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Research note: Indonesian trade union developments since the fall of Suharto

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Abbreviations

ACILS	American Centre for International Labour Solidarity
DPR	<i>Dewan Perwakilan Rakyat</i>
FAS	<i>Forum Adil Sejahtera</i> (The Forum for Justice and Prosperity)
FES	Friedrich Ebert Stiftung
FSP-BUMN	<i>Federasi Serikat Pekerja BUMN</i> (The Federation of State Enterprise Workers' Unions—BUMN)
FNPBI	<i>Front Nasional Perjuangan Buruh Indonesia</i>
FSPSI	<i>Federasi Serikat Pekerja Seluruh Indonesia</i>
ICFTU	International Confederation of Free Trade Unions
ILO	International Labour Organisation
IMF	International Monetary Fund
KPHP	<i>Komisi Pembaharuan Hukum Perburuhan</i>
NGO	non-governmental organisation
SBSI	<i>Serikat Buruh Sejahtera Indonesia</i>
SPTP	<i>Serikat Pekerja Tingkat Perusahaan</i> (Enterprise Unions)
TVRI	<i>Televisi Republik Indonesia</i> (Indonesian State Television)

There have been significant developments in Indonesian trade unionism since the fall of Suharto on May 21 1998. Despite Department of Manpower¹ figures estimating rises in total unemployment between 1996 and 1998 of over eighteen million (*Kompas*, 29 September 1998) and ILO estimates of 1 333 345 dismissals in the industrial sector in 1998 alone (*Kompas*, 21 September 1998), the number of unions which registered with the Department during the Habibie interregnum is quite impressive. The implications of the massive increase in formal labour activism are, however, a more complex matter. The transitional government's departure from the effectively single-union model of the late Suharto period is a major policy change, but this has not been accompanied by other desperately-needed changes in the formal structures of Indonesia's tripartite industrial relations system. This research note describes the findings of fieldwork carried out in Indonesia in February–April 1999, supplemented by ongoing monitoring of trade union developments via the Indonesian press and contacts in non-governmental organisations (NGOs). It concentrates on documenting developments in the legal framework of Indonesian labour relations and describing changing patterns of unionisation in both the private blue-collar and white-collar sectors and the public sector in an attempt to tease out the implications of these developments for the future of Indonesian labour relations.

Legal context

Two major legislative initiatives influenced the form and substance of trade unionism in the immediate post-Suharto period. The

first of these was the transitional government's decision to proceed with the implementation of the 1997 Manpower Law (Law No.25/1997), which was a significant force for continuity in the industrial relations system during the Habibie interregnum. The second was President Habibie's decision to ratify and implement ILO Convention No.87 on the Freedom of Association and Protection of the Right to Organise. In ratifying Convention No.87 on 5 June 1998, Habibie effectively abandoned the Suharto regime's rhetorical and policy commitments to a *de facto* single vehicle of labour 'representation'. It was this latter development which—despite the absence of significant change at the systemic level—allowed informal workers' groups and former unions—which had been forcibly subsumed into the single, state-controlled union (and later, pseudo-federation), the *Federasi Serikat Pekerja Seluruh Indonesia* (FSPSI), in the late Suharto era—to seek registration with the Department of Manpower.

The drafting of Manpower Law No.25/1997 was an attempt to comprehensively update Indonesia's labour legislation. The law is intended to replace six ordinances and eight laws presently officially in force in Indonesia (Amiruddin and Masduki 1997:1). It covers labour force issues in both the formal and informal sectors as well as defining the operation of the industrial relations system (Department of Manpower 1997). The draft version of this law was a focus of extensive protest before Suharto's resignation. Protests were led by a group of non-governmental organisations whose interests ranged from women's issues to

legal aid—namely Yayasan Lembaga Bantuan Hukum Indonesia, Elsam, Akatiga, Lembaga Bantuan Hukum APIK, Solidaritas Perempuan, Infid, Kalyanamitra, Lembaga Bantuan Hukum Bandung and Lembaga Bantuan Jakarta—under an umbrella organisation called *Komisi Pembaharuan Hukum Perburuhan* (KPHP—the Commission for the Renewal of Labour Law) (Asmoel et al. 1997:23; Amiruddin and Masduki 1997).

Critics, led by KPHP, argued that the new law did not preserve the nominal protections provided under the ordinances and laws it was to replace. In addition, it was seen to legitimate unfair labour practices established by extra-legal means during the New Order period (Amiruddin and Masduki 1997:2). Protests were focused on Articles 29, 32, 33, 34, and 35 which dealt with trade unions; Article 77 on dismissals; and Articles 83, 84 and 85 on the right to strike (Asmoel et al. 1997:23). Under the articles on trade unions, attempts to establish a union must be supported by a majority of employees; employees whose duties conflicted with union interests could not join the union and union interests were to be limited to the company level. Union registration continued to be contingent on government approval and further government regulation of trade union matters. KPHP argued that Article 77 on dismissal procedures made dismissals easier for employers, while the Articles on strike procedures guarantee the right to strike in abstraction but make it difficult for workers to go on strike by limiting access to wages while on strike, forbidding secondary strikes, and demanding that three days'

notice of intention to strike (signed by union leaders) be provided to employers and government agencies (Asmoel et al. 1997:23–24).

The final version of the Law, approved on 3 October 1997 by then-President Suharto, did not address any of these major concerns. Yet, despite continued criticism, a Habibie government working group decided against striking it from the statutes in October 1998. In fact, the only change made was to its date of implementation, which was moved from 1 October 1998 to 1 October 2000 (TVRI National News 16 October 1998; *Jakarta Post*, 17 October 1998).

Two draft supplementary laws dealing with labour unions and a revamped Industrial Relations Tribunal respectively (Rancangan Undang-Undang tentang Serikat Pekerja; Rancangan Undang-undang MPPI)² were later produced. These, and subsequent, draft laws have been broadly consistent with the overall framework of Law No.25/1997, although they have redressed some aspects of the Law—notably, limitations on union membership—which had attracted criticism earlier. While the Commission for the Renewal of Labour Law became inactive in the early months of the transitional government (Interviews, February 1999), NGOs interested in labour law reform did not totally abandon attempts to monitor changes to the code. The proposed Law on Labour Unions (which has since been superseded) was, for example, the subject of a panel discussion held on 18 November 1998 (Panel Program, 18 November 1998).

Although it is possible that Law No.25/1997 could be cancelled by Abdurrahman Wahid's government before its implementation date, the results of the review process and the drafting of the supplementary laws suggest that Habibie's transitional government had no intention of addressing problems with the basic legal structure of Indonesia's industrial relations system. Yet shortly after coming to power on 21 May 1998, Habibie signaled that restrictions on alternative labour unions would be eased. Interestingly—in keeping with the traditions of the New Order government—Convention No.87 was not passed into legislation by the parliament. Instead, it was ratified through an executive decision (Keppres No.83/1998) and implemented through a Ministerial Regulation (PER-05/MEN/1998).³

There was a consensus among the labour-oriented NGO activists interviewed in February 1999 that Habibie's decision to ratify and implement the Convention was essentially a gesture of goodwill to international donors rather than an indication of government intent to reform labour relations. This interpretation is evidenced in the wording of the Ministerial Regulation through which the Convention was implemented. Although the regulation lowered requirements for union, union federation and confederation registration, it by no means allowed for truly free trade-unionism. Rather, the Department of Manpower retained its right to reject a union's application for registration and to monitor the administrative procedures of

those unions granted official recognition (Articles 4 and 5). These provisions were reinforced in Article 23 of the draft Law on Labour Unions discussed earlier, and have been retained in subsequent drafts.

The implications of the Department's continued role in deciding which unions could register were immediately clear. While some informants described successful attempts to register and run small independent unions following the ratification of the convention, others reported cases where registration had been rejected and the worker-activists involved dismissed (Interviews, March 1999). The risks surrounding registration were high. Workers wishing to register a union were required to provide a list of its members' names as a condition of the application to register (Article 3 of PER-05/MEN/1998). While subsequent draft laws forbid employer interference with union formation and operation, it remains unclear how committed the Department of Manpower is to policing such matters.

Another notable feature of Department policy in the immediate post-Suharto period was its continued refusal to permit alternative unions to register in workplaces where an FSPSI unit existed. Article 14 of the proposed Law on Labour Unions and provisions in subsequent draft laws clearly allowed for more than one union to operate in a workplace. In the early Habibie period, however, informants reported that Department officials questioned the legality of having more than one union in a workplace (Interviews March 1999).

Changes in patterns of unionisation

Despite continued practical impediments to union registration, the legal and policy changes on trade unionism following the ratification of Convention No.87 brought dramatic institutional changes in the representation of labour. The number of officially recognised unions grew at an astounding pace in the year following the ratification of the Convention. Eleven unions and union federations had registered before September 1998. By 24 February 1999, the number of registered unions had reportedly risen to fifteen (*Pikiran Rakyat*, 24 February 1999). By March, some 17 trade union federations had been formed (ACILS 1999a:19), while many more independent enterprise-level unions have also registered.

Union developments in the Habibie interregnum are best divided into three categories. In the official industrial relations system, unionism is confined to the private sector. Under the Suharto regime, in effect only workers in blue-collar industries were considered to be potential union members. In the Habibie interregnum, there was a dramatic rethinking of the possibilities for private-sector white-collar unionism, as bank employees reeled under the impact of the IMF-sponsored restructuring of Indonesia's financial sector. The concept of unionism as a private-sector, blue-collar phenomenon have been further undermined as membership of KORPRI—the compulsory, Golkar-affiliated civil servants' association—has been replaced in some government departments and state-owned enterprises by membership of new, workplace-specific unions and associations.

Blue-collar private sector unions

Blue-collar unionism remains the primary focus for organising in Indonesia. As implied above, the blue-collar unions registered in the first few months after Suharto's resignation fell into two broad categories. The first of these was comprised of national sector unions and union federations. Unions in this category included the state union *Federasi Serikat Pekerja Seluruh Indonesia* (FSPSI) and its splinter-group *Federasi Serikat Pekerja Seluruh Indonesia Reformasi* (FSPSI–*Reformasi*), the latter having seceded from FSPSI in August 1998 (*Jakarta Post*, 24 August 1998). It also includes the *Serikat Buruh Sejahtera Indonesia* (SBSI), the *Persaudaraan Pekerja Muslim Indonesia* (the Brotherhood of Muslim Workers), the *Federasi Serikat Buruh Demokrasi Seluruh Indonesia* (the All-Indonesia Federation of Democratic Workers' Unions), and a number of reconstituted pre-New Order, non-communist unions such as *Gasbiindo*, *Sarbumusi* and *Kesatuan Buruh Marhaen*.

Activists from labour-oriented non-government organisations interviewed in early 1999 were largely sceptical about the credentials of the newly-registered union federations. One informant, for example, argued that many of these federations were seeking formal recognition before they could develop mass bases, because it was unclear what the rules governing union formation would be after the election of 7 June 1999 (Interviews, March 1999). The haste with which the federations registered could also be seen as an attempt to mobilise worker support for affiliated political parties.

In addition to the reemergence of parties which had traditionally had affiliated trade unions, four new 'workers' parties also emerged in the lead-up to the election (*Kompas*, 6 March 1999). The SBSI-affiliated *Partai Buruh Nasional* (National Labour Party); the *Partai Pekerja Indonesia* (The National Workers' Party), the *Partai Solidaritas Pekerja Seluruh Indonesia* (The All-Indonesia Workers' Solidarity Party) and the *Partai Solidaritas Pekerja* (Workers' Solidarity Party) succeeded in being registered for the election. Notably, none succeeded in winning a seat in the DPR (*Dewan Perwakilan Rakyat*, Indonesia's Lower House of Parliament) (*Detik Online*, 14 July 1999). In fact, *Partai Buruh Nasional*, the most successful labour party, received just 0.08 per cent of the vote in the June election (ACILS 1999b:15).

The second category of blue-collar unions in the Habibie period was comprised of small, factory-based concerns. Many registered or aspiring unions in this category, such as *Serikat Buruh Garmen Mandiri P.T. Billion Knitting Factory* (The Independent Garment Workers' Union of the Billion Knitting Factory) and *Serikat Buruh Kapasindo* (The Kapasindo Labour Union), had their roots in the grassroots workers' organisations of the late New Order. Organisers of such unions seemed optimistic about their ability to provide real representation for their members (Interviews, March 1999). With the help of NGOs such as LBH Jakarta, Sisbikum and FAS, these unions have succeeded in using the ratification of Convention No.87 as a bargaining tool in direct discussions with management about union formation. One

KOBAR-affiliated independent union, for instance, had signed up all 300 process workers in its factory, where an unaffiliated company-level union, formed under 1994 legislation, had previously failed to garner worker support (Interviews, March 1999).

The independent collection of union dues has been of particular concern to new and aspiring enterprise union leaders, because they perceived the reliance on company collection of dues through wage deductions to be a major weakness of FSPSI units and SPTPs ('independent' enterprise-level unions allowed under 1994 legislation) in the New Order period. The KOBAR-affiliated union's officials reported that workers were happy to pay their monthly dues of Rp (rupiah) 500, because they were excited about the demonstrated day-to-day benefits of having truly independent union representatives on the factory floor. Other small NGO-affiliated unions reported similar progress in the set-up of dues collection procedures and negotiations with management (Interviews, March 1999).

The Government's will, and arguably ability, to intervene directly in labour relations faltered in the immediate post-Suharto period. Most notably, some informants reported that military intervention in the workplace had considerably declined (Interviews, February/March 1999), although other interviewees and press reports suggested that many workers were still being subjected to intimidation (*Surya*, 17 February 1999; *Jakarta Post*, 17 March 1999; *Suara Merdeka*, 23 March 1999). On 28 September, the Minister for Manpower,

Fahmi Idris, admitted that the military was still regularly involved in conflicts between workers and their employers (ACILS 1999c). There have also been reports by KOBAR and *Front Nasional Perjuangan Buruh Indonesia* (FNPBI) activists that thugs, rather than the military, have increasingly been used in an attempt to deflect accusations of military intervention in industrial disputes (ACILS 1999b:18).

Reports (although patchy) of the increased willingness of some employers to negotiate with newly registered or potential blue-collar unions suggest that, at one level, bureaucratic support for companies who ignore labour legislation has decreased (Interviews, March 1999). This promising development has, however, been undermined by the government's failure to protect workers from unfair dismissal resulting from their union involvement. In general terms, the economic crisis has allowed employers to target 'trouble-makers' when retrenching workers. More specifically, workplace activists who have established or sought to establish new unions have been targeted—for example, it was reported in the *Jakarta Post* (15 October 1998) that seventeen workers from the P.T. Billion Knitting Factory presented complaints to Indonesia's National Human Rights Commission that they had been sacked for setting up an independent union.

Another form of intervention has also become stronger since the fall of Suharto. A large number of external players seem to be eager to influence the future of labour representation in Indonesia. In March 1999, as organisations such as ACILS and FES (Friedrich Ebert Stiftung) focused on

promoting union management skills in SBSI and FSPSI—*Reformasi* respectively, the International Confederation of Free Trade Unions (ICFTU) was rumoured to be encouraging an amalgamation between the larger union federations (Interviews, March 1999).

White-collar private sector unions

The main site for the resurgence of white collar unionism in the Habibie period has been the banking sector. The main banking union is the *Federasi Organisasi Pekerja Keuangan dan Perbankan Indonesia* (The Federation of Indonesian Bank and Finance Workers' Organisations—Fokuba). Bank workers were involved in extensive demonstrations for better severance pay (*Suara Merdeka*, 15 March 1999; *Pikiran Rakyat*, 16 March 1999; *Surya*, 17 March 1999; *Kompas*, 19 March 1999; *Merdeka*, 20 March 1999; *Merdeka*, 22 March 1999; *Waspada*, 24 March 1999; *Surya*, 10 April 1999; *Pikiran Rakyat*, 20 April 1999) after it was announced that some 17000 bank workers were to be laid off from the thirty-eight insolvent banks closed under the IMF-sponsored restructuring of Indonesia's financial sector (*Pikiran Rakyat*, 14 March 1999; ACILS 1999a:21).

The bank issue was well covered in both the print and electronic media. Not only did it have the potential to provoke other white-collar workers to unionise, but it represented a fundamental shift in bank workers' self-perceptions and the perceptions of others about their position in relation to work, blue-collar workers, and unionism. This shift is captured in a *Media Indonesia* headline which read

'*Pesangon Karyawan Bank Bisa Ditiru Buruh Lain*' (Bank workers' severance pay [campaign] can be imitated by other workers). The point to note about this headline is the phrase 'other workers'. Under Suharto's New Order, the word *buruh* (worker) was, at best, relegated to descriptions of blue-collar workers. At worst, it was associated with images of the communist unions forbidden under New Order ideology.

Public-sector unionism

Changes to the possibilities for public sector unionism represent an even stronger break from the New Order's policy on unionism. On 9 March 1999, the Minister for Manpower, Fahmi Idris, announced that President Habibie had agreed to enact a regulation permitting freedom of association in state-owned companies (ACILS 1999a:19). Since a meeting between the Minister for State Enterprises and the Head of the State Enterprise Board in April 1999, employees at a number of state enterprises have withdrawn from the state's civil servants' organisation, KORPRI and formed their own unions (*Media Indonesia*, 20 May 1999). One early case was Garuda Airlines, where an estimated 9600 employees have formed a union called *Serikat Karyawan Garuda Indonesia* (Garuda Indonesia Employees' Union—Sakarga) (*Media Indonesia*, 20 May 1999), while another was the formation of the waterside workers' union, *Serikat Pekerja Pelabuhan Indonesia* (The Indonesian Port Workers' Union) (*Waspada*, 19 May 1999). In June 1999, the *Federasi Serikat Pekerja BUMN*

(The Federation of State Enterprise Workers' Unions—FSP-BUMN) was formed. According to a *Pikiran Rakyat* report (11 June 1999), representatives from 119 of 160 state enterprises attended the FSP-BUMN's first general meeting, which was held in Jakarta on 9–10 June 1999.

Implications

The developments outlined in this paper suggest that workers are willing to continue to push for meaningful trade unionism despite the difficulties they face in the context of Indonesia's ongoing economic crisis. This willingness demonstrates the extent to which the nascent organising efforts of the 1990s succeeded in politicising labour issues. Developments in the banking sector and the public service have been particularly significant given the relative absence of activity in the banking sector and the absolute impossibility of organisations rivaling KORPRI under the Suharto regime.

Yet, ultimately, the changes in conditions which allowed this new burst of union activity owed more to international pressure for changes in government policy than to domestic industrial pressure. While it is important not to underplay the strong links between domestic activism and the willingness of the international community to exert pressure at the government level, it is also important to recognise that without further changes in the formal features of Indonesia's industrial relations framework, possibilities for far-reaching reform may be limited.

Notes

- 1 'Department of Manpower' is the official English translation for *Departemen Ketenagakerjaan*.
- 2 Photocopies of the texts of these drafts, Presidential Decree No.83/1998 and Ministerial Decision PER-05/MEN/1998 were provided by LBH Bandung.
- 3 Ministerial Decision PER-05/MEN/1998 was in force for most of the Habibie period. It was superseded on 30 September 1999 (twenty days before Habibie's resignation) by Ministerial Decision No.201 (Kepmen No.201/1999) on Worker Organisations.

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