

Millions of Indonesian workers join one-day strike

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According to local media reports, more than two million workers from Indonesia's industrial complexes held a one-day stoppage and series of protests on October 3. The National Police reported that on the islands of Java, Batam and Sumatra, workers from 700 companies joined demonstrations at 80 industrial estates, in 24 cities.

The turnout was driven by pent-up anger over low wages and the "outsourcing" of work to contract workers. Employers in Indonesia use outsourcing to get around the country's limited labour regulations and deny wage rises and benefits such as pensions. Strikers demanded an end to outsourcing and its two-tier wages system.

Another major issue behind the strike was a plan by President Susilo Bambang Yudhoyono's government to force low-income workers to contribute to health care payments from 2014.

Having been forced to call the strike in an attempt to let off steam, the trade unions confined the protests to local areas. Confederation of Indonesian Workers Union chairman Said Iqbal told the *Jakarta Post* that workers were ordered not to hold large rallies or long marches but to demonstrate outside provincial and regional legislatures. Confederation of Indonesian Prosperous Labour Union leader Mudhofir told the newspaper that the strike had been "unavoidable", as the government had refused to meet a September 15 deadline to review outsourcing practices and the wages system.

As far as the peak union bodies were concerned, the protest day was a stunt to exert pressure on the government and employers over national wage negotiations, scheduled for next month.

Both Said and Mudhofir worked closely with the government to contain the situation. A day before the

strike, they held talks with senior economic ministers. Coordinating Economic Minister Hatta Rajasa and Manpower and Transmigration Minister Muhaimin Iskander agreed with the union leaders to avoid "deadlocks" in ongoing discussions over wages, outsourcing, and social security issues, but promised nothing of substance.

Growing social inequality is fuelling the discontent. A week before the strike, Organisation for Economic Cooperation and Development (OECD) Secretary General Angel Gurría commented that while Indonesia had an annual economic growth rate of 6.5 percent, "you have increasing inequality even in a growing economy."

The UN measure of social inequality, the Gini index, has sharply risen, from 0.31 in 1999 to 0.43. Twelve years after the collapse of the Suharto dictatorship, the economic and political elites are thriving at the expense of the working class.

The average monthly wage is just \$US113, one third of the average in China. The *Jakarta Globe* noted on October 4 that 40 percent of the formal workforce, 16 million workers, are outsourced contract workers. Most do not belong to unions, unlike many permanent employees.

There have been mounting workers' protests over the past year. Last December, 5,000 workers from an industrial zone in Batam destroyed several police posts during a rally demanding higher wages. In January, tens of thousands of workers blocked the Jakarta-Cikarang toll road, cutting off access to 3,000 factories in Bekasi, West Java. In March, tens of thousands of workers and students took to the streets for two weeks to oppose the government's proposed fuel price hikes. Last month, workers at the Japanese-owned JST Company plant in Bekasi took hostages, and demanded that 500 irregular

workers be made permanent.

Employers often ignore legal requirements to contribute to pension funds and state health care, but the situation is worse for outsourced workers. “Outsourced workers get nothing,” Ridwan Pandiaitan, a metal workers shop steward at the Mitsubishi car plant in East Java told the *Financial Times*.

Quality assurance clerk Widyantoro Setya Purwandaru who picketed the Yamaha piano plant in East Jakarta told the newspaper that workers could work for a firm for five years and have no rights. “The government must do something about this, because the gap between rich and poor is getting wider,” he explained.

Next month’s annual negotiations on the minimum wage have caused concern in government and business circles over the growing militancy of workers, amid slowing growth in China that is affecting commodity exports.

Coal prices have fallen 20 percent this year. Coal exports to China have declined, and Indonesian companies have revised downwards this year’s forecast coal production by 13 percent. According to a *Wall Street Journal* report, employers are predicting that 30,000 mining jobs could be cut this year in the Balikpapan region on Borneo alone.

Business is demanding even lower wages and stepped up rates of exploitation. Indonesian Employers Association chairman Sofjan Wanandi told the *Jakarta Post* on October 8 that because of “labour issues” and an unfavourable business climate, foreign investors would turn away from Indonesia. Direct foreign investment had been expected to reach \$US28 billion this year, up from \$20 billion in 2011. Sofjan said several Japanese businesses had plans to relocate to Burma.

The *Jakarta Post* had earlier quoted a local Japanese business figure who complained that while the inflation rate in Indonesia was 3.8 percent in 2011, wages had climbed by 20 percent. He called on the government to “step in” to create “an environment in which labour and management can talk sincerely,” curbing the militancy that had seen workers “come in and damage facilities.”

The country’s investment board chairman Chatib Basri recently complained that wages in Bangladesh were one fifth of those in Indonesia, making it

impossible to compete in the garment sector.

With parliamentary and presidential elections due next year, opposition parties have postured as being on the side of the workers. Former President Megawati Sukarnoputri’s Indonesian Democrat Party of Struggle expressed support for the recent strikes. Presidential contender and former Suharto general Prabowo Subianto promised to revise outsourcing laws, describing the practice as “degrading, discriminatory and exploitative.”

Both these figures are loyal servants of the ruling elite, who in power will only work to intensify the exploitation of the working class as the global economic situation worsens. During her presidency, Megawati attempted to remove subsidies and raise oil prices in 2002, severely affecting the living standards of workers and the poor, but backed down in the face of major protests.



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