

Workers and Democracy: The Indonesian Labor Movement, 1949-1957

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Abstract: Dutch recognition of Indonesia’s sovereignty in December 1949 ended the constraints of colonialism, invasion, and reoccupation. Unions were free to reorganize and workers were free to take collective action to improve their lot in life. A labor movement that had struggled against a repressive colonial regime now flourished. There was freedom of association, freedom of the press, electoral politics with universal suffrage, and above all, the right to engage in industrial action. Eight years later, hopes for a strong labor movement with deep roots in workplaces were dashed, first, by the imposition of military law and then, by the collapse of parliamentary democracy. It was not until Suharto’s ‘New Order’ regime collapsed in 1998 that workers regained the freedom of association and to engage in collective action.

Keywords: Indonesia, Labor Unions, Twentieth-Century History, Workers’ Activism, Decolonization

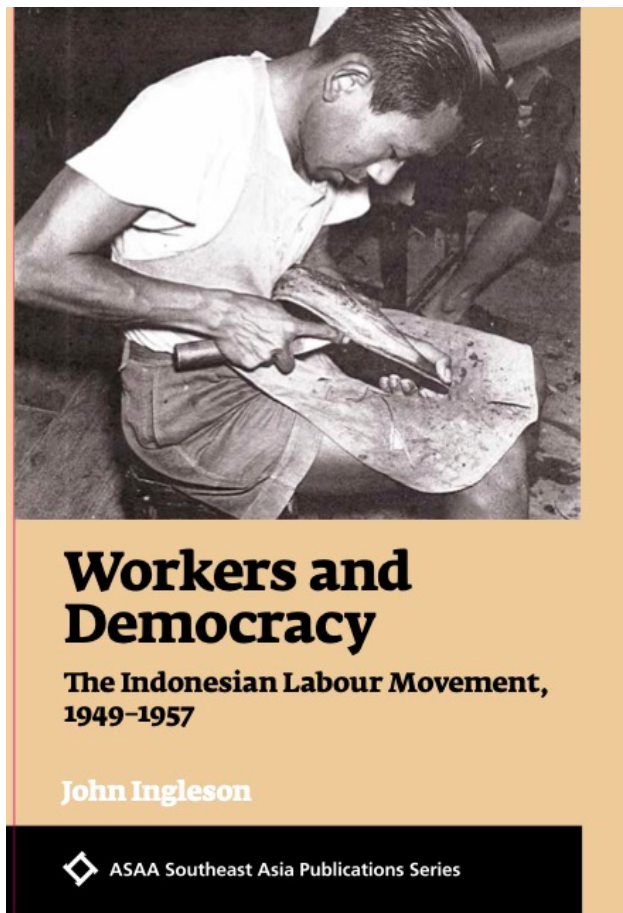


Figure 1: Cover of the author’s *Workers and Democracy: The Indonesian Labour Movement, 1949-1957*, published in 2022 by NUS Press and University of Hawai’i Press.

Writing in 1994, Ruth McVey described the 1950s as the ‘disappearing decade’ and the

‘lost years’ for Indonesia (McVey 1994). A decade later, after the collapse of the 32-year army-dominated Suharto regime and the restoration of democracy, Daniel Lev observed that the parliamentary period of Indonesian history (1950–57) had ‘been lost, badly distorted, misremembered, or surrounded by a mythology that renders it inaccessible to those most committed to change’ (Lev 2005: 196). He argued that these were not years of unmitigated failure, as asserted by the dominant narrative, but rather a time when much was accomplished and, further, that the absence of a historical memory of these achievements made fundamental reform in the post-Suharto era after 1998 more difficult. As I show in my latest book, *Workers and Democracy: The Indonesian Labour Movement, 1949–1957* (NUS Press and University of Hawai‘i Press, 2022)—which is a sequel to two earlier volumes on the labor movement in the colonial era (Ingleson 1986, 2014)—the story of worker activism and labor unions is an important part of this forgotten history.

Complicating the Picture

Suharto’s military regime seized power after the failure of the 30 September Movement in 1965, in which central leaders of the Indonesian Communist Party (Partai Komunis Indonesia, PKI) were involved. The ‘lost years’ were a consequence of the regime’s determination to cleanse the historical record and the collective memory by rewriting Indonesia’s postcolonial history and controlling the way it was taught in schools and discussed in public venues. Voices that did not toe the line of the new government were muted; history was not to be debated, contested, or reinterpreted.

The regime deliberately conflated the era of liberal parliamentary democracy that ended in 1957 with the more authoritarian years of Sukarno’s ‘Guided Democracy’ that followed. It

labelled the 15 years between 1950 and 1965 as the ‘Old Order’ and painted a picture of an era of political chaos, leading to the collapse of the economy and poverty for the Indonesian people. It blamed this on communists, left-wing sympathizers, and squabbling and corrupt politicians who had betrayed the ideals of an army-led revolution that had defeated the Dutch colonizers. In this context, unions were portrayed as tools of the PKI, focused on politics rather than improving the lives of workers. According to this narrative, workers were manipulated by communist union leaders who wanted to use them to help the PKI seize control of the state. The chaos and disaster of the Old Order were contrasted with Suharto’s ‘New Order’, which had saved the country from communism and brought stability, development, and prosperity.

The situation was far more complicated. In 1950, Indonesia’s infrastructure and economy were shattered after three years of Japanese occupation and four years of fighting Dutch attempts to reestablish colonial rule. Indonesia was a sovereign nation but with an economy based on resource extraction by foreign-owned companies. Plantations, stevedoring, and shipping companies, banks, manufacturing companies, and utilities were all owned by foreigners, predominantly Dutch, and managed by Europeans with colonial-era workplace structures, wages, and conditions. European managers constantly argued that ‘simple’ Indonesian workers were being led astray by communist-led unions and urged the Indonesian Government to rein in worker activism and union militancy. Lingering colonial mentalities blinded them from recognizing that their attitudes and policies were the major cause of labor unrest; they were not accustomed to their authority being questioned, let alone openly challenged. Most were uncomfortable negotiating with Indonesian union officials and many found it hard to conceal their disdain for them. Their refusal to recognize the justice of workers’

claims to higher wages and better conditions and their reluctance to abandon colonial-era labor management practices forced workers to take matters into their own hands.

Shifting the Focus to Workers' Agency

Drawing from extensive archival and library research in Indonesia, the Netherlands, the United Kingdom, the United States, and Australia, using union and official records, company archives, newspaper collections (Dutch and Indonesian), and the magazines and publications produced by labor unions themselves that are scattered throughout institutions in all these countries, *Workers and Democracy* focuses on the agency of Indonesian workers at that time. It also examines the structures, strategies, and industrial campaigns of unions in the context of ideological conflict, competing labor union federations, the opposition of employers to collective action, and the Indonesian State's efforts to manage industrial conflict.

While most unions were created by, or closely aligned with, political parties and many union leaders were deeply involved in the highly contested politics of the 1950s, the politics of unions represents only part of their history. First and foremost, they were industrial organizations. Their rapid growth after 1950 was based on their support of, and advocacy for, workers and their successful industrial campaigns to improve wages and conditions. Contrary to the Suharto-era narrative, assertive unions neither destroyed the economy nor made the country ungovernable. They did, however, end many of the worst aspects of labor control inherited from the colonial era and forced employers to improve wages and conditions far beyond what they would otherwise have conceded.

Almost all the unions that organized lower-paid and precariously employed workers in the

foreign-owned private sector as well as in government departments and local authorities were members of the All-Indonesia Central Workers' Organization (Sentral Organisasi Buruh Seluruh Indonesia, SOBSI). SOBSI was one of the PKI's most important mass organizations and the dominant labor union federation between 1950 and 1965. Its leaders were committed to the working class as the vanguard of a social and political revolution and to the PKI's political agenda. More than half of unionized workers in Indonesia were members of SOBSI's affiliated unions, with the organization setting the industrial agenda for the entire labor movement, including those unions ideologically opposed to it.

However, despite the claims to the contrary from foreign companies, European managers, and anticommunist Indonesian politicians and newspaper editors, Indonesian workers were not passive instruments of SOBSI or its affiliated unions. They were actors in their own right and, in the wave of optimism that followed the defeat of Dutch colonial power, when everything seemed possible, they were determined to change the conditions under which they worked. Most labor disputes were led by local people over local issues. Sometimes workers sat down on the job or simply walked out in protest. At other times, direct action was led by workplace activists in their role as union sub-branch officials to pressure management into negotiating with them.

Worker Activism and Decolonization

Worker activism and the rapid growth of unions in the early 1950s were an important part of the lengthy process of decolonization in Indonesia. Unions were strong and effective advocates for workers, at both the national and the workplace levels, showing what could be achieved in a liberal political environment.

In 1957, working conditions in large parts of

the economy were very different from those inherited from colonial rule. Improvements were not uniform, but workers who were unionized fared much better than those who were not. In industries with strong unions, increases in basic wages were, for the most part, still outpaced by inflation, but workers' total cash wages were increased by better cost-of-living allowances, higher rates for overtime, Sunday work, and work on official holidays, improved annual bonuses, and Lebaran (religious holiday) allowances. Unions forced employers to provide paid sick leave, free medical treatment, and medicines for workers and their families, free work clothes, improved family allowances, and death benefits. Many workers gained an entitlement to a pension for the first time, while others had existing pension rights improved. Unions forced hundreds of companies to enter into collective agreements and were vigilant in ensuring that industrial agreements were implemented fully. Employers were compelled to abide by the 1948 labor laws, which included a seven-hour working day and a 40-hour working week, paid overtime, higher allowances for working on Sundays and holidays, and two weeks of paid annual leave. Race discrimination and arbitrary treatment by managers were challenged.

While Indonesian political, bureaucratic, and business elites as well as army officers for the most part accepted the justice of workers' demands for a better life and for an end to colonial methods of labor control, they had little trust in movements run from below. Local officials, the police, and army commanders closely monitored the worker activism and union-organized industrial campaigns. They frequently intervened in industrial disputes, with hundreds of union activists arrested and fined or jailed each year. This did little to deter workers from demanding workplace justice but was a significant constraint on SOBSI and its affiliated unions, which were the prime targets of such repression.

The unease of Indonesian elites about workers' challenges to their authority was deepened by the failure of anticommunist unions to combat the growth of SOBSI and its affiliates. The strong support for the PKI in the 1955 national elections and the even stronger support in the 1957 Java provincial elections increased their alarm. Sympathy for workers' search for justice increasingly gave way to a growing fear among the upper echelons of Indonesian society that SOBSI-affiliated unions were providing a resurgent PKI with an army of people who could be mobilized to advance political goals that threatened their control over the state.

In December 1957, the seizure of Dutch assets transformed the struggle of workers and unions from primarily a conflict with foreign companies and managers into a conflict with Indonesian managers of national companies and state enterprises. Workers and unions were now directly confronting an increasingly illiberal state, an authoritarian military, and business elites who stood to gain from nationalization. Martial law, the ban on strikes, army management of large sections of the economy, and the army's control of the dispute-resolution system imposed tight limits on worker activism and narrowed the space for unions as industrial organizations.

Worker activism and the rapid growth of unions in the early 1950s were an important part of the decolonization process in Indonesia. Their achievements showed that it was possible to change the balance of power between capital and labor in a democratic society. Nevertheless, despite a favorable political environment, in 1957, most unions were structurally weak and struggled to create centrally controlled and financially strong organizations with committed members. Since the initial efforts to organize workers in the 1910s, Indonesian union leaders of all political persuasions had argued for the creation of a single national federation to strengthen their ability to challenge both employers and the

state. Every attempt in the 1920s and 1930s failed. They were no more successful in the 1950s, with many of the issues that had divided the labor movement during colonial rule continuing to be divisive. In the 1960s, this fragmentation of the labor movement was a significant weakness in the face of growing army opposition.

The communist-anticommunist divide was a major barrier, but not the only one. There were fundamental disagreements over issues such as whether unions should be centralized or decentralized, independent or connected to political parties, industry-based or company-based, class-based or faith-based, whether they should cut across the public-private sector divide, or whether they should have a mutual benefit as well as an industrial function. The communist-anticommunist ideological battle was brought to a violent end after September 1965, with the PKI, the SOBSI, and its affiliated unions banned and thousands of their members killed or jailed. More than 50 years later, after the restoration of democracy, many of the challenges of organizing Indonesian workers in workplaces stratified by status, gender, and ethnicity remain, as do the difficulties in overcoming regionalism, localism, and

interunion competition.

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