conceptualisation of the processes of economic order and capital accumulation within Indonesia. Thus, for example, Richard Robison's book, *The Rise of Capital in Indonesia*, although a seminal exposition of the character and origin of Indonesia's ruling class neglects to systematically analyse the role of the Indonesian working class in this "rise". It is intended that this thesis will address this gap by illuminating the mechanisms of accumulation from the perspective of the ruling class' systemic application of succeeding forms of labour regulation.

International political economy

The research task is addressed within an international political economy conceptual framework. This analytical approach is introduced in the context of the early colonial-era relations between Holland - as the metropolitan 'centre' of colonial authority – and Indonesia as the 'peripheral' site of the colonial enterprise. Whilst the established literature tends to focus on this relationship as the prime determinant of colonial development, an international political economy approach broadens the analytical focus to encompass the wider European arena of imperial struggle and economic change. The penetration of western productive and economic relations in the periphery is thus investigated within the gradually unfolding context of European productive and commercial development. This development is perceived as the 'powerhouse' that drove western resource-seeking enterprise to the archipelago. The successive transformations sparked by the western colonial project are thus seen as inextricably tied into European and, later, US and Japanese centres as part of an evolving world economic system based on capital accumulation.

This perception of the processes of Indonesian political and economic change as residing within the context of an unfolding international capitalist system aligns my research with 'world system' analysis. The origins of this analytical framework are to be found in the work of Immanuel Wallerstein. Wallerstein defines a 'world system' 'quite simply as a unit with a single division of labor and multiple cultural systems' (Wallerstein, 1980:5). Its chief characteristic is that 'production is constantly expanded as long as further production is profitable, and men constantly innovate new ways of producing things that will expand the profit margin' (Wallerstein, 1980:15). The international political economy focus of this research thus locates Indonesia's development within, and interacting with, an evolving capitalist world system.

Analytical themes

The research project is organised around an historical appreciation of Indonesian development and a critical re-interpretation of an established, though contested, historiography. In undertaking this re-interpretation task I have focused on the historical analysis and sought to reconcile the diversity of understandings by restricting the analytical focus to four major themes. The first theme recounts the

systemic transformation of Indonesia's production and distribution systems by successive ruling regimes. The second focuses on the mode of production as the historical setting within which these transformations occur. The emphasis here is on the struggle between capital and labour¹ and the relationship between this struggle and political and economic change. The third theme concentrates on the creation of a productive surplus as the basis of capital accumulation **as well as** the political economic focal point for change and struggle. The fourth theme represents labour as the principal agent in the production of a surplus, as a politically active element in the struggle for a share of that surplus, and as a key actor in the shaping of Indonesia's political history. In sum, this thematic framework forms the analytical basis and anchoring point from which to investigate successive Indonesian systems of production organisation and wealth generation.

Structural change

Indonesia's colonial and post-colonial economic history has incorporated a series of transformations of Indonesia's production and distribution systems marked by 'watersheds' of profound political and economic change. The distinctive character of this history is brought out in this research by examining the way successive ruling regimes controlled the production system to determine what is produced and how it is produced.

A contemporary example of the sorts of productive and economic transformations undergone by Indonesia is the enforced shift of employment from rural to Indonesian industrial manufacturing production. A prominent Indonesian economic analyst, Sjahir, favours the expansion of the continuing transformation that has seen Indonesia's productive base consolidated through the bringing a much higher proportion of the labour force into the 'modern sector' to 'reduce the proportion of workers dependent upon agriculture for their livelihood' (Sjahir, 1993:13). This underscores the state's policy focus on the expansion of manufactured export-commodity production. He argued that whilst 'only 18 per cent of GDP is contributed

¹ In the following discourse, 'labour' can, depending on the era and context, refer to the peasantry or the combined class of labour and the peasantry. 'Labour', however, generally refers to paid workers. Labour/peasantry in combination or separately is conceptually associated with their role as producers of an extractable surplus over and above what is used for subsistence and reproduction.

by the agricultural sector, it still accounts for roughly half of the labour force. To reduce the proportion of workers dependent upon agriculture for their livelihood will require perseverance with the struggle to cut back the privileges and protection now enjoyed by particular firms and industries, so that others which are more able to expand into world markets – thus rapidly creating more job opportunities for Indonesia's millions of low-skill workers – will be given a better chance to make their contribution to Indonesia's development' (Sjahir, 1993:13).

Indonesia's peasantry, thus, must move to that employment site offering the greatest world-export market opportunity. The liberal economic logic that posits this imperative is that the restructuring, by advancing Indonesia's productive efficiency, enables the economy to more effectively respond to international market pressures. Sjahir's 'ordering' of the supply and regulation of labour would thus improve Indonesia's world-market opportunities and thereby expand national employment and income. Sjahir's policy prescription is a powerful example of the sorts of restructuring imperatives imposed on Indonesia by successive colonial and post-colonial ruling regimes. It thus illuminates the key theme of successive transformations to Indonesia's productive and distributive base.

Mode of production

The 'world systems' analytical framework reflects a conceptual understanding of the 'mode' of production to describe the *modus operandi* of the dominant system of economic organisation. I draw upon Wolf's understanding of this conception to define and distinguish various phases of economic organisation in Indonesia (Wolf, 1982). Wolf argues that '[s]ocial life is shaped by the ways human beings engage nature through production. The idea of society centres upon the social alignment of groups; the idea of mode of production aims at identifying the forces that guide those alignments. To speak of a mode of production, therefore, draws attention to the ways in which human beings confront their world in order to modify it in their favour, and focuses on the dynamic consequences of that confrontation' (Wolf, 1982:386).

An example of the way this theme is used to focus the analysis of successive systems of production organisation can be observed in 18th and 19th Century imperial

confrontations between England and Holland. The Dutch empire represented the declining age of mercantile power, overtaken on the world-stage by the immense industrial and commercial power of the British Empire. This struggle is seen as reflected in the forms of economic organisation applied in the periphery, specifically – as shown in the following research, in the forms of labour regulation underpinning surplus production and appropriation. The specific mode of production defining the political economy character of the centre is thus seen as a key element of centre-led transformations to Indonesia's production system. The research builds on the mode of production, world-system analysis to critically assess Indonesia's colonial and post-colonial transformations.

The creation of a productive surplus

The 'social alignments' shaped by a 'confrontation of the world in the modification of nature through production' referred to by Wolf introduces the question of the basis for those alignments. From the perspective of this research Indonesia's economic direction can be usefully regarded as being framed by an imperative of generating wealth from the country. This determined the character of the particular social alignments instituted to generate wealth. The concept of a 'surplus' is key to this analysis. Following Howard and King, an economic surplus is defined as the difference between 'the net product of society and the consumption requirements of the producers, or in short, as the difference between social output and socially necessary input' (Howard and King, 1985:64). The thesis investigates how a productive surplus was generated through the exploitation of Indonesian resources, the political interaction between the actors involved in its creation, and the way this interaction impacted on, and defined the character of, succeeding production regimes.

It is argued that the way in which the surplus product is appropriated and distributed largely determines the structure of social relations in every epoch. This location of surplus-creation within the production process parallels that of world systems theory where '(c)apital is accumulated by appropriating surplus produced by labor' (Wallerstein, 1980:273). The creation of a surplus is regarded as the essence of accumulation and growth.

This theme is evident in the Indonesian wealth-generating transformations instituted in the late Dutch colonial era. The research demonstrates how traditional social relations based on surplus generation and distribution through the tribute system were overtaken by a capitalist wage-based system of surplus production. This approach, emphasising the production of surplus and the patterns of surplus extraction, mirrors that of Hoogvelt who locates the surplus-extraction process in a world systems context. Hoogvelt emphasises the 'core-periphery hierarchy and the exploitation of the periphery by the core' as involving 'not only appropriation of the surplus value by an owner from a labourer, but also the appropriation of the whole economy by the 'core' areas' (Hoogvelt, 1997:60).

This surplus-generation and appropriation perspective, it is contended, informs not only the evolution of Indonesia's productive and economic systems across colonial and post-colonial epochs, but also the basis of the contemporary flux over control of Indonesia's production apparatus between local and international interests, and the political struggle over surplus distribution.

Role of labour

Labour is the core element of each analytical theme. Labour is seen as playing a key role in Indonesia's economic and political transformation. Labour is regarded as the pivotal element in surplus creation and, as well, a politically active element in the struggle for distribution of the shares of surplus. The centrality of labour in this analytical framework is further manifest in the way in which the surplus product is appropriated and distributed and thereby largely determining the structure of social relations in every epoch (Howard and King, 1985:64). All modes of production incorporate a division of labour or specialisation of activities, and can be characterised by the way which 'surplus ... is pumped out of the direct producers (i.e. labour)' (Howard and King, 1985:6). This is based on the perception that the 'defining characteristic of a social system [is] the existence within it of a division of labor, such that the various sectors or areas within are dependent upon economic exchange with others for the smooth and continuous provisioning of the needs of the area' (Wallerstein, 1980:5).

This priority to 'order' labour as the basis of national wealth-creation introduces the concept of the political economy of class and the process of class regulation of surplus production. Shifts in the mode of production are seen as crucial in the understanding of processes of change in production systems, but the relation between the 'actors' in the wealth generating process in their response to the 'top down' imposition of production agendas is also key to this understanding. This elaboration of Wolf's analysis is informed by the argument that the 'ordering' of society for economic ends incorporates a political and social, as well as a technical engagement between the economic actors. In this scenario, the production process – and thus the process of capital accumulation – is ordered by a ruling class, with the prime consideration in this 'ordering' or 'regulation' the organisation of labour as a collective entity. This is seen as determining the conditions for a collective struggle for shares from, and control over, the surplus-generating process (Wolf, 1982:386). My research considers the implications of this struggle for political challenges or 'confrontations' with the ruling regime, and the 'dynamic consequences' of that struggle in terms of transformations in the production system and the process of wealth distribution.

By bringing labour and the peasantry to the forefront of Indonesian economic development, this research is premised on the need to redress a crucial analytical deficiency in the literature. Whilst processes of capital accumulation in Indonesia have been well researched, labour's role in this accumulation generally receives scant attention. Whilst labour's role has received reasonable attention in the accounts of the way wealth was extracted from the peasantry under colonial rule, this has not translated into an appreciation of the economic impact of this extraction on the peasantry as a class, nor has it generated contemporary comparisons with the way in which labour as a class is regulated to create a surplus. A prime example of these lacunae is seen in Robison's research on the rise of capital in Indonesia. Robison describes the Dutch as superimposing 'themselves upon an existing system of peasant production in which the surplus was extracted by means of political coercion' (Robison, 1986:5). Robison's focus on the rise of capital-interests provides a tantalising glimpse of the importance of class relations but neglects an appreciation of the process of collective labour regulation for surplus production as a core element and function of these relations.

This gap in the analysis of labour's pivotal role in Indonesian political economic history is reflected in other important ways. It excludes an appreciation of the political dimension, both in terms of labour's political struggle and of the political ordering of labour to comply with ruling regimes' production objectives. Sjahir promotes the transformation of the peasantry into an industrial labour force. As with all the 'grand plans' to restructure Indonesia's productive base, the prime consideration is the enforced supply of a strictly regulated labour force. However, Sjahir makes no reference to the social and political implications of this transformation, either in terms of the political force required to carry out the shift or in terms of possible political responses to this massive reorientation of Indonesian working-lives. A further core concern of this research was thus to determine the political impact of transformations to Indonesia's productive and distributive systems by successive ruling regimes.

Phases of political and economic development

The above themes provide the conceptual backdrop for an overview of the unfolding phases of Indonesian political and economic organisation undertaken in this research. Early chapters outline the relationship between the dominant mode of production within which Dutch colonial authorities defined their system of surplus-production organisation and the consequent fundamental transformations in Indonesian production and distribution systems. This established the basis for the long-term organisation of the colony as a productive enterprise, and of labour and the peasantry as pivotal elements in this process. These chapters outline the forces determining the Dutch presence in Indonesia, the metropolitan political and economic agenda for Indonesia, and the colonial consolidation of political rule and economic dominance.

Chapter 1 establishes the European historical context for this research. It describes the Dutch industrial and commercial environment that led to the institution of a long-distant trading concern, the Dutch East India Company, which became the 'surrogate state' carrying out Dutch state-corporate objectives in Indonesia. The essence of this era is captured in my answer to the question of how a small group of Dutch merchant-traders and military could overthrow local and international competition to dominate the trade and supply of Indonesian export commodities. The answer is seen as

residing in the singular character of Dutch mercantilist wealth-extraction as applied in Indonesia, the nature of indigenous surplus-generation and distribution systems – described as the existing ‘social, political and economic infrastructure’, and the contradictions between centre-ambitions and the logistics of territorial control. The analysis of the Dutch construction of a substantial colonial outpost from these small beginnings constitutes a crucial element in the understanding of later, differing forms of state-corporate intervention in Indonesia.

Chapter 2 builds on these defining features of Dutch corporate and state intervention to describe how a remote colonial outpost could develop into a powerful colonial state apparatus able to control much of the archipelago. The focus is on the transition from private corporate intervention to state territorial sovereignty and the role of centre economic and strategic forces in defining this intervention. An appreciation of the crucial role of the state in creating the conditions for wealth creation heralds the introduction of capitalist production relations and private corporate accumulation. The analysis considers the impact of the European forces seen as fundamental determinants in this transitional process, in particular the Napoleonic Wars. The recurring Indonesian struggles for independence culminating in the 1825 to 1830 Javan war, it is contended, triggered the institution of the Cultivation System of social, political and economic regulation. The transformation in production organisation instituted by the Cultivation System of production regulation is seen as a crucial determinant in the transition to a political economy dominated by private capital accumulation.

Chapter 3 elaborates these defining moments of state regimentation of Indonesia’s production apparatus within the late 19th Century context of a vast penetration of private corporate enterprise into Indonesia’s primary-produce export sector. Connections are drawn between this introduction of a *laissez-faire* system of market regulation and the state facilitation and institution of controlling mechanisms such as employment contract and land-use laws. This is represented as a powerful new dynamic in the process of producer regulation. The Chapter considers the implication of this dynamic for the introduction of a vastly consolidated expanded financial and commercial sector.

The processes of factor commodification described in Chapter 3 are associated with an erosion of Indonesian social systems' ability to assure resource and workforce reproduction. The analysis of the Corporate Plantation era thus requires an investigation of some of the political implications of threats to the security of surplus creation and the threats to the survival of the colonial economic and social order posed by unregulated private corporate appropriation from Indonesia.

This leads into the review in Chapter 4 of the subsequent phase of colonial organisation encapsulated in the 'Ethical Era'. The political and economic complexities of this era are examined in relation to major shifts in the metropolitan state's agenda for the colony and Indonesians' political responses to the expanded state intervention. A growing political and industrial challenge to Dutch political sovereignty and foreign economic control brings to the fore the role of labour in a struggle for shares of the surplus. The analytical focus concentrates on the connection between the mass political and industrial struggle and the fight for political independence. A distinction is drawn between the mainstream literature perceiving the political struggle as essentially driven by popular opposition to foreign political control, and this thesis' alternative perspective of the independence struggle as primarily a class struggle driven by economic considerations.

This political struggle is associated with a growing Japanese political and corporate influence within Indonesia. As Indonesia faced the prospect of being drawn into a world war, the research emphasis on the nature of the nationalist struggle draws the analytical focus back to the 'world-system' arena. Indonesia's internal political and economic conditions are considered in the context of international movements for liberation from colonial control and the international political and economic struggles for international corporate control over Indonesia's resources and for a political and economic strategic presence in the region.

These internal and external political and economic struggles culminate with a rupture in the western regime of colonial appropriation riven by the Japanese wartime occupation of Indonesia. Chapter 5 outlines the role of the Japanese occupation in redirecting Indonesia's productive resources to produce war-needs, and how this impacted on national production and distribution linkages and influenced the

character of post-war economic systems. The significance of the Japanese occupation is also considered in terms of the role the Japanese presence played in defining post-war political struggles for national independence and challenging western economic influence.

The post-World War Two struggle between Republican and Allied re-colonisation forces over political and economic control of Indonesia is examined in the light of a mass political and military mobilisation for which the Japanese occupation acted as a catalyst, late-colonial shifts in the apparatus of state-rule, and the struggle between western interests for control of Indonesia's export production system. Pressures for political independence are associated with a struggle for economic independence and for the dismantling of colonial systems of industrial regulation and wealth appropriation. Chapter 6 develops an analysis of the linkages between colonial politico-economic relations and republican economic ambitions. These pressures on the Indonesian production and distribution system are considered within a broad context of international pressure to institute a new corporate agenda for Indonesia in a post-war 'jockeying' for economic and strategic power.

The emphasis in this Chapter concerns the character of those early post-colonial ruling political forces and uncovers why they were in a position to dominate the Republican agenda. The major consideration is the sources of, and interests served by, the implementation of a policy-agenda designed to shift the economy from the colonial primary-commodity based production system to an urban-based industrial developmentalist trajectory. This introduces the element of political and class-interest in the formation of Republican state policy. Republican reformism is posed against a developing mass political pressure for economic sovereignty and control over the production and distribution of the national surplus, and the rising power of the military as a political and corporate, as well as military, force.

The inability of succeeding parliamentary regimes to address these economic and political challenges led to the overthrow of parliamentary democracy and the institution of a system of autocratic presidential rule. This research considers why this brief trial of western democratic institutional systems was doomed to failure, drawing on the themes of the political organisation of labour, surplus-extraction and

structural transformation to illuminate the forces at work. From this understanding the experiment of 'democratisation' can be seen to illuminate much of the contemporary political struggle and economic conflict within Indonesia. This forms the background to an understanding of the subsequent violent repression at the hands of the military and also to the political and economic conflicts that plagued the immediate post-war ruling regimes. The seizure of control of Indonesia's production apparatus and workforce by a military-corporate clique will be considered in this context.

Chapter 7 describes Sukarno's ascendancy as all-powerful 'Supreme Ruler'. This ascendancy is informed by successive parliamentary democratic Republican regimes' inability to address political conflict and the divisive issues facing the young nation. It is also informed by an analysis of the undercurrent of international corporate and strategic opposition to the rise of the extremely nationalist and independent Sukarno regime. His regime's intention to resolve these political and economic tensions and struggles is seen in its institution of a ruling coalition that incorporated the chief protagonists in the struggle for economic and political control. Strong emphasis is given to Sukarno's role in the development of a national political and economic ideology that established the basis for national unity and common goals. The institution of mechanisms and systems for the promotion and entrenchment of these credos as a fundamental element of nationalist rule heralds their enforcement as an institutional component of the developmentalist credo imposed by the New Order regime.

The collapse of Indonesia's economic base in the Sukarno era is described in terms of the regime's inability to institute structures and systems to replace the colonial regimes of extraction. The key challenges facing the Sukarno regime are seen as international corporate and strategic objectives, military ambition, the popular pressure for economic independence and self-sufficiency, and indigenous corporate demands for expanded economic opportunity. In my analysis, this resolves to the question of the class-orientation of the protagonists and the competing ambitions for the control over surplus production and distribution. This class undercurrent forms the basis for an understanding of the consequent rupture of the Sukarno system and the brutal ascendancy to power of the New Order regime.

Chapter 8 locates the New Order regime's ascendancy in this context of class struggle. The regime's systematic destruction of all institutional structures and the massacre of all political and industrial opposition is described in these terms. The establishment of a military-authoritarian regime is considered in terms of its role in creating an autocratic state based on a developmentalist ethos, and defining the regulatory processes underpinning surplus production and appropriation under the New Order. This encompasses developing an understanding of the way the regime addressed tensions between local and international capital and the formation of a rentier-capitalist state system. This system is associated with a dependency-relation between Indonesia, world-markets and western strategic interests.

This analysis of the final phase of the chronological reconsideration of Indonesia's engagement with the international political economy thus covers the entrenchment of a patrimonialist regime and the incorporation of this regime within the international system of production and distribution relations. This relates the economic and political links between the Indonesian ruling elite and international capital in terms of systems of wealth generation, especially in the context of rentier income, and corporate patronage systems and relations. The primary focus is on the class interests served by the state institutional and structural systems imposed to enforce social discipline and production control.

This historical perspective on Indonesia's political economic development seeks to illuminate the current dilemmas facing the nation. It shows that the changes and challenges to the system of social and production regulation arising from international corporate demands were the primary determinant of the destabilisation of New Order rule. In a postscript to the New Order, the thesis assesses the systemic basis for its collapse. It draws upon the conceptual concerns of this study to understand the processes of accumulation under the Soeharto patrimonial regime, and the way this ordering precipitated the undermining and political collapse of that regime heralding an era of political democracy.

A note on sources

I have drawn principally upon the established body of literature, taking issue with it, and building on this material to recast the analysis of Indonesian history within the dominant themes and conceptual approach upon which this study is formed. Dutch and other western accounts and records provide the major sources for the investigation of the colonial period. Indonesian critical perspectives of the historical processes at work are scarce having been effectively prohibited by the exclusionary system of colonial control. Some of these gaps have been redressed by critics, such as Pramoedya Ananta Toer for example with his epic trilogy describing Indonesians' struggles for political independence (Toer, 1984). As with other critical perspectives of ruling regimes, Toer's manuscripts were destroyed by the New Order regime as well as the Dutch. Toer and those other Indonesian authors and playwrights who have critically analysed the way in which ruling regimes have exploited the Indonesian people have been forced to obscure the critical perspectives of their work within fictional accounts. This literature makes profoundly important historical and analytical points but, unfortunately, does not provide an appropriately scholarly foundation for substantiating historical evidence in the context of doctoral research.

The extensive use of European histories of Indonesia has led to the occasional need to 'force' a resolution over differing understandings of the impacts of regimes of regulation on the economy and the people. Whilst I have, wherever possible, cross-checked the evidence to affirm particular developments, the emphasis on secondary sources begs further research to affirm its validity, especially for those early eras where the available research is severely contested. I have sought, however, to balance the inadequacies of primary evidence against the analytical contribution of this thesis, relating the evidence to the conceptual perspective underpinning this work.

Contemporary secessionist struggles in Indonesia have forced a widespread appreciation that any understanding of Indonesia as a unified nation with uncontested state boundaries is highly contested. This serves to introduce a major proviso relating to the use of the term "Indonesia" in this thesis. Clearly any perspective representing 'Indonesia' as an undifferentiated monolith misconceives the cultural and political diversity within the archipelago. There were also obvious significant regional

variations created in the process of the formation and expansion of the Netherlands Indies State. Whilst it is inevitable that any broad analysis of the rich tapestry of Indonesian history can lay itself open to the charge that the exposition does not give adequate attention to these variations and diversities, the reader needs to bear in mind that the analytical emphasis on wealth-generation predicated the focus on those regions that constituted the fundamental sources of resources and factors of production for any particular epoch.

Thus much of this history focuses on Java as the centre of national development, as the territorial basis of early colonial penetration, and as the Indonesian heartland of the transformations that flowed throughout the archipelago. However, this 'Java centric' emphasis has inevitably led to gaps in the vast mosaic of historical consideration necessary to provide a complete picture of Indonesia's political economic development. These gaps are acknowledged, but it is argued that as this thesis' primary concern is to investigate production and labour regulation for surplus production, and as Java reflects the core elements of these processes, the research must inevitably focus on Java as the primary centre of productive and distributive transformations within Indonesia.

It is the objective of this thesis to glean essential ideas and information from the available sources in order to construct an alternative perspective on Indonesia's economic development and inform the analysis of processes of change. Thus whilst this research relies on the literature describing each period under review, the main criteria for inclusion of particular studies is the extent to which they provide an insightful contribution to the contested understanding of those forces and processes vital for the organisation of capital accumulation and class struggle in each era. The reflection of the available evidence through the prism of my conceptual and methodological framework in refining the source-material thus produces a significant reinterpretation of Indonesia's political economy.