



## **Labor Movement Responses to the Indonesian Omnibus Law**

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***Dedication***

I dedicate this Research Paper to my friends and colleagues in the labor movement who consistently fight for labor rights and a better Indonesia

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## **List of Acronyms**

ABM	<i>Aliansi Buruh Menggugat/ Workers Challenge Alliance</i>
BPJS	<i>Badan Penyelenggara Jaminan Kesehatan/ National System for Health Insurance</i>
Gebrak	<i>Gerakan Buruh Bersama Rakyat/ Labour Movement with People</i>
GSBI	<i>Gerakan Serikat Buruh Indonesia/ Indonesia Labour Union Movement</i>
KASBI	<i>Konfederasi Kongres Serikat Buruh Indonesia/ Congress of the Alliance of Indonesia Labour Union</i>
KSN	<i>Konfederasi Serikat Nasional/ Confederation of national union</i>
KPBI	<i>Konfederasi Persatuan Buruh Indonesia/ Confederation of Indonesia Labour Union</i>
KSPI	<i>Konfederasi Serikat Pekerja Indonesia/ Confederation of Indonesia Trade Union</i>
KSBSI	<i>Konfederasi Serikat Buruh Seluruh Indonesia/ Confederation of Indonesia Labour Union</i>
KSPSI	<i>Konfederasi Serikat Pekerja Indonesia/ Confederation All Indonesia</i>

	Woerkers Union
PDIP	<i>Partai Demokrasi Indonesia Perjuangan/</i> Indonesia Democratic Party of Struggle
PPBI	<i>Pusat Perjuangan Buruh Indonesia/</i> Indonesia Centre of Labour
PRD	<i>Partai Rakyat Demokratik/</i> People' Democratic Party
SBSI	<i>Serikat Buruh Sejabtera Indonesia/</i> Indonesia Prosperity Trade Union
SMID	<i>Solidaritas Mahasiswa Indonesia untuk Demokrasi/</i> Indonesia Student Solidarity for Democracy
SPSI	<i>Serikat Pekerja Seluruh Indonesia /</i> the All Indonesia Workers Union
YLHBI	<i>Yayasan Lembaga Bantuan Hukum Indonesia/</i> Indonesia Law Aid Foundation
WALHI	<i>Wabana Lingkungan Hidup/</i> Environment NGO

## **Abstract**

In the middle of the pandemic in 2020, the Indonesian government pushed aggressively for the passage of a new national law on economic investments, consolidating various legislative initiatives in the past into one comprehensive investment legislative bill. It touches on wide-ranging economic themes, from labour to environmental issues, with the overarching agenda of making Indonesia a much more investment friendly country than before. It relaxes many regulations related to labour and environment that were perceived to be disincentives in doing business in the country. With the vigorous endorsement of President Joko Widodo, it got passed into law later in 2020. It is called the Omnibus Law. The business sector praised it. The environmental and labour groups have more complicated relationship with President Widodo who was elected into power with early populist support, including among civil society organizations, including environmental and labour movements. How did the labour movements that used to be friendly to and supportive to Jokowi (the popular nickname of the president) react to the Omnibus Law?

## **Keywords**

Labor movement, Omnibus Law, neoliberal populism, economic development, pandemic, Indonesia.

# Chapter 1 Introduction

## 1.1 Introduction

In the middle of the Covid-19 pandemic in 2020, the Indonesian government pushed aggressively for the passage of a new national law on economic investments, consolidating various legislative initiatives in the past into one comprehensive investment legislative bill. It touches on wide-ranging economic themes, from labor to environmental issues, with the overarching agenda of making Indonesia a much more investment friendly country than before. It relaxes many regulations related to labor and environment that were perceived to be disincentives in doing business in the country. With the vigorous endorsement of President Joko Widodo, it got passed into law later in 2020. It is called the Omnibus Law. The business sector praised it. The environmental and labor groups have a more complicated relationship with President Widodo who was elected into power with early populist support, including among civil society organizations, environmental and labor movements. How did the labor movements that used to be friendly to and supportive to Jokowi (the popular nickname of the president) react to the Omnibus Law? This is what this Research Paper is about because the answer to this question, given their relationship with Jokowi, is not straightforward or obvious.

In February 2020, the Indonesian government submitted the draft law to the parliament. The draft law was proposing to rearrange existing regulations on employment, environment, land use and business investments in Indonesia with the goal of transforming Indonesia into a major global hub for corporate investments. Later in 2020, it was passed into law, known as the Omnibus Law; a key strategy of the government as part of its Development Masterplan 2020-2024 that focuses on the “three-word mantra infrastructure, deregulation, and de-bureaucratization” (Warburton 2016: 308). According to President Joko Widodo (Jokowi) rapid infrastructure development is necessary to reduce poverty and existing inequalities between Java and more remote islands, stimulate economic growth and create employment opportunities. Deregulation and de-bureaucratization are thought to support infrastructure development by attracting investment, simplifying bureaucratic processes and reducing “red tape” (Warburton 2016: *ibid.*).

The Jokowi government promotes these policies in a populist and “pro-poor” language, for example by explaining how infrastructure development would help to bring down the costs of services and basic goods such as food and fuel in remote areas thereby benefiting ordinary people (hence, its ‘populist flavor’). However, none of the proposed policies of deregulation and de-bureaucratization specifically target poor people, in contrast to the subsidized health care and education policies that Jokowi implemented when he was governor of Jakarta (Warburton 2016: 308). The Development Masterplan 2020-2024 and Omnibus Law are better understood as ‘developmentalist’ in orientation, a term that does not necessarily mean or require to be pro-poor. Jokowi’s policies continue a longer history of developmentalist policies in Indonesia under the Suharto and Yudhoyono presidencies based on the idea that the state should

intervene in economic life and macro-economic policy in order to stimulate economic growth, industrialization and development (Feith, 1981: 502; Warburton 2016: 307). In the past, the Suharto authoritarian government forcibly pursued these developmentalist goals. Jokowi does not use force to pursue his policy goals, but his policy focus is conservative in the sense that he prioritizes economic growth, and has shown much less commitment to the realization of human rights, social justice and eradication of corruption (Warburton 2016: *ibid*).

The Omnibus Law is founded in the policy frameworks of deregulation and de-bureaucratization. The purpose of the Omnibus Law is that the government wants to both minimize bureaucratic intervention in, and integrate the different business, ownership and labor regulations in Indonesia by grouping them into one law. The Omnibus Law consists of eleven clusters covering several topics: investment rules; labor force regulations, regulations aiming to protect small and medium industries (UMKM); land regulations; rules pertaining to research and innovation; regulations to streamline government administration and bureaucracy; regulations for government projects; and rules for special economic zones. With those clusters, the Indonesian government expects to attract investments from both local and foreign investors. Within the law, Indonesia's available large supply of land and its large population of 260 million people are presented to foreign investors as assets that can be used in business to boost the national economy.

The process of legislating this Omnibus Law generated a lot of resistance from social movements. From the labor unions, they rejected the draft Omnibus Law because this document would eliminate a number of workers' formally guaranteed legal rights, such as menstrual leave, pension funds, and would introduce lower wages and, most importantly, 'flexible contracts'. From the peasant movement, they argue that the Omnibus law enables land use permits for foreign and domestic companies to use the land for up to 90 years. Finally, environmental movements, including NGOs such as WALHI (which is the Friends of the Earth - Indonesia) argue that this law has the potential for massive ecological damage because environmental standards for companies will be relaxed. These different arguments from workers, farmers and environmental NGOs has united social movements in Indonesia by making a large alliance against the draft Omnibus Law and the vision of development that is behind it.

## 1.2 Problem statement

In this Research Paper, I will focus in particular on the political reactions from the labor movements in Indonesia to the Omnibus Law. If this Omnibus Law is presented as something that will boost investments, and therefore, employment, why then would labor movements protest against it? In part, in order to understand the 'why' question, it will be important to study and understand 'how' they are protesting. These two questions of why and how are not straightforward, and the answers to these are not immediately obvious. These require careful data gathering and analysis.

Since the Indonesian government submitted this draft, the labor movement has played a dominant role in coordinating the resistance in civil society to

this law. At the same time, in the labor movement there have been divisions in terms of specific positions towards the Omnibus Law, both in terms of how much and which parts of the proposed law they want to reject, and what is the best way to protest against and engage with the government on this issue. Currently there is a split between two factions in the labor movement. One coalition, called Gebrak, takes the position that the Omnibus Law has to be rejected entirely, because they reject the law's underlying neoliberal agenda. Another set of labor unions takes a different position. They just reject one cluster of regulations within the draft Omnibus Law, namely the regulations on labor rights. They agree with the draft Omnibus Law and the underlying development vision, but want the labor regulations to be taken out of the law. Because of their different positions, these groups also take different strategies in engaging with the government. Gebrak uses mass demonstrations and tries to organize different other social movements into a broad coalition. The group of labor unions that agrees with the draft Omnibus Law, but without the labor regulations, is part of the official discussions with the government about this law. Their main strategy is to lobby the government in official meetings, and occasionally engage in street protest.

In this research paper, I will compare these two groups and how they respond to the draft Omnibus Law. What are their arguments, their strategies to make their voice heard, and can they offer an alternative ideology to the government's 'developmentalist' approach in the draft law?

### **1.3 Research objectives and questions:**

The objectives of this Research Paper are two-fold:

- (1) To understand the reasons of the government of Indonesia in consolidating legislative initiatives into one Omnibus Law on investment;
- (2) To understand the variety of political reactions by labor movements to the passing of the Omnibus Law;
- (3) To understand the strategy in terms of collective action and campaigns by labor movements in relation to their political reactions to the Omnibus Law.

The key question I want to answer is:

Why and how have labor movements responded the way they do to the Omnibus Law?

### **1.4 Relevance to development studies**

This research is relevant for Development Studies because it contributes to our understanding of how the relations between the state and labor unions are conceptualized and contested in the Omnibus Law and also to understand the labor unions resistance to this. These contestations are centrally about what kind of development, and for whom, should be pursued in Indonesia.

### **1.5 Methodology**

This research is a qualitative research: it is based on semi-structured interviews

with a select group of people who are directly involved in the labor movement. Most of them had positions as leaders or spokespersons for various unions and umbrella organizations. This means that they had a lot of knowledge about the existing labor regulations, the proposed changes in the Omnibus Law, and were directly involved in making strategic decisions about their unions' responses to the Omnibus Law. Apart from that, I also interviewed labor union members who were directly involved in organizing the National Strike in October 2020 after the Omnibus Law had been approved by parliament. In total, I conducted ten interviews. These semi-structured interviews helped me to confirm the news about Omnibus Law that was circulating in national newspapers and on the Internet. More importantly, it helped me to understand the knowledge and views that these labor union leaders and spokespersons had about current conditions in Indonesia, especially the pros and cons in the public discussion on the Omnibus Law and the events leading up to the National Strike. In short, these qualitative interviews offered insight, nuance and depth about people's understandings, interpretations and lived experiences (O'Leary 2013: 150). To protect my informants' privacy, I have given them pseudonyms in this research paper.

Because of the Covid-19 pandemic and lockdown, I could not go to Indonesia to observe events directly and had to rely on Zoom discussions, Facebook and What's App groups to study the debate about the Omnibus Law, and read the communication from within the labor movement. I also followed the media discussion on the Omnibus Law in the national newspapers like Kompas, Tribun News and the Jakarta Post to study the arguments from the government, business leaders and the labor unions that they used to promote or oppose (parts of) the Omnibus Law. During the pandemic, most of this discussion had moved online, and events such as press conferences and protests were streamed online and through social media, which meant I could study it through digital ethnography. Pink et al. (2016: 149) explain that digital ethnography can be used as a 'research window' to understand 'activist events' and how they relate to 'processes of societal transformation'. Media events in my research were the three-day national strike and press conferences that went with it, but also the government campaign to use artists as influencers to convince society to accept the Omnibus Law.

Since I was studying interactions, discussions and events that were unfolding, the technical process of 'tacking' that ethnographers use to move back and forth between concepts and reality was important. For this Research Paper, I went back and forth between information about the Omnibus Law debate in newspapers and online media, to interpretation and analysis of the information in the semi-structured interviews. Here, I follow Cerwonka (2007: 14) who notes that tacking can be used to study how events and their meanings unfold, and show their complexity.

## **1.6 Positionality, ethical issues and limitations of the research paper**

I have been a member of a labor union as a community organizer since 2010. My labor union's political affiliation leans towards Gebrak, taking an oppositional stance against the Omnibus Law. I know most key leaders of the labor unions in Indonesia being studied in this Research Paper. As such, I cannot claim

to be neutral politically on this issue. However, I tried the best I can to separate my political stance on the issue, and meet the requirements for a rigorous Research Paper that is more academic and objective.

During the research, I experienced both advantages and disadvantages relating to my closeness to the labor movement. My advantage is that I can quickly get information from organizations that refuse all contents of the omnibus law, in particular the labor, peasant and environmental organizations that are part of the Gebrak coalition. This was very helpful during this year, when lockdown and social distancing regulations that were in place in The Netherlands and Indonesia prevented me from doing fieldwork in Jakarta and West Java.

A challenge was that when I analyzed the information from the first long-distance interviews I did with Gebrak members, I saw that I did not always ask enough follow up questions in the phone interviews, partly because I was already familiar with their logic and their outlook due to my work experience in this movement prior to studying at ISS. Once I noticed that this was an issue for the information I gathered, I tried to include more follow up questions in the remaining interviews to better understand the political reactions to the Omnibus Law. With some respondents from the first interviews I was able to ask follow up questions over What's App or the phone.

A related obstacle that I faced was that many people in the labor movement know my background and the organization I work for, which rejects all contents of the Omnibus Law. Because of this, it was more difficult for me to speak with labor union representatives who work closely with the government. Here, an official recommendation letter from my supervisor at ISS helped them to understand my position as a student at ISS and as a researcher for this paper. This reduced some of their suspicions and two of them agreed to be interviewed over Zoom, though they remained reluctant to share their unions' strategic policy analyses with me. I have tried to work around this issue by collecting data from government websites, as well as documents about the Omnibus Law that are publicly shared by the members of the Tripartite dialogue. In closing, all of the above also pose some ethical issues for me about my positionality. The first thing to do about ethics compliance is to divulge and explain my positionality, which I have tried to do so here.

## 1.7 Structure of this study

This paper contains of six chapters. Following this introduction, the next chapter will explain about the theoretical framework for this paper, by looking at the links between neoliberalism, populism and Jokowi's development agenda. Chapter three explains the recent history of the labor movement in Indonesia, their strategies to advance labor rights and their engagement with different government agendas. Chapter four examines the two factions in the current labor movement and their analysis of the Omnibus Law. Chapter five then explores their responses and actions after the before and after the Omnibus Law was passed by parliament. Chapter six revisits the main research question and ends with a conclusion.

## Chapter 2 Theoretical framework

### 2.1 Neoliberalism, state and markets in Indonesia

Globally, neoliberal policies have become influential since the 1970s and 1980s, and in the 1990s and 2000s “neoliberal forms of ‘development’, ‘aid’ and ‘investment’ were normalized” (Nevins and Peluso, 2008: 9). David Harvey (2005: 2) defines ‘neoliberalism’ as

*“a theory of political economic practices that proposes that human well-being can best best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. (...) But beyond such tasks the state should not venture.”*

Harvey is thus clear that states play an active role in enabling market relations by actively promoting strong individual property rights, rule of law, financial and trade regulations (Harvey, 2005: 64). As Hauf (2016: 30) adds: different forms of statehood “perform a number of tasks and functions for capital accumulation and social regulation.” In facilitating market relations, states are involved in re-drawing the relationships between people, nature, government and markets. Polanyi (2001: 75-79) has made the argument that this process involves a ‘double movement’. On the one hand, land, people (labor) and money have to be actively created as commodities before they can be made available to the market. But there are limits to the extent that people, nature, animals and resources can be exploited or be subjected to market forces, so that in the end this process is incomplete. According to Polanyi, there will always be counter movements and initiatives to resist or challenge such neoliberal practices. For example, governments could make regulations such as state subsidies or protections to exempt strategic industries, certain groups of people, environments or institutions from being commodified or being made vulnerable to the ups and downs of the global market. In other instances, civil society groups and social movements can mobilize people to challenge the economic logic that mediates their lives (Nevins and Peluso 2008: 15-16). For Polanyi, this ‘double movement’ is one of the recurring tensions surrounding global capitalist development.

Vedi Hadiz and Richard Robison (2006: 220) indicate that neoliberalism has been included and resisted in government policies since the New Order regime (1966-1998). But even then, the Suharto regime only selectively opened the gates to foreign investment, while protecting significant industries (like steel, energy and agriculture) that were considered essential for his program for national economic development. Other sectors, such as timber, mining and manufacturing industries were opened up to foreign investment. What must be underlined is that neoliberal policies emerged over a long period of time. A first wave was during so-called a period of deregulation and de-bureaucratization in the 1980s, following a global fall in oil prices. As we will see in the next chapter, the late 1980s saw increased worker resistance and strikes to government policies that

had introduced flexible labor in manufacturing industries in an attempt to accommodate some aspects of neoliberalism (for example, tax breaks, low minimum wages and environmental standards) in selected industrial and special economic zones (Ong 2006).

Overall, the authoritarian nature and centralized economic planning under Suharto helped him to modify or evade the direct impact of neoliberal development policies promoted under the 'Washington Consensus' and by international development institutions like the World Bank and International Monetary Fund. In the 1980s and 1990s, several government leaders, including the Prime Ministers of Malaysia and Singapore used a discourse of "Asian values" to claim state sovereignty and limit economic and political influence from outside (Nevins and Peluso, 2008: 10). This changed after the 1997 Asian financial crisis and end of Suharto-regime in 1998, when Indonesia had to accept a large economic rescue package from the International Monetary Fund (IMF) and the conditions that came with it.

Since then, Indonesia experienced important political and economic changes, through a combined process of political decentralization and economic globalization. It means that the centralized power of the state was diminished in favour of increased autonomy and political power for local governments in regions and provincial capitals. According to the logic of the World Bank and the IMF political decentralization, which has been implemented since 1999, would reduce corruption and introduce good governance, greater accountability and transparency (Hadiz 2010: 18). This was considered important as a precondition to create effective state institutions that could facilitate the economic reform agenda promoted by World Bank and IFM to further integrate Indonesia in the global economy (Hadiz 2010: 23). In practice, these economic and political reforms shifted previously centralized networks of nepotism and corruption to the local level and in the 2000s several local leaders (for example in Banten and Sulawesi) cemented their political influence by establishing their family dynasties. Nationally, people who were in power during Suharto still occupy good positions in the government, including Prabowo Subianto, Suharto's former son-in-law, but also influential business leaders like Yusuf Kalla and Aburizal Bakrie. This is a challenge for Jokowi who is a political newcomer.

## **2.2 Populism, neoliberalism and Jokowi's development agenda**

### **2.2.1 Jokowi's political career as a populist leader**

First, I will briefly explain Jokowi's political career. Before becoming a government official, Jokowi was a timber entrepreneur. His political career began when he was mayor in the city of Solo. The programs carried out when he was a mayor are very populist in the eyes of the Solo community. Successful programs carried out by the local government include health programs and a famous program to revitalize traditional markets without displacing traders. To make this possible, Jokowi conducted 48 direct meetings with the market traders to include their voice in the planning for the traditional markets. From here, Jokowi's name in Indonesia became known when the media exploited him as a popular leader. The same was true when he was governor in the capital city, Jakarta. By using

the term "*blusukan*", which means meeting the community directly, he has become more popular in Indonesia. From this political career, Hamid (2014) argues that there are four main reasons why Jokowi is a popular leader. This argument is based on Jokowi's victory as governor of Jakarta. First, Jokowi and his vice governor Ahok, gained a reputation as leaders who dared to tackle corruption and bureaucratic inefficiency in Jakarta (ibid, 2014: 95). Second, there was little enthusiasm from the public for existing political parties as a number of well-known politicians were caught in corruption scandals. This diminished trust in politicians (ibid. 2014: 96). Third, Jokowi's growing popularity can be linked to "major changes at the level of the economy, culture and society through processes such as urbanization, economic modernization and globalization" (ibid. 2014: 97). Finally, Jokowi was considered attractive because he was an outsider to the political system and did not have political ties going back to the Suharto-period (ibid. 2014: 99). Ardit (2007: 69) explains that populism is a mode of representation in contemporary media-enhanced politics to the extent that populist leaders are conceived "as a crossover between acting for others, authorization, and the strong role of imaginary identifications and symbolic imagery." With the four characteristics identified by Hamid (2014) and supported by favourable media coverage as mayor, governor and presidential candidate, Jokowi deserves to be called a populist leader.

When Jokowi campaigned during his first presidential elections, he received a lot of support from the labor movement, as he had promised workers that he would not revise existing labor regulations, particularly the Manpower Act 23/2003, which guaranteed minimum wage standards. Both KSPSI and KSBSI, two of the largest labor unions in the country, each representing a mix of workers and sectors, actively supported Jokowi's campaign to become president. As we will see later, some of these unions were disappointed when during his first term, the Jokowi government did not stick to this promise and introduced a new Government Regulation 78/2015 that in the eyes of the labor unions diminished the minimum wage guarantees in the 23/2003 Manpower Act. When Jokowi was campaigning for re-election in 2019, he again promised to KSPSI and other labor unions that he would erase the 2015 minimum wage regulation. Not long after he was re-elected, Jokowi held his inaugural speech where he introduced the Omnibus Law, which contains more anti-labor content than the 2015 minimum wage regulation that his administration previously introduced.

## **2.2.2 Labor policies in the development agenda of the Jokowi administration Jokowi's political career as a populist leader**

It is important to understand what is the place of labor in current government policies for economic development. After the 1997 Asian financial crisis, the Indonesian economy recovered since the mid-2000s, but experienced a decade of 'jobless growth'. A challenge for both the Yudhoyono and Jokowi governments is that the majority of the population works in the informal economy, in insecure and low-skill jobs without social security. Currently, the government tries to move "well over a third of the workforce out of low-productivity and vulnerable jobs in agriculture and the informal economy" (Manning and

Pratomo 2018: 166). This is not the only labor-related issue that the government faces, as generally, “income, wages and productivity are low” (ibid.). This means there are two challenges: first, create a large number of good quality jobs through economic “growth and employment-friendly investments” (ibid); second, raise productivity, keep up with technological updates in society, and equip the younger generations with the training and skills to face industry 4.0. Achieving this requires sustained investment and support for the higher education system (Sastramidjaja and Naafs, 2015).

During the first term of Jokowi’s presidency (2014-2019), jobs in agriculture fell by 3% or one million people per year (Manning and Pratomo, 2018: 168). In manufacturing industries, job recovery after the decade of ‘jobless growth’ has been slow, even though output and productivity have increased. Jokowi gave support to garment and footwear industries in his own region in Central Java, but these manufacturing industries face a slow trade in the global market and competition with other countries like China and Vietnam, as well as domestic obstacles due to inadequate infrastructure (ibid.). Most of the recent job growth, already starting under Yudhoyono, has been in formal jobs in the service industries (including sectors such as trade, restaurants and hotels, transport and communication, business and finance services). These jobs open up opportunities for higher educated workers and women in particular, but mostly on fixed-term contracts (Manning and Pratomo, 2018, 169-170). Some data also suggest that many small and medium businesses, especially in manufacturing industries, routinely fail to comply with minimum wage standards and severance pay regulations (ibid).

In terms of government policy towards wages, Jokowi made a few drastic changes compared to his predecessor Yudhoyono. The main difference is that the Yudhoyono administration adopted a populist approach that tried to avoid a ‘cheap wages’ policy. In contrast, the first Jokowi government wanted to “create a more predictable environment for businesses, as well as developing a safety net for workers” (Manning and Pratomo, 2018: 172). To apply it, the Jokowi government made a regulation namely Employment Act 23/2015, which introduces minimum wage based on economic inflation. Representatives from business and employers associations (such as APINDO, the Indonesian Employers Association) had a considerable say in formulating this policy and they argued for a “wage restraint as businesses coped with slower economic growth” (ibid.). The labor movement protested against this regulation, but the Jokowi government pushed through and with this new regulation the government switched from a decentralized and uncertain minimum wage system to a more a centralized and predictable one, based on economic inflation. The result is that wage inequalities between different cities and regions can still be quite large, but the rate of increase in minimum wage standards is now more standardized (ibid.). Although real average wages (adjusted for inflation) generally have improved under the Jokowi administration, they have not improved in equal measures for different workers and sectors. Regular employees have benefitted much more from the new minimum wage standards compared to casual workers and the self-employed, while there is also a large difference between people working in agriculture versus non-agriculture sectors. Both these groups have done less well under the Jokowi government compared to the Yudhoyono administration

(Manning and Pratomo, 2018: 174). This is important, because peasants and contract and outsourcing workers in manufacturing industries are members of peasant and labor movements in Indonesia, some of whom have combined forces under the Gebrak alliance to protest the Omnibus Law.

Although creating and adding jobs is an important focus for the Jokowi government and the governments before him, to increase productivity the government needs to make considerable investments in training and skills of the population. Jokowi's National and Medium Term Development Plan (2015-2019) emphasizes the government goal to not just create jobs but also upgrade the skills of the workforce. To achieve this, the first Jokowi government introduced several policies, namely: "engage businesses more actively in vocational school and apprenticeship programs, focus on strategic industries, prepare migrant workers for more skilled jobs abroad (ibid.). More than previous presidents, Jokowi has succeeded in raising attention for the need for better training and skills for the workforce, but addressing this issue requires more long-term strategies and a more integrated approach beyond vocational schools and apprenticeship programs (Manning and Pratomo, 2018: 177).

To summarize, until now middle class, educated job seekers, who were able to move into formal jobs in service industries or digital economy seem to have benefitted most from labor policies in the first Jokowi-term. It is more difficult to improve training and skills of workers in manufacturing industries to "raise their productivity, wages and living standards" and, again, Jokowi is reaching out to big business and donors from abroad to assist with skills training (ibid, 2018: 181). Jokowi has had limited success in trying to engage with the labor movement on this issue of skills and training, partly because the labor movement is very much focused on increasing and maintaining minimum wages and severance pay standards and upgrading of production tools in factories, rather than discussing training and skill development with the government (ibid, 2018: 182).

### **2.3 Jokowi's re-election and second term**

On 20 October 2019, Jokowi was elected President for the second time and will be in power for another five years. The re-election to become president is an important one, especially for the labor unions in Indonesia where the largest labor union in Indonesia (KSPSI) supported his re-election as president, despite being disappointed by Jokowi's 2015 dismantling of prior minimum wage guarantees and regulations. For the next five years, Jokowi's government has set the following priorities in terms of national economic policy. In the National and Medium Term Development Plan 2020-2024, the Jokowi government has set an ambition to increase per capita income to an average of 23,000 US\$ per year. To reach this goal, the Omnibus Law, an in particular the Job Creation Bill, is an important stepping stone for the government to make Indonesia a more attractive destination for business investors with the hope this will facilitate economic growth and create jobs in different economic sectors. The government is not very specific about what kind of jobs they hope will be created.

Inevitably, the proposed regulations in the Omnibus Law involve the opening up Indonesian society to foreign and local business investments. Nevins

and Peluso (2008: 9) argue that such a repositioning of people, land and nature requires different

*technologies of control, such as the curbing or dismantling of labor unions and the deregulation of industry, agriculture, resource extraction – thus enabling ‘market relations’ to determine the direction of change – and the loosening of restrictions of financial transactions.”*

While the Omnibus Law is partly intended to create more jobs, some of the proposed regulations in the Job Creation Bill directly undermine existing labor standards, as it promotes economic deregulation, more flexible labor arrangements, lowering of existing standards for environmental protection and decent work. This brings us back to Polanyi’s ‘double movement’ as labor unions and other social movement organisations start to mobilize against what they see as anti-labor content in the Omnibus Law. The next two chapters will explain how they did this.

## 2.4 Conclusion

In this chapter, I have introduced Polanyi’s idea of a ‘double movement’ to understand the tensions between neoliberal economic policies which emphasize business investment as a way to create economic growth and employment, and the tensions between business and government leaders on one hand and the labor movement on the other, who criticizes the anti-labor elements within such regulations. As will be explained further in the next chapter, the labor movement is very active in mobilizing resistance against attempts to change existing guarantees for decent work (minimum wage standards, and limits to outsourcing). Jokowi’s populist appeal initially gained him support from some of the major unions, but this enthusiasm has diminished after he announced the Omnibus Law in his second term. The labor movement is vocal about wage and outsourcing issues, but is much less active in discussing another important issue, namely training and skill development of the workforce.

## Chapter 3 History of the Indonesian labor movement

In this chapter I will give an overview of the history of the Indonesian labor movement during the Suharto period and afterwards. This will give a background for the reader to understand different orientations, ideologies and strategies between different labor unions, especially between organizations oriented towards maintaining the political status quo and other organizations that want a more radical change in terms of labor rights.

### 3.1 Development in Indonesia

Development in Indonesia cannot be separated from Suharto's New Order regime (1966-1998), with President Suharto referring to himself as the 'father of development' (*Bapak pembangunan*). As Heryanto (1988) has argued, 'development' (*pembangunan*) became a keyword during the Suharto years. It was used to legitimize foreign investment and repressive state policies to achieve government goals for 'development' defined as 'modernization' and 'economic growth'. To achieve its ambitions, the government emphasized technocratic development. It invested in modernization of agriculture under the Green Revolution and developed strategic industries in energy and raw materials as part of its policies for import-substitution, while at the same time investing in export-oriented manufacturing industries. In addition, the government invested in infrastructure development and national education and health systems to improve overall welfare. To achieve this development agenda, the government's style was 'at best paternalistic and at worst oppressive' (Ricklefs, 2008: 320). The military occupied a prominent place in the government and the development process. It used force to confiscate land for large-scale agriculture and industrial projects, and repressed any challenges to the regime and its economic policies, including those from labor unions, students, and religious organizations. While the Suharto-regime maintained steady economic growth in the 1980s and 1990s, it was also renowned for its corruption and human rights violations (Ricklefs 2008: *ibid*).

Because civil society groups were repressed and universities also had to comply with the government ideology (Farid, 2005), development policy under Suharto was made by the military, bureaucrats and a small circle of experts known as the 'Berkeley Mafia.' After the Suharto regime ended in 1998, there have been changes and continuities in the government's agenda for national development. The government is no longer as repressive as it was under Suharto, there has been a move towards deregulation and democratisation, with more press freedom, freedom to organise as civil society, and national efforts to reduce corruption. Similar to previous presidents, Jokowi considers it the duty of the state to deliver economic growth and development through improvements in infrastructure and attracting foreign investments. Another continuity is that with these priorities, investments in national healthcare and education systems come in second place, like they did under Suharto, and do not continue the efforts made by President Susilo Bambang Yudhoyono to develop a national system for healthcare insurance (BPJS). In the first half of his presidency, Jokowi has made political alliances that helped stabilize his position as president. He is not willing

to compromise this stability by pursuing progressive agendas such as fighting corruption, strengthening civil society and seeking historical justice for the human rights violations under the Suharto regime. From this I agree with Warburton that Jokowi's development agenda connects to "the conservative sensibilities of Indonesia's political class. Jokowi offers a fast, simple and ruthless implementation of the statist-nationalist development strategy that has long loomed large in Indonesia" (Warburton, 2016: 318).

### **3.3. Labor movement in Indonesia**

The labor movement is one of the civil society groups that benefitted from increased freedoms during the period of democratization known as Reformasi after the end of the Suharto-regime in 1998. During the Suharto-period only one government-made labor organization was allowed, the All Indonesia Workers Union (SPSI). A new regulation adopted in 2000 (regulation 21/2000) re-instituted freedom of association to workers, giving them the right to establish a trade union. The Indonesian Independent Research Institute (LIPI) writes that since Reformasi, there has been a blossoming of labor unions, resulting in five federations of trade unions, 90 federations and 11,000 factory-level unions (LIPI, 2011). In addition, the government of President Abdurachman Wahid also opened a forum for communication, consultation and deliberation on manpower issues. Government regulation 8/2005 created a tripartite structure for labor unions, large employers and the government to discuss labor and employment issues. A final law that is important to understand the position of labor unions in Indonesia is the Manpower Law adopted in 2003 (Law 13/2003). This law granted 'the right to strike, restrictions on outsourcing, limitations on contract labor, payment of wages during some strikes, a prohibition on replacement workers during legal strikes, higher pay for workers suspended during the labor dispute-resolution process, and higher severance pay' (Caraway and Ford, 2020: 55). The 2003 Manpower Law is a direct result of the seat that unions had obtained at the negotiation table with employers and governments, and the wave of large street protests they had organised during the draft phase of the Manpower Law. The incorporation of their demands in the final version of the Manpower Law 'was a milestone for the unions' (ibid). Researchers who studied the Indonesian labor movement during the Reformasi-period have said that labor activists have more and more turned to the streets as a 'locus of populist political action' (Juliawan, 2011: 363) to make their demands heard. By using the 'city as a megaphone' (Padawangi, 2013: 849) large street protest in Jakarta and other cities are one way for the labor movement to advertise the issues that it wants to be part of the political discussion, while also showing the size and strength of the movement. For example, they can stage their protest near parliament or the central business district where offices of Indonesian and foreign companies are based (Padawangi 2013: 850). Large street protests can also give confidence to workers and encourage them to join a union. In Reformasi, the frequency of street protests has increased, and a greater mix of people participates in them, including students, NGOs, unions, religious groups, farmers and punks (Juliawan 2011: 354).

A big challenge for the labor unions during Reformasi is that they did

not only benefit from more political freedoms and new ways of engaging with employers and the state, but also had to face the impact of the 1997 Asian financial crisis. In response to the financial crisis, companies and the government were looking to get the economy going, attract foreign investment and introduce a new system of flexible and outsourcing labor. In 2006 President Susilo Bambang Yudoyono (SBY) wanted to amend the Manpower Law Number 13 of 2003 because he considered that the Law was not suitable for Indonesia's investment climate. With Presidential Instruction 13/2006, the government tried to amend some of the regulations in the 2003 Manpower Law. In particular, the 2006 draft Law would 'increase labor market flexibility by extending the maximum period of contract work, removing limitations on the kinds of work that could be outsourced, cutting maximum severance and long-service pay, restricting severance pay to workers who earned less than the tax threshold, and dropping the decent living standard as the basis for the minimum wage' (Manning and Roesad 2007, in Caraway and Ford 2020: 55). According to President Yudhoyono, this intervention in the labor law would be good for both workers and employers. The draft law was supported by employers, showing how 'financial business institutions have begun to chime with Indonesian labor laws which they claim are hostile to businesses (Caraway: 2010b in Caraway and Ford, 2020: 56). This triggered the unions to protest again. Trade unions created a new alliance with the name Workers Challenge Alliance (Aliansi Buruh Menggugat, ABM). According to Anwar, the National ABM Coordinator, this alliance was very militant and spread across big cities such as Medan and Makassar (*personal communication, August 5th 2020*). With protests by ABM in each region, the President failed to revise the Manpower Law No. 13/2003.

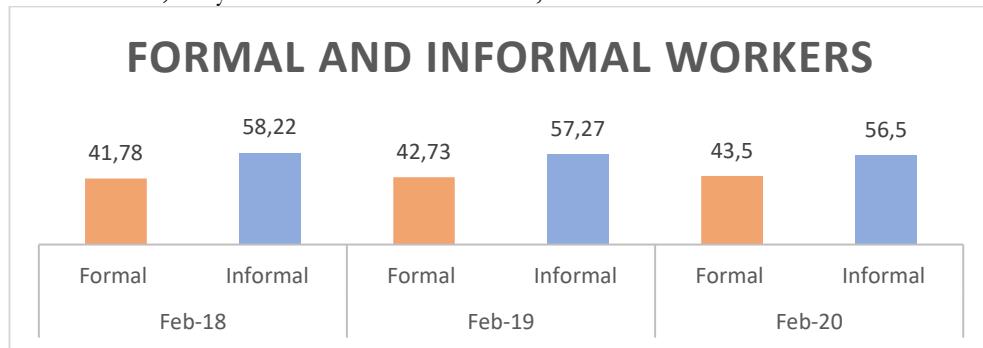
In short, political changes in Indonesia have created a democratic space for workers to establish independent trade unions, and create room for negotiations with large companies and the national government. A government lobby accompanied by street protests is a strategy for trade unions to fight for the rights of the workers and sectors they represent. However, the demands of the global economy, as understood by national politicians and business leaders, have made politicians repeatedly look to suppress workers rights through regulations that offer flexibility to investors and companies but are detrimental to workers. An example is the Employment Act 78/2015 about making minimum wage subject to inflation that was introduced by the first Jokowi government and that I discussed in the previous chapter.

There are also limits to the influence that labor unions can gain through street protests. Permits to protests can be refused by local government authorities. There is also a feeling that if street protests become more routine, they become less effective, like the yearly ritual of 1 May marches. For the unions, they are expensive to organize logically and to mobilize members to participate (Juliawan 2011: 360). Not every street protest has a direct result in the sense that the demands of the labor unions are fulfilled. However, Juliawan makes an important argument by saying that street protests help to create an 'oppositional identity' for trade and labor unions 'by challenging the dominance of the market system as a mechanism for distribution in society' (2011: 364). The government wants to treat labor as 'human resource' or 'input' to create an attractive global business climate. The street protests challenge this idea. They show that workers

are not just there to give their input to production and facilitate capitalism, but they also expect to share in the benefits of economic growth, in their workplace and for their families.

### 3.4 Contemporary trade unions

Before discussing the labor union strategies, it is helpful to explain the broader context of trade unions in Indonesia and their membership. Who do the trade and labor unions represent? The Central Bureau of Statistics (BPS) reports that in February 2020, the total work force (aged 15-60) was 131.03 million people. In this group, the number of formal workers was 56.99 million, where the number of informal workers was 74.04 million. Formal workers are workers who have official production relationships with state and business entities, such as factory workers and teachers. The characteristics of the formal workforce is that they have an employment status that is officially recorded by the Ministry of Manpower, which distinguishes between permanent, temporary, and outsourced labor. The majority of informal workers are workers who do not have an official employment status, it is not clear that working time is only temporary and there is no social security. In the Indonesian context, the majority of people are informal workers; they include small businesses, construction workers and farmers.



*The Central Bureau Statistic (BPS), February 2020*

In the last three years, the number of formal workers has very slightly increased and the number of informal workers have slightly decreased, as was explained in the previous chapter. Only a tiny minority of these workers of 5% are participating in labor unions. According to the Ministry of Manpower, there are 10,748 labor unions in Indonesia. Not all labor unions want to be represented by a broader labor federation, and not every federation is part of a confederation. Currently there are 161 federations and 17 confederations representing 3,256,025 workers (Ministry of Manpower and Transmigration). This number is a sharp drop compared to labor union membership in the early 2000s, when almost 9 million people were registered as labor union members with the Ministry of Manpower (Liputan 6, 23 April 2018). Hanif Dah Kiri, previous Minister of Manpower and Transmigration (Kemenakertrans) in 2014-2019, summarized this by saying that even as the number of labor unions continues to grow, their membership continues to decline. How to explain this paradox? The labor union representatives that I interviewed thought that one factor that helps to explain

this is the current move towards an outsourcing system in many industrial sectors. This trend towards an outsourcing and contract system discourages workers to join a trade union. For example, workers are worried that if company managers know that they are trade union members, that their contract will not be renewed. According to Muzakar, a trade union representative from KSPI, thinks this is part of the government's policy to deregulate existing labor regulations by adding more temporary and short-term contracts: 'with the growth of outsourcing, many workers who were previously registered as formal workers, now become informal workers' (interview, 3 October 2020). This outsourcing practice in every sector, makes it challenging for labor union's activists to organise workers. In addition, even though Indonesia has legally guaranteed a freedom of association, more recently established independent trade union which are created on the initiative of particular worker groups find it harder to get many members compared to trade unions have a longer history or already established channels for collaboration and communication with companies and governments. Today, we see that there may exist 3-4 unions in a single factory even though the independent trade union has a small number of memberships. 'The difficulty to make independent trade unions indicates that trade union is just a marketing strategy for such companies to promote their commodity to the global market that their factories give freedom of association for their workers' (*Anwar, leader of KPRI umbrella organization for labor unions, Interview 1 October 2020*). Thus, the labor unions which have conservative views and a longer history of affiliating themselves with the status quo find it easier to increase their membership than the newly established, more progressive labor unions. This is important and we will see that this also plays a role in different approaches and views towards the Omnibus Law.

Here, I want to first reflect on the current fragmentation of the trade unions and analyse this as one of the legacies of the Suharto regime that trade unions continue to grapple with. Both Lane (2019: 102) and Caraway and Ford (2020) emphasize the current level of fragmentation among different labor unions. Caraway and Ford write that following the end of the Suharto regime: 'unions were small, weak in the workplace, profoundly allergic to electoral engagement and lacking party allies' (Caraway and Ford 2020: 175). Similarly, Lane says that trade unions are currently 'neither centralized nor organized into a unified system (2019: 103). Because of this fragmentation it is difficult to summarize the particular character of the labor unions.

### **3.5 Status quo and socialist labor unions**

Currently, Indonesia has 16 labor union confederations (Ministry of Manpower and Transmigration, 2020). Within this group, there are 7 powerful confederations which can put pressure on the government and can influence the agenda for public discussions on labor-related issues, namely, the *Konfederasi Serikat Pekerja Seluruh Indonesia* (KSPSI- Confederation of Indonesia All-Worker Union), *Konfederasi Serikat Pekerja Indonesia* (KSPI- Confederation of Indonesian Trade Union), *Konfederasi Serikat Buruh Indonesia* (KSBSI- Confederation of Indonesia Labor Union), *Kongres Aliansi Serikat Buruh Indonesia* (KASBI- Congress of the Alliance of Indonesian Labor Union), The *Gerakan Serikat Buruh Indonesia* (GSBI-

Indonesian Labor Union Movement) and, finally, the *Konfederasi Persatuan Buruh Indonesia* (KPBI- Confederation of Indonesian Labor Union). These confederations represent different kinds of sectors and workers. Both the KSPI and KSPSI have the majority of their members in the textile, garment and footwear sectors, in addition to members from the automotive and electronic sectors. In contrast, other confederations, such as KASBI and KSN, do not represent particular sectors *per se*, but rather they make a territorial claim by representing workers from particular cities and regions (Hauf 2016: 134).

These confederations not only represent different industries and regions, but also different perspectives and strategies. To understand their perspectives and strategies, we need to know how they are positioned in the Indonesian political landscape, including its legacies from the Suharto-period. As Max Lane says, current labor union politics 'can be understood properly only by also grasping the meaning of deeper of the legacies from before 1998' (2019: 15). As I mentioned before, the Suharto regime just allowed one trade union for the whole country namely FSBI/SPSI<sup>1</sup>, which enabled it to control the labor movement through the military (Hadiz, 1997: 59 – 83). Lane calls this legacy '*state authoritarian unionism* – namely a state-supported single union structure' (Lane, 2019: 9). It means that this union was created by the state, depended on it and did not have an active membership of its own. Many members came from the military, SPSI received subsidies from the state and its views and policies were not challenged by any other unions (Lane 2020: 6). For this reason, Botz notes that 'SPSI could no longer called trade union' (2001:115).

Despite there being a single state-managed trade union, this did not mean that this union was not challenged. Already in the first half of the 1980s there was a famous wave of workers strikes and protests that was happening outside of union structures (Lane 2020: 7). Hadiz (1997: 105-106) similarly mentions that strikes often happened during this period, especially in industrial zones around Jakarta, West Java and East Java, and particularly in textile, metal and pharmaceutical industries. Of course, the government tried to monitor and suppress this labor instability by using military and security organizations to stabilize the unrest. By the late 1980s the number of strikes and other incidents had been drastically reduced.

In the 1990s, several NGOs were emerging that were less tightly supervised than the labor union, had international funding, and were creative in staying under the radar when organizing their meetings (Hadiz 1997: 138). These NGOs helped workers organize, support them in strikes and informal negotiations with employers and, supported with the establishment of new trade unions (Botz 2001:129). There were two trade unions in particular that would challenge

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<sup>1</sup> Before SPSI, the government created a labor union called the Indonesian Labor Union (FBSI, the All-Indonesia Workers' Federation). This change was influenced by the meaning of 'labor' Federation which had the appearance of class struggle. While the term worker is a more neutral word. According to Ford, the goal of changing the name from 'labor' to 'worker' is to 'reduce class connotation' (Ford, 2009: 56). Indonesia claims that the nation's ideology is based on ethnic references. In the context of the Suharto regime's perspective, Pancasila was 'directed at economic development, political stability and the modernization of society' (Hauf, 2016: 121).

the SPSI, *Serikat Buruh Sejahtera Indonesia* (SBSI- Indonesia Prosperity Trade Union) and *Pusat Perjuangan Buruh Indonesia* (PPBI- Indonesia Centre for Labor Struggle). SBSI was founded in 1992 by NGOs and activists such as Muchtar Pakphan, a labor lawyer who became the chair of this trade union, and Teten Masduki, who was a lawyer at the *Yayasan Lembaga Bantuan Hukum Indonesia* (YLBHI- Indonesia Law Aid Foundation). This new union had links with Christian Democratic political parties and unions in Europe (Lane 2020: 10). This political orientation was also part of SBSI's own agenda to improve wages and labor conditions through a process of collective bargaining (Lane, 2019: 16). Not long after it was established, Suharto banned the SBSI and Muchtar Pakphan was arrested.

In contrast, the *Pusat Perjuangan Buruh Indonesia* (PPBI- Indonesian Centre for Labor Struggle) was founded in 1990s by a group of young people who were members of the Indonesian Student Solidarity for Democracy (SMID- The Indonesian Students in Solidarity and Democracy), which is a part of the People's Democratic Party (PRD). The PPBI' goal was to create a 'socialist Indonesia which they saw as a framework in which the welfare of workers and the rest of the poor majority, including advocating socialism, would have more freedom' (Lane, 2019: 11). Mass mobilisation and protest was PPBI strategy like in 1993 and 1994, when PPBI conducted massive protests about minimum wage and labor conditions in several cities such as Tanggerang and Jakarta (*Dwi Hartanto, leader of SMID in Jakarta , Interview 13 Augustus 2020*). Lane emphasizes that mobilisation and press coverage and other publicity 'played an important role in popularizing the idea of mobilisation against the government' (2019: 12). However, like he had done with SBSI, Suharto banned PPBI leader and similar organisations in its network. PPBI's leader, Dita Indah Sari<sup>2</sup> and the PRD leader, Budiman Sujatmiko<sup>3</sup> were both arrested.

Throughout the 2000s, labor unions organized to advocate a decent minimum wage, and reduce outsourcing and subcontracting practices, while also trying to expand on their rights to organize (Hauf 2016: 218). However, despite the political reforms that have occurred since May 1998, labor unions continue to grapple with various legacies of the Suharto regime. One such legacy is that following the situation where there was effectively one recognized union, most of the newer trade unions were not well integrated with different political parties in contemporary Indonesia. Some exceptions are: 'the KSPI's leadership has maintained contacts either with *Golongan Karya* party (GOLKAR<sup>4</sup> - Functional Group) or with the *Partai Demokrasi Indonesia-Perjuangan* (PDIP<sup>5</sup> - Indonesian Democratic Party of Struggle), showing a clear orientation towards the political establishment (Lane 2019: 35). And the other trade unions, KSPI, has connected with Prabowo Subianto where the KSPI had nominated its cadre to become

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<sup>2</sup> Dita Indahsari now supports Joko Widodo government as staff expertise in the ministry of Manpower and transmigration.

<sup>3</sup> He was a legislative member from PDIP, the party which supports current president.

<sup>4</sup> It is a political party which is established by Soeharto regime

<sup>5</sup> This political party which established by Megawati Soekarno Putri, the fourth Indonesia president. Now the party has been held the power in Indonesia and Joko Widodo is from the party

legislative representative of Gerinda party and PKS (Caraway and Ford, 2019: 159). The other trade unions are less well connected and politically oriented.

### 3.5 Contemporary Labor Politics

SPSI, the labor union established by Suharto, still exists and today has become one largest trade union confederations in the country and is now called KSPSI. However, after Suharto stepped down, this labor union fell apart in three new Confederations namely, KSPI, KSPSI Andi Gani, and KSPSI Yoris. The three confederations are connected to various political parties in Indonesia as I mention above. These confederations are hoping that more direct links with politicians and the union's involvement in politics will lead to more positive labor regulations for Indonesian workers (Caraway and Ford 2019: 155). All three of these organisations tried to connect to the Presidential candidates, Jokowi and Prabowo, in the 2014 and 2019 national elections (Caraway and Ford, 2019: 166)<sup>6</sup>. Both years, KSPSI Andi Gani, KSPSI Yoris and KSBSI supported Jokowi. KSN supported Jokowi in 2014 but not in 2019 because the organization was disappointed with the first Jokowi government. KSN was not the only labor union that was disappointed: 'Joko Widodo may have run on pro-people and pro social movement platform, but he oversaw the development of policies that were far more anti-labor than those any of his predecessors' (Caraway and Ford, 2019: 177). As we saw, an unpopular policy introduced by Jokowi during his first term as a president is that he made the minimum wage subject to economic inflation instead of people's basic needs.

Another group of trade unions (KASBI, KSN, GSBI, KPBI) did not want to connect to existing parties, but tried to gain political influence by establishing their own political party. Due to administrative hurdles for new parties, this dream has not yet come through. For example, Boing, leader of KPBI says that "KPBI, KSPI and *Serikat Petani Indonesia* (SPI- Indonesian Peasant Union) created *Rumah Rakyat Indonesia* (RRI- Indonesian House) which was the basis for a political party but we were not ready yet because the administration to register a new political party in Indonesia is very difficult" (Interview on 5 August 2020).

For example, one of the administrative conditions to establish a political party is that every regency has a minimum of three registered members.

### 3.6 Conclusion

After the Reformation, the labor movement has benefitted from changes in democracy and also freedom of association, leading to a lively street politics and many new trade unions. It is clear enough that the trade unions try to build their political power by collaborating with political parties and even try to create their

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<sup>6</sup> 2014 and 2019 were general election in Indonesia and both years presidential candidates were the same, Prabowo Subianto, a popular former general in Soeharto regime versus Joko Widodo, wooden entrepreneur from Solo, Central Java and he was a former mayor in Solo and a governor in Indonesia capital city, Jakarta. Two times Joko Widodo is Indonesia president.

own political party which focuses on working class people. Until now this has had mixed results and they need to overcome their fragmentation before they can gain more political influence. This is an important context for the Omnibus Law and the different analysis and strategies that I will explain in the next chapter.

## **Chapter 4**

### **Labor Movement Responses to the Omnibus Law**

#### **4.1. Introduction**

This chapter will look at different strategies used by labor unions and federations as part of their campaigns against the Omnibus Law especially the Job Creation Bill. Within the labor movement, there are different views about the draft law. Across the board, the labor movement rejects the proposed changes in the Omnibus Law to water down existing labor regulations currently enshrined in the Employment Act 13/2003. Where they differ is that two factions in the labor movement, both oriented towards maintaining the status quo, would accept the proposed Omnibus Law if the proposed changes in the labor cluster were removed, whereas another faction, which has a more radical and socialist orientation, is part of a broader coalition with other social movements that reject the Omnibus Law in total. Reflecting these different goals, these status quo-oriented and more radical organizations also use different strategies to voice their concerns and opposition to the government, their members and the wider public. Initially the division was between these two status quo and radically oriented factions in the labor movement, but these became three when parliament rushed to approve the Omnibus Law on 5 instead of 8 September 2020. One group within the status quo oriented Tripartite group left and became independent to explore different ways of engaging with the government. In the last part of this chapter, I will then explain how each group reacted after the approval of the Omnibus Law.

#### **4.2. Working with the government: labor unions as part of the tripartite structure and ‘Omnibus Law technical team’**

In the previous chapter I explained about different trade union legacies from the Suharto period, including one group of trade union confederations originating from the single labor union established and approved by the Suharto regime. Today, this group continues to be oriented towards collaborating with the government. In other words, they are oriented towards the political status quo. Max Lane has observed that this group ‘has a narrow and conservative agenda and a state-dependent leadership’ and strive for ‘improvements in wages through collective bargaining’ (2019: 16).

This group consisted of KSPI, KSPSI Andi Gani, KSPSI Yoris, Confederation of Indonesian Prosperous Labor Union (KSBSI), Confederation of Indonesia Muslim Workers Union (KSarbumusi), All-Indonesia Federation of Wood, Forest and General Workers Unions (FSP Kahutindo), All-Indonesia Worker Federation of Plantation (FSP Perkebunan) and Confederation of National Labor Union (KSPN). Three unions out of the group, KSPSI Andi Gani, and KSPI and KSBSI are known by *Majelis Pekerja Buruh Indonesia* (MPBI) had impressive success in 2012 and 2013 when they collectively challenged the governments’ proposed revision of Empowerment Act 23/2003 which would have reduced minimum wage and introduced more flexible labor regulations.

Not only did these organisations lobby political parties but also, they did protest for 3 days in industrial zones around Jakarta and Bekasi. In 2012 and 2013, the minimum wage increased by 40% and 30% respectively. While these organisations could successfully collaborate on the issue of minimum wage, Lane argues about KSPSI's fragmentation that "they tend to make a "deal" with the government (*Kekuasaan*) instead of challenging the government" (*MAP UGM Corner webinar discussion, 1st September 2020*).

In the Omnibus Law context, these confederations and federations use a tripartite framework to negotiate about labor cluster within the Omnibus Law. They are part of the Omnibus Law Technical Team. The purpose of this team is to give input to the government to revise the draft Omnibus law, especially the set of labor regulations known as the Job Creation Bill. It is also hoped that this team will find a way out of the impasse in the current debate about the Job Creation Bill. The trade unions in the Tripartite Team want the government to remove the regulations in the labor cluster from the Omnibus Law. In particular, they problematize the government's plans to allow more outsourcing and flexible labor if the Omnibus Law gets approved. As Muzakar, a KSPI spokesman explains: "KSPI does not refuse the whole contents of the draft Omnibus Law, we just want to pull out the labor cluster from the Omnibus Law. The Omnibus Law potentially diminishes labor rights by expanding the outsourcing system." (*Interview, October 4<sup>th</sup> 2020*). Similarly, KSPN's leader, Riadi, emphasizes in an online newspaper that:

*'The labor unions which refuse the Omnibus Law altogether, need to clarify their position, because the bill will introduce a relaxation of permits for small businesses, indeed we have to support it. Additionally, the government has already created the Omnibus Law Technical Team which directly connects to the labor cluster within the Omnibus Law'* (Liputan6.com, 28 August 2020).

With this statement, Riadi, suggests that the views of the labor movement are accommodated in the Tripartite dialogue with government and business leaders and that this gives an opportunity to give input on the controversial Job Creation Bill. However, the Tripartite team has not reached a deal between entrepreneurs, government, and labor unions about the Job Creation Bill. From labor's side, they wanted to uphold the labor regulation within the Employment Act 23/2003. Under the proposed Omnibus Law, the government wants to dismantle this regulation in favour of more flexible labor regulations that they think are necessary to attract foreign investors. An additional argument from both government and major companies is that "workers need to understand about economic crisis in Indonesia, and we need to change existing labor regulations through the Omnibus Law" (*Haryadi Sukamdi, leader of Indonesian Chamber of Commerce, member of Tripartite Team, 30 September 2020*). In their argumentation for removal of labor protections, the Ministry of Manpower argues that "since the pandemic 3 million workers have been fired and as a government, we need to think about young job seekers" (*Open letter of Ministry of Manpower and Transmigration, Ida Faudziah, in Kompas.com, 5 October 2020*). It seems that the government cares about Indonesian workers, and the younger generation in particular, but

what is not clear is how removal of existing labor regulations will be good for young job seekers.

#### **4.2.1. Disagreement among labor unions in the Tripartite Team**

Lack of coordination about the narrative among different labor unions in the Tripartite group led to a split. Two biggest confederations, KSPI and KSPSI Andi Gani abandoned the team. KSPI's leader Said Iqbal says in a statement on the union's official website that "In other words, the Tripartite Team is not just a stamp of approval giver, offering a means of legitimacy, who only hears input without any decisions and agreements," (*KSPI official website, July 13<sup>th</sup> 2020*). He explains the reason for leaving by saying that

*First, the tripartite group does not have the authority to make any decisions and agreements; they can only listen to the input of other members of the technical team. Secondly, the entrepreneurs and business leaders are arrogant towards the labor representatives by returning every proposal that the labor unions suggest; thirdly, the team has limited time in discussing the draft omnibus law, and lastly, the technical team cannot solve the problems related to disagreements about labor' (KSPSI.or.id, July 13<sup>th</sup> 2020).*

So in the end, 'labor representatives just become a good listener', said a spokesperson of KSPI to me in an interview (*Muzakar Interview October 4<sup>th</sup> 2020*). For these reasons, the two confederations left, but they also did not join the Gebrak coalition since Gebrak rejects the whole Omnibus Law, whereas KSPI only tries to get a better deal for the labor cluster in the draft Law. In an interview I had with Sumiati, the leader of KSBSI, a union that is also member of the Tripartite Group, she explained her surprise about the news that the two organisations left the Tripartite Team:

*KSPI and KSPSI Andi Gani did not coordinate with us as a part of the group. Suddenly Said Iqbal proposed his union's version of the draft Omnibus Law, with on the cover of the draft written "Refuse the Omnibus Law". Indeed entrepreneurs and government did not want to take their proposal, because we had previously agreed that we just problematise the labor cluster and my confederation (KSBSI), KSPN and KSerbumusi did not know that KSPI would propose their own version of the Omnibus Law because we, the other groups in the team, have our version also' (Interview, 3 October 2020).*

Sumiati's organization had not yet put their version of the Omnibus Law on the table because the talks were still on-going and the unions were collaborating on coordinating their input and discussion points. Each organization had their own analysis of the draft Omnibus Law, but to make their criticism more effective, they decided to make a collective statement in the Tripartite meetings. In Sumiati's opinion, suddenly these two organizations abandoned this structure. This shows the fragmentation in the labor movement that was also mentioned in the previous chapter.

The other trade unions that are still part of the Tripartite structure and the technical team (KSerbumusi, KSPN, KSBSI and KSPSI Yoris) understand the dissatisfaction with the Ministry of Manpower and why these two

organizations left the technical team. But there are two reasons they are still participating in the technical team. According to Riadi, president of KSPN, one consideration is that they maintain consistency in the struggle to resist the clusters of labor regulations in the draft Law. Another argument is that "If the labor representatives leave the technical team, then who will control this Omnibus Law?" (*Kompas*, 15 August 2020).

After exiting the technical team, KSPI announced a big demonstration in Jakarta on August 25, 2020, when parliament was discussing the draft Omnibus Law. KSPI demanded that the Omnibus Law discussion session be dismissed, and that instead the government would focus more on the issue of mass layoffs due to the COVID 19 crisis in Indonesia. However, already before 25 August, the parliament has the initiative to create a new 'Omnibus Law Discussion Team' as a bridge between labor union representatives from KSPI (Said Iqbal) and KSPSI Andi Gani and parliament members in the discussion of the draft Omnibus Law. In the team, one parliament member, Willy Aditya, who is speaking on behalf of the National Democrats, says:

*'There are nine main points proposed by KSPI regarding the Job Creation Bill. These include, among others, the Job Creation Bill needs to guarantee the minimum wage and severance pay, limit outsourcing in all types of jobs, as well as working overtime. The current Bill offers no potential to become a permanent worker, involves the potential loss of social security, makes it easy to sack workers, and invite foreign workers who are free to work in Indonesia. The political manoeuvre that KSPI did by leaving the technical team was part of a strategy where they tried to open another space to lobby for the removal of the labor cluster from the Omnibus Law. (BBCIndonesia.com, 19 August 2020)*

This discussion shows the difficulties among trade unions to engage with government and business leaders when they do not have a strong collective bargaining position. The labor movement's rejection of the Job Creation Bill in the Omnibus Law has so far not yielded maximum results. While I agree with Riadi that it is important to keep communicating with the government and keep access to relevant information, so far the talks have not indicated that labor unions have much control over the discussions about the Omnibus Law. Indeed, the two trade unions who left, felt not taken seriously enough by government and business representatives to make collective bargaining possible. For now, they abandoned the Tripartite discussions and changed their strategies by lobbying parliament members directly and organising small street protests voicing their rejection of the Job Creation Bill (but not the Omnibus Law itself). These street protests are different from those organized by the Gebrak alliance, which rejects Omnibus Law in its entirety.

#### **4.3. Rejecting the draft Omnibus Law: labor unions in the Gebrak alliance and social movement**

The second faction in the labor movement is the Gebrak alliance (Labor Movement with the People/Gerakan Buruh Bersama Rakyat). Gebrak is a powerful alliance driven by three confederations, the Confederation of Indonesian Workers Struggle (KPBI), the Congress of the Indonesian Workers Alliance (KASBI)

and the National Union Confederation (KSN). As Boing explains ‘the labor movement is a social movement, and labor movement must be able to be a consolidator to other social movements’ (Interview 19th August 2020). The Gebrak alliance uses the phrase ‘*Bersama Rakyat*’ to announce that labor movements are not separated from other social movement groups in society like farmers, indigenous people, and fishermen’s movements. In fact, all these groups are represented in the Gebrak alliance. Gebrak’s position about the Omnibus Law is clear: the alliance rejects entire content of the (draft) bill. In this section, I will observe what the alliance did in its response the draft bill and how it organised their members to join and collaborate with other social movements like farmers and students.

The first time that Gebrak emerged in public space was on 1 May (Mayday) 2017. On this Mayday, the Gebrak alliance publicly protested the local and national governments’ yearly adjustments in the minimum wage in relation to economic inflation. While this was a routine activity since 2015, this time Gebrak was also raised the idea of a creating a political party for workers. In the words of one of Gebrak’s leaders cited in Kompas national newspaper: “Workers need to begin considering their political awareness by creating an alternative party. If we do not have our own party, we cannot do anything because all regulations have created by parliament” (Kompas, 27 April 2018). However, until now, this political party has not become reality. The Omnibus Law issue, however, is an opportunity to the alliance to unite different social movements in Indonesia because the bill is not only a single labor issue “but also harms farmers, fisherman, indigenous people and the younger generation” (Boing, KPBI leader, part of Gebrak alliance, interview 19th August 2020). In this sense, Gebrak’s consolidation of various social movements in one alliance could be a first to make a new political block. However, currently it is not clear which political direction it will take, whether Gebrak will become a political force to challenge other powers or just a tactical alliance that serves to resist the Omnibus Law, and that after that the Alliance will be disbanded.

Through the Omnibus Law issue, Gebrak struggle is very consistent to reject the Job Creation Bill without compromising with government. Since February 2020, Gebrak and other labor unions have started meeting with the Ministry of Manpower by bringing masses of supporters who wait outside of the building to hear the result of the meeting. The first meeting with members of Jokowi’s second government took place in February before the government submitted the Omnibus Law to the House of Parliament. During the hearing, there was tension between the Gebrak alliance and ministry staff. The tension was triggered by a Gebrak representative. According to Oncom, a KPBI spokesman for Gebrak and who was present at this meeting,

*‘The meeting was just an introduction of the Law and an announcement that the draft had already been submitted to parliament. The representative of the Ministry of Manpower told us that the government could not give us the draft bill document in the meeting, but that the draft bill would become publicly accessible after parliament had discussed it. How can we agree on the draft bill, if the government did not allow us to access the document?’* (Interview on 4 October 2020).

The tension about the government's refusal to share the document with the draft bill made Gebrak walking out from the meeting. The rest of the labor unions such as KSPI dan KSBSI stayed and joined the Tripartite Team in August to give input on labor cluster in the Omnibus Law (see above). Oncom adds that "since then, the government did not involve trade unions within the Gebrak alliance in the part of the technical Omnibus Law team" (Ibid). Because Gebrak had walked out on the first discussion and had already made it known that it rejected the whole Omnibus Law, not just the labor cluster, this became a strong reason for the Ministry of Manpower not to involve the Gebrak alliance in the Omnibus Law technical team or invite them to any further meetings to discuss the draft Law.

Gebrak continued to campaign its rejection of the Omnibus Law. On July 16th, 2020, after the government relaxed social distancing measures for Covid-19, Gebrak protested in front of the parliament building when it was discussing the draft Omnibus Law. During the protest, Gebrak made a demand that parliament should urgently focus on addressing the Covid-19 crisis and stop discussion of the Omnibus Law. Several Gebrak representatives were allowed to have an audience with the leader of parliament to discuss Covid-19 responses and the draft Omnibus Law. In this meeting Gebrak handed a position paper to the parliament in which it voiced its concerns about the Omnibus Law in general and its links with the pandemic in particular:

*"The Omnibus Law on Job Creation is not the answer over the current pandemic and economic conditions. The Omnibus Law on Job Creation will exacerbate the crisis that has just begun. The COVID-19 pandemic has shown that flexible labor regime only destabilizes the lives of workers in industrial sectors. The less protection, lack of safety nets, access unequal assistance, as well as an absence sanctions for entrepreneurs who violate their rights—everything shows that the state abandoned workers. The Omnibus Law on Job Creation will only position Indonesian citizens (both those who have entered in the workforce and those still at a young age) as cheap labor resources for investors. By authorizing the Job Creation Bill in the Omnibus Law, the Indonesian Parliament and the government of Indonesia have given a certificate for the Indonesian state to become a slave nation. And the Job Creation Bill will guarantee it."*  
*(Gebrak position paper: Fulfil obligations of protection and improvement of welfare: Stop discussing the Omnibus Law on Job Creation, Focus on Handling COVID19', 16 July 2020)*

As explained in previous chapters, flexible work is already common in Indonesia and many companies hire outsourced workers. Gebrak worries that if the Job Creation Bill will be passed by parliament, flexible work will become even more widespread in Indonesia and impact negatively on workers' livelihoods. According to Boing, the chairman of KPBI, the aim of

*"Omnibus Law is to attract investment by simplifying permits, simplifying bureaucracy. We agree with the deregulation process, but the employment factor is also one of the factors that inhibits the entry of investment, meaning that labor wages will be lowered'* (BuruhOnlineTV, February 2020).

When parliament did pass the Omnibus Law, Gebrak continued to organize and mobilize a coalition of social movements, especially the student movement.

They try to convince students that the Omnibus Law will also affect students' futures, particularly their wages and job prospects, when they graduate from school and university. Since universities and schools were closed because of the corona crisis, these discussions with student organizations did not take place on campus but moved online through Zoom discussions.

By bringing students on board, as well as other social movements, the Gebrak alliance is potentially creating a multidimensional political block. This alliance does not focus on one particular issue like labor issues but engages with the whole package of the Omnibus Law. A weakness, that came through in my interviews, is that this alliance has been so busy with mobilizing against this Law and creating a broad alliance, that they did not seem to have an alternative concept about how to create jobs in Indonesia after the Covid19 pandemic. I agree with Max Lane's argument that "if the labor movement cannot create an alternative political and economic discourse, it is very difficult for them to challenge the Omnibus Law and its neoliberal development vision" (*MAP UGM Corner webinar discussion, 1 September 2020*).

#### 4.4 Conclusion

Since the progress of the drafting of the Omnibus Law has caused controversy, the government has deliberately created an Omnibus Law legal task force without involving other parties which have links to the law such as labor and farmer groups. This raises many questions, especially from the workers, whether the Omnibus Law is for the welfare of all Indonesian people or only for a few people? One complaint in part of the labor movement is that, the Indonesian government does not want to be transparent towards workers, as labor unions feel they do not have a real voice in the drafting process of the Job Creation Bill. For example, there is no academic paper that sets out a vision for the Job Creation Bill. There is no transparent democratic process in discussing the Omnibus Law.

In the next chapter I will explain how the government used the Covid-19 pandemic as one of the main reasons to accelerate the time frame for parliament to pass the draft Omnibus Law. Those who rejected the Omnibus law, also referred to the Covid-19 pandemic, urging the government to focus on dealing with the coronavirus and the economic fallout of the crisis, instead of fast-tracking the controversial Omnibus Law.

## Chapter 5

### The Omnibus Law Discussion

#### 5.1. Introduction

This chapter will explain about the broader discussion about the Draft Law in society and national protest after the draft law was passed by parliament. I will compare the different strategies between the two factions in the labor movement.

#### 5.2. Public Discussion about The Omnibus Law During Covid 19

Although the Omnibus Law is specifically about deregulation and de-bureaucratization as part of government efforts to create an attractive business climate for investors, the public message about the law has changed after the emergence of Covid-19 in Indonesia since March 2020 until the present. Since the emergence of corona in Indonesia in March 2020, many people have lost their jobs or have experienced economic disruption. Until now, 3.7 million people have been furloughed without payment or lost their jobs (*Kompas* August 28 2020). The government connects with people's fear of economic crisis and their anxiety about their families' well-being, by linking the discussion about the Omnibus Law to the corona crisis. For example, influencers like celebrities try to promote the Omnibus Law to the public by saying that because of corona Indonesia risks economic crisis and that we need foreign investments to create new jobs (Merapi YoutubeChannel). This way, the debate changes from a discussion about investment climate to crisis response. Even though the content of the draft Law has not changed at all.

On 10-12 August 2020, supporters of the Omnibus Law launched a social media campaign on Instagram with the hashtag #IndonesiaButuhKerja (#IndonesiaNeedsJobs). The campaign was supported by 21 celebrities, including well-known singers like Inul Daratista and soap opera star Gading Marten who acted as influencers to promote the draft Omnibus Law, particularly the 'job creation bill' (RUU Cipta Kerja). They shared videos where they encouraged the wider public to support the draft Law as a solution for job loss during the covid-19 crisis. This campaign was countered by another social media campaign under the hashtag #TolakOmnibusLaw (#RefuseOmnibusLaw) led by Fraksi Rakyat Indonesia and Greenpeace Indonesia. This social media campaign accused the celebrities of being out of touch with the workplace realities faced by Indonesian laborers and reasons why they refused the Omnibus Law as it would diminish their labor rights. One celebrity returned the fees from the #IndonesiaButuhKerja campaign and moved to the anti-Omnibus law campaign. Some other celebrities apologized and said they 'did not know enough' or were not aware that the hashtag was connected to the controversial Omnibus issue (CNNIndonesia August 18 2020). These issues about influencers quickly passed from the news cycle, but still gave a message to the public that Indonesia needs jobs and that the government is trying to pass legislation.

Conveniently, the corona crisis is an excuse to realise the Job Creation Bill as part of the Omnibus package.

### **5.3 Street Protest by Gebrak and Others**

In chapter three, I mentioned the increase in street protests by labor and other social movements that became the new normal after Suharto stepped down in 1998. Previously, protests were strictly prohibited by the government, but they proved to be difficult to ban altogether. In fact, student-led protests made a big contribution to the democratic process in Indonesia and the end of the Suharto regime. Although street protests had helped to create an ‘oppositional identity’ (Juliawan, 2011: 360) for some of the more radical and socialist oriented trade unions, the results of such protests cannot be taken for granted.

Boing. A KPBI’s leader says ‘a protest tradition has become a strategy of status quo-oriented trade unions since 2006. Usually they were used to a single strategy namely negotiation with company and government. They have learnt to protest on the street when the more radical trade unions, Alliansi Buruh Menggugat (ABM- Labor Movement Alliance), refused the Employment Act 23/2003’ (Interview, 5 August 2020). Again, Lane observes about the trade unions’ strategy trend ‘Sometimes the status quo-oriented unions use street protests to flex their muscles, but their main strategy is based on negotiation with government and employers’. This is the main condition in the labor movement after 1998’ (MAP UGM Corner webinar discussion, 1st September 2020). In the context of the Omnibus Law, I observe the protest as an oppositional identity or nature of a game as political bargain between trade unions and government.

It is still fresh in Indonesia workers minds that street protests were a successful strategy which they had used between 2012 until 2014 when they demanded a rise minimum wage. They succeeded to push the government to raise the minimum wages by stopping production and workers walked out form the factories. This strategy, of going on strike, also has been used to reject the draft Omnibus Law. The biggest momentum of social movement protests against the Omnibus Law happened between 6 – 8 October 2020 when the Gebrak alliance and the two labor unions who had left the Tripartite team, together with students, farmers and anarchist groups protested the Omnibus law for 3 days. The protest happened because they were disappointed with the government and the Indonesia congress because both rushed through approval of the Omnibus Law on 8 October 2020. The initiative for this event came from KSPI led by Said Iqbal who had left the Tripartite team. The Gebrak Alliance welcomed this initiative, as did the new GEKENAS alliance. The motivation for this large-scale protest was explained on the KSPI Facebook page on 27 September, clarifying that after the labor unions have done everything, including being part of the Tripartite team and conducting discussions with parliament members, KSPI would now join the protests on the street as well. On 4 October 2020, Gebrak announced that it would join this national action between 6-8 October (KPA-Consortium Land Reform’ Facebook Fan page, on 4 October 2020). In the press conference

several spokespersons from organisations within the Gebrak alliance motivated their support for the national strike. For example, the director of Lembaga Bantuan Hukum in Surabaya (LBH- Legal Aid Institute) gave the following analysis about the Omnibus Law and the way it was rushed through parliament:

*By joining the national action, what we want to do is not only to reject the Omnibus Law on Job Creation but it is also part of our struggle to uphold democracy, to uphold the constitution and to enforce the rule of law which is part of the ideals of Reformation. Do not let the insults committed by the government and the DPR in the formation of the Draft Law as we have seen in the past months continue to happen as if it were a regular thing. This is very worrying. Today in our country we have a rule of law, but in practice, an oligarchy is ruling us. We already faced a disappointing experience, how the law to eradicate the National Anti-Corruption Committee (KPK) was passed in just twelve days, which supposedly would strengthen the eradication of corruption but turned out also to kill the spirit of eradicating corruption. Another example is how the government and parliament formulated the mining law in three months. The red carpet was given to mining regulations and entrepreneurs to exploit Indonesia's natural resources. This time the government and the parliament will pass the Omnibus Law which potentially threatens natural resources, the environment, and citizens. Exploitation will be legalized.' (Gebrak press conference, 4 September 2020).*

The arguments by LBH emphasize the lack of transparency and the undemocratic way in which the draft bill was processed without giving the wider public and relevant stakeholders time to read the more than 1,000 pages of the draft Law. For the public it is very difficult to get information about the draft Bill. Moreover, they identify this as part of a worrying trend where the rule of law is diminished as a number of important regulations have been rushed through under the Jokowi presidency that either reduce democratic gains of Reformasi or have a negative impact on people and environment. Gebrak explains that 'in the 127 Omnibus Task Force Law teams appointed by the Coordinating Minister Airlangga Hartarto Economic Affairs, the membership is dominated by entrepreneurs (in addition to representatives from local government and academia). Ample representatives from Indonesia's Chamber of Commerce and Industry (KADIN) and business associations are involved, other members of society are not invited (Gebrak' positioning letter, 2020:6).

However, the trade unions who still participated in the Tripartite structure did not participate in these protests. In a presidium declaration letter on 4th October 2020, these organizations stated that they would not join the national strike on 6th – 8th October 2020. They have two arguments: 'the ways of rejection and correction of the labor cluster in the Omnibus Law are currently in process through monitoring and lobby, social dialogue, and also protests.' Considering the Covid-19 pandemic, the national strike risks spreading the pandemic further (Presidium Statement Letter, 4 October 2020). It was confirmed by the leader of the KSPN labor union who was interviewed on TV:

*After we conducted observations in the field, we found that many companies were experiencing a decline in production. And tens of thousands of our members have been*

*laid off. Until now this problem has not been resolved. Many companies argued that they furloughed and laid off their workers due to the impact of the corona pandemic. Secondly, we are concerned that a national strike will be a new cluster in the spread of the virus. Third, there are many political interests surrounding the national strike and Omnibus Law and we do not want to be used by certain political interests. We just want to fight for labor rights. (NewsTV, 9 October 2020)*

To anticipate the National Strike, the head of the National Police sent a secret telegram with the date 2 October 2020 to all police officers in every province. There are twelve points in the telegram such as how to anticipate and prevent the spread COVID 19 and for cyber police to make a counterargument to people who disagree with the Omnibus Law (Tirto, October 5th 2020). Moreover, two major employer alliances, Indonesia Entrepreneur Alliance (APINDO) and KADIN (the Indonesian Chamber of Commerce) responded to the announcement of a National Strike. Both these employer organizations released a letter urging companies to ban workers if they would participate in the National Strike on 6 – 8 October 2020:

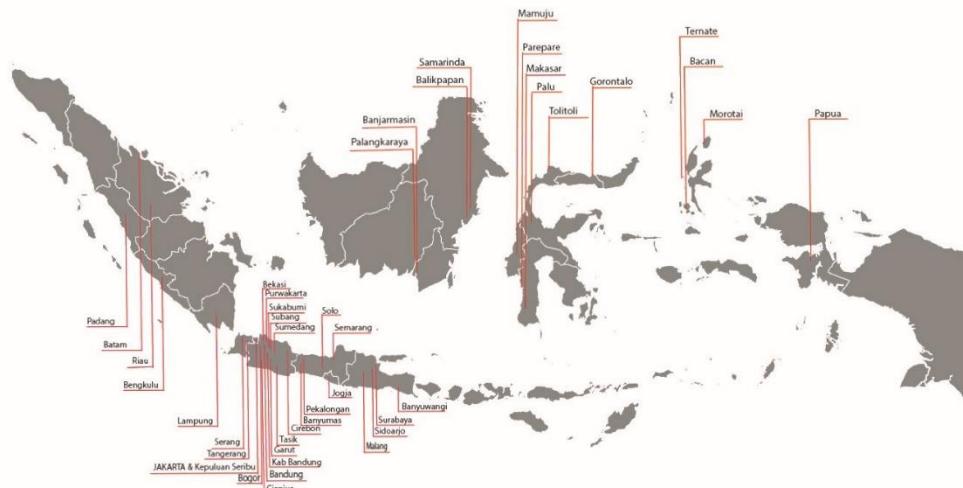
*'The strike is a workers' right under the Manpower Act 23/3003 due to failed industrial negotiations. But the national strike which will last from 6-8 October 2020 is not a failure of industrial negotiations. So, the strike is invalid. In connection with Law No. 28/2018, regarding health quarantine, in the context of efforts to tackle Covid 19, for the sake of common health, the general public or employees are prohibited from gathering in one place.' (KADIN's Letter No. 749/DP/IX released on 30th September 2020 and APINDO's letter No. 293/DPN/1.3/IX/20 released on 29th September 2020).*

These two institutions, the national police department and major business associations use the pandemic as a weapon to ban public protest. Muzakar, a spokesman for KSPI, rejects this line of reasoning: 'Since implementing social distancing in March, factory workers are still working. They also plan to go on strike, which we will do based on Law number 9/1998 concerning freedom of public expression' (Interview on 3 October 2020). In addition, Cinta, a KSN's spokeswoman emphasizes that "We don't know how we will die. But we can still change the system. So, we are going to march until we win." (The Guardian 7 October 2020).



Police officers guarded one of factories in MM Bekasi, industrial zone Bekasi-West Java when the draft Omnibus Law is legislating on 5<sup>th</sup> October 2020, *Facebook fanpage Persatuan Buruh 5<sup>th</sup> October 2020*

Unexpectedly, the parliament approved the Omnibus Law on 5 October 2020 at 17:30 Indonesian time instead of 8 October, in a meeting that was broadcasted on social media. It makes the public believe that parliament pushes the Omnibus Law to be legislated. Later that day, President Jokowi called the ‘two labor bosses’, Said Iqbal, KSPI, and Andi Gani Ana Wea, KSPSI ADN (*CNBCIndonesia October 5<sup>th</sup>, 2020*) into a meeting with him. It created a public discussion about whether the National Strike would still happen in three days after Jokowi met with these labor representatives. However, by that time, the fuel of protest had already spread. From 6 until 8 October 2020, not only workers went out onto the street but also students and farmers from West Java. These protests happened not only in Jakarta but also in several cities such as Lampung and Bandung. In workplaces where different trade unions were active, workers were not concerned with which labor union you were coming from; they went to march together. For example, in Banten, Labor Banten Union Alliance (*Aliansi Buruh Banten Bersatu, AB3*) consists of the members of Gebrak and KSPI and KSPSI ADN. In Makasar, South Sulawesi, Workers made Makasar People Movement (GERAM) which consists of three different groups which have different strategies against the Omnibus Law namely Gebrak and former members of the Tripartite group which had changed their name become Indonesia Labor Presidium. In total, it is estimated that 1 million people participated in this strike. However, most factories continued their production regardless (*Erry, female worker from Depok-West Java and Rusli, workers from Tangerang City – Banten, interview through What's App on 10 October 2020*), and the protest mostly was dominated by students rather than workers. The demand of these protesters was no longer about the labor cluster, but about a total rejection of the Omnibus Law.



My friends and I collected picture and video protests on 6 – 8 October 2020 from What App Groups and official labor unions' websites. There are 44 cities in Indonesia to join the protest to reject the



Workers in Tangerang, Indonesia protest against the new labour laws, which they believe will deprive them of their rights. Photograph: Fajrin Raharjo/AFP/Getty Images. Source the Guardian 6<sup>th</sup> October 2020

Even though protest spread to 45 cities in Indonesia, President Jokowi states that protesters spread false information and 'hoaxes' about the Omnibus Law such as that there would be no minimum wage and no worker protection within the Job Creation bill. (*President's speech about the Job Creation Bill on Kompas T 9<sup>th</sup> October 2020*). In addition, the government states that members of the public who do not agree with the Omnibus Law can request a Judicial Review at the Constitutional Court (*Mahkamah Konsititusi*) instead of using a National Strike. However, when labor union members want to access the Job Creation Bill to fact check the statements of the President, the find there are five versions of the

Omnibus Law namely, one of 1.028 pages, 905 pages, 1052 pages, 1035 pages, and 805 pages (*CNNIndonesia, 13th October 2020*). This creates confusion about the information in the Omnibus Law which is needed to make an appeal to the Constitutional Court. Indeed, following the national strike, KSPI led by Said Iqbal and several other unions will request the Omnibus Law to be reviewed by the constitutional court. However, Gebrak does not join this initiative because it feels that even if the constitutional court would reject the Omnibus Law, the government is already going ahead with it. Currently Gebrak continues with online meetings and social media campaigns, such as #Mositudakpercaya (We don't believe in the government and parliament) to express its disappointment in the Omnibus Law process.

### **5.3 Conclusion**

Protests broke out in every city in Indonesia after the parliament passed the Omnibus Law despite the spread of the Covid 19 virus in Indonesia. These three-day protests were carried out by not only workers but also other social movements. The national strike was a last resort for the labor unions after other avenues of engaging with the government had little impact. Despite the national protests, the government has confirmed its intentions to implement the Omnibus Law. The question is whether the labor movement and the other social movements will take their rejection of the Omnibus Law to the constitutional court or if will they use non-litigation ways, including a new wave of protests, despite the fragmentation in the national labor movement and in collaboration with other social movements. Even though the Omnibus Law unites a whole social movement, who will maintain the resistance when there is no national leadership in action to challenge the state?

## **Chapter 6**

### **Conclusion**

The labor sector is one of those to be most affected by the Omnibus Law in various ways. Investments are not only likely to generate employment in case they establish employment generating enterprises. Yet, the Omnibus Law also undo many existing regulatory mechanisms protecting the rights of workers, and ultimately promises to relax many more labor regulations. Thus in between employment generation and labor rights relation, the Omnibus law generated differentiated political reactions from labor movements. Some are completely against the Omnibus Law in its entirety, while others are only partially rejecting some parts of the law, and this partially accepting the rest. The forms of collective actions logically flowed from these two broad positions: those opposed to the Law have launched oppositional rejection campaign in the streets. Those partially rejecting some elements of the law employed an inside-strategy of lobbying via formal talks with government. How each of these two currents will actually influence the shape and outcome of the Omnibus Law is something that is not pre-determined and is dependent on many factors within the state and among the broad civil society organizations.

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