



Dianto Bachriadi (DB): Prof. Mizuno thank you for your time and willingness to be interviewed today...

Kosuke Mizuno (KM): Yes, I'm also thankful...

DB: Let's have brief overview of your observations of more than 30 years of conducting research on Indonesia, and what we might be able to conclude from these long experiences. I remember that around the 1980s, you started with a study on small industries in Majalaya, West Java. You then also studied labor and land affairs in great detail. Your most recent study is even more interesting, dealing with

the environment relating to land affairs, specifically peatland restoration.

KM: Yes, I have also been interested in the macro economy.

DB: First, based on your 30 years of observation, what do you think can be concluded about small- and medium-scale industrial development in Indonesia—especially in the context of economic transformation in rural areas?

KM: Small- and medium-sized industries in Indonesia possess power, especially family businesses. This strength lies in the ability to develop many kinds of initiatives



in order to overcome various problems. The major hurdle that small- and mediumsized industries always face is marketing or competition from big industry. But in Indonesia, small business owners are always searching for countermeasures. One of their major efforts is that they often double up as sellers, so that they can obtain more profit. This means that business then stabilizes. Furthermore, they are also creative in diversifying their methods and products. They try a lot of new things until they find a business pattern that can provide family stability and allow their business to grow. However, this does not necessarily mean that business growth goes from small to medium and then medium to large. Growth here can also mean that business stays small (i.e. micro) but also diversifies.

In villages, small business or industry is always combined with agricultural activity. So, once again, its survival is very strong. Many small businesses are those in the informal sector; this may be informal trade or services, which are, in reality, the economic power of the people in Indonesia. It isn't big industries which form the pillar of Indonesian economy, but small and more often than not informal businesses, whose resiliency is strong. This is a huge contribution to Indonesia's economy.

Important economic transformation in villages is not just a shift from a farm-based

economy to an industrial one. It would be more accurate to say that development is from a farm-based economy to a non-farm form. And the latter here refers more to the manufacturing industry. The growing non-farm-based sector is for services, trading, home-based industries, and of a micro- to medium-sized scale.

Furthermore, this change does not induce the village to city migration that depopulates villages. Many villagers remain in their villages, and although there are many who work in the city, many regularly return home to their villages. Families—especially extended ones—are still prevalent in villages. However, people staying in cities in order to earn a living also reside in an environment that is similar to the village, something akin to a city-village.

Therefore, the various microcontributions to the economy, be they in the village or in the city, are large. This is not just contribution to GDP, but also from labor intake. This micro sector, with all its dynamics, can be called an independent economic sector. It is not just an overflow caused by shifts from farming to industry. Even initiatives within this sector are staggering. Although not many of them are able to compete in the global market, they do fulfill domestic consumption needs. This is actually one aspect of Indonesia's economic power which is often overlooked.

Some policies regarding trading made by the Government end up beating the micro economy instead. However, it is amazing that this sector has survived.

DB: Let me switch the topic to something that focuses on one of your academic concerns, and is connected with our discussion above, labor. Does this remarkable informal sector development mean that the labor movement in Indonesia is not so strong? Many labor unions only organize in the formal industry sector, which is mainly part of the industrial manufacturing sector. Meanwhile many laborers working in the informal sector are not represented. Even the post-1965 labor movement in Indonesia was no longer able to reach out to laborers in rural areas, especially farm laborers.

KM: This is how it is... But, we shouldn't say that the labor movement in Indonesia is not strong. At present, it is very strong. The movement that exists now is quite significant in fighting for labor rights, especially those that have joined unions. Labor union contributions at present deal with a raise in the minimum wage which is also very significant. The conception of the BPJS Kesehatan (Badan Penyelenggara Jaminan Sosial Kesehatan/Social Insurance Administration Organization)¹ also received many contributions from laborers.

DB: If you will allow me to interject. The labor movement in Indonesia was unable, or better said, not successful in fighting for labor wages in the farming and plantation sectors. Labor wages in these sectors are very low. Even problems for freelance and daily workers who neither have payment nor work safety assurance, have never been considered to be a major problem within the labor movement in Indonesia after 1965.

KM: Yes, I agree here. The labor movement's contribution to worker rights fulfillment in the farming and plantation sectors is not yet significant. However, if we look at some general trends, a rise in farm and plantation laborer's wages does exist. In fact, this issue should be the concern of unions.

As such, Indonesian laborers are not weak. If somebody says that their power

to organize is mainly in the manufacturing industry sector, and lately is only developing in the services sector in cities, then I agree. Here we can see a gap and I agree with you. For example, in the recently growing palm (palm oil) agro-industry, labor organization is supposedly also strong. But it turns out it is not. The one that does exist is organizing palm farmers. It is true that a great deal of labor organization is concentrated in the manufacturing industry in central areas such as Bekasi, Karawang, Tangerang, Batam, Medan, and around Surabaya, Malang, and Semarang. In Riau, which has become one of the main palm oil industrial centers in Indonesia, labor organization is quite weak.

DB: This is interesting as you start talking about farmers and their unions which you said are also quite strong in Indonesia. In rural areas, small businesses and the informal sector have grown as access to land and natural resources become more restricted. Many farmers are "petani gurem" (poor smallholders)...

KM: Yes, correct, petani gurem.

DB: Meanwhile many of the people who are known as farmers in Indonesia are actually farm workers. Many of these and *petani gurem* are doing double work as informal workers in the rural areas. They are not organized in farming unions or labor unions.

KM: That is right, they are not organized.

^{1.} Indonesia's National Healthcare Insurance System

DB: Many labor unions located in the city or urban areas are only concerned with the rights of their members. It is the same with existing farmer unions, many of which only organize land owning farmers and are only concerned with the rights of their members. This phenomenon demonstrates two failures. Firstly, that these labor unions are way too divided and trapped in movement formalization per sector. Whereas as you have explained, many laborers or farmers are doing several jobs. Secondly, in general, these unions only think about their members. In other words, existing unions do not perceive that many proletarians in urban or rural areas are not organized.

KM: They cannot be equal in that way. Let's take an example from the FSPMI (Federasi Serikat Pekerja Metal Indonesia/Federation of Indonesian Metal Workers Union) led by Said Iqbal that grows because they pay attention to outsourced and contracted labor. They are also concerned with minimum wages, not only for factory and organized factory labor. The effect of this minimum wage demand spread everywhere. There is also the BPJS, whose

contribution was quite strong. This is not just with the FSPMI, but also other labor unions. With the founding of the BPJS, or the present day national social security system, laborers from the formal sector are not the only ones receiving help. Those who work in the informal sector, be that in urban or rural areas, have received great benefits from this social security. This large transformation did not just come from intellectuals or NGOs, but from laborers themselves.

This movement came from every sector and every group was concerned with the fate of others. Laborers, for example were not only concerned with the fate of their group. The effect of their concerns and movement spread everywhere, to both the non-manufacturing and non-labor sector. It spread everywhere in spite of a lack of communication between them as a whole. Yet, if we take a look at when there is land condemnation, there must be communication locally. Thus, social movements in Indonesia have always existed, in regards to land rights, labor itself, women, or students. They have





KM:

communicated with each other, although this communication was probably not so intense.

DB: Please let me shift the questions to land ownership. As we know, Indonesia has *Undang-Undang Agraria*¹, the Basic Agrarian LAW 1960 (BAL) which is quite popular. This is a law that dignifies farmers, wanting to provide them with a strong foundation.

KM: Yes, it is a very positive law.

DB: However, we also know that currently, the Gini index of land ownership is very high. If we only input households that own land as a denominating factor in the calculation, the Gini ratio is 0.56. That is already a substantially large number. If we input landless peasants into the calculation, the number becomes 0.7, even larger. This means that BAL 1960 is not being implemented. The interesting thing is the fact that this immense inequality that can be found everywhere and doesn't create a widening social anxiety even though that could induce a more transformative change, especially in rural areas. I would like to connect this phenomenon back to the

problem of social movements organization that you raised, and also to the small and medium business sectors including the informal jobs sector.

With BAL 1960, it was generally positive. That is, local customs, which become the basis of land ownership rights in Indonesia, are very revolutionary. There is also a rule about land distribution. Why is the principle of land ownership rights of the state so strongly stated in BAL 1960? It is due to its objective of distributing state land and correcting the heavily unequal land-owning structure. State owned land and land that was largely owned were redistributed during the Soekarno era. Unfortunately, the program failed. It even became one of the reasons for political backlash which ended in violence and mass murder in rural areas. The violence, terror, and mass murder left deep trauma among people. Thus, in many places, even now in rural areas, it is difficult to talk about land reform, as well as movements organization with the objective of land reform.

There are also problems between authorities and the people in the matter of land ownership, especially state land. These problems should have been resolved by now. The rights of those in extensive state land should be distributed or simply be given to the people. Land is often worked by the people, yet, to date there exists no formal proof of right. Authorities should not take land which has been taken or worked by the people, and then give HGU (Hak Guna Usaha/Cultivation Rights) or the concession for HTI (Hutan Tanaman Industri/Industrial Forests).

We also have to think about other strategies due to the appearance of patterns of de-agrarianism and de-peasantization. As I have stated, the economic shift in Indonesia's rural areas from farming to non-farming does occur. Yet, it is not in the context of shifting from rural to urban areas; instead we see a proliferation of non-farming activity and this is substantial. In the '80s, for example, the difference between the poor and rich in rural areas was clearly related to land ownership. The ones who possess large tracts of land will have much income including that from nonfarming. The ones with little or no land, their non-farming income is also small. That was the pattern of the last two decades. Now this has changed somewhat. Farming labor, or people who own small amounts of land can obtain a bigger income from non-farming activity. They can even make a larger amount compared to farmers who own land but are completely dependent upon income from farming.

Therefore, what is interesting in Indonesia is that such inequality is not corrected through structural approaches, such as equalizing land ownership. What grows in rural areas is the informal sector driven by local initiatives. 'Informal' itself does not always mean poor, small or in decline.

Aid from the government is very limited. In the context of the people's economy in Indonesia, they have been struggling on their own for a long time. The government pays them little attention. This has given more to big industries. There is also much land which the state has given to companies that has actually been worked by the people.

They cannot just chase away the people who have been working the land.

Yet, neither has the government given the land to these people. This has always been a source of trouble. People become anxious, because there is no certainty over land rights. This is a colonial legacy which Indonesia has to finish. But the reality shows that 'resolutions' are more often than not brought about by the people. Where is the government?

Meanwhile industrialization that has long supported large companies is not developing as well as expected. Even Indonesia is still dependent upon providing raw industrial materials to other nations. There is no significant value added, and even natural resources are increasingly destroyed as they have been exploited greatly. Take Japan for example, it's economy develops through industrialization and many of its materials originate from Indonesia. So what is this phenomenon? If it is said that there is industrialization and economic development, the truth one-sided—economic development is "represented" by Japan, yet in the background rests Indonesia. But it is not only Japan that depends on Indonesia's "support" in the sense of taking Indonesia's natural resources. Other industrial countries are the same. However, in the context of unequal economic relations like these, what is interesting is that the people's economy is able survive and even show slow growth. This conclusion is interesting. Yes,

DB: This conclusion is interesting. Yes, colonialism left a legacy of inequality. For the more than 30 years of the New Order, plus two decades after the reformation bringing us to the present, inequality still continues for wong cilik (peasants). Yet, the people always resist.

KM: So, if we want to continue the line of thinking here, the idea of an Indonesia that depends on being a raw materials provider is wrong. The richness of natural resources in Indonesia should have been used to develop its economy. Actually, if we scrutinize this, the conception of industrialization and economic development that occurred in Japan is also incorrect. Due to the dependency on raw material from overseas, Japan's farming sector is now stagnant. Nobody wants to do farming.

Villages stagnate and only the elderly remain behind in rural areas. Industrialization in Japan also depends heavily on energy supplies from other countries, such as coal from Indonesia. Meanwhile Indonesia is busy providing raw materials for export, 'forgetting' its own domestic needs, which are large. The exploitation of raw materials leads to environmental destruction and the de-industrialization in Indonesia. As such, both industrialization in Japan and dependence on raw material export in Indonesia are not the ideal patterns of development.

DB: So, we have started talking about the Indonesia-Japan relationship. Your explanation is very interesting. Just a few week ago we held a large meeting here¹, for researchers and observers of Indonesia in Japan. As a Japanese researcher who has been intensely observing Indonesia, what is lacking in Japanese researchers' perspective on Indonesia as a research subject? KM: I wouldn't say lacking... but there needs to be attention, especially for junior researchers, on the historical relationship between Japan and Indonesia. Japan invaded Indonesia and committed many "crimes." Things like this must be acknowledged. But we also need to remember that the Japan-Indonesia relationship is very close in many respects. Development in Indonesia has many connections with Japan. Researchers in Japan should think about making concrete contributions to the solution of the many complicated problems that Indonesia faces. Don't just observe. It is more meaningful if both nations think of solutions together. So, there must have been many Indonesian students studying in Japan at the presentations and discussions in the meeting you just mentioned. I would suggest that we should have discussions and presentations done in Indonesian as well, and not only Japanese and English. In that way, we can build a relationship together to solve problems in both countries simultaneously. But I was very thankful that the meeting happened.

Another thing is that Japanese researchers should give more attention to Indonesia... sometimes research is not deep enough. This is because they only discuss things with fellow Japanese. We should start to develop a deeper discussion with Indonesians. Hopefully this will







^{1.} Conference of the Association of Indonesian Scholars in Japan held 16 December, 2018. http://kapal-indonesia-jepang.blogspot.com



CSEAS. We have many relations with Indonesia, so it should be easy to do this. In other regions, however, it is not so easy. For more than 30 years you have worked together with and worked on Indonesia. We all understand deeply that Indonesia is your second home. Over these years what has been the most impressive and what was the most challenging aspects of your work in Indonesia?

DB:

develop more later on, and not only at

KM: The most impressive... In the New Order era I needed to be really careful as we were not free to talk and go everywhere. We were always under observation, be it in Indonesia or in here Japan. We could not have open discussions freely. It is my wish that Indonesia will never return to that era...

Conducting research in villages too, must be done carefully, so that the people continue to be friendly. The challenge of doing research in Indonesia is that you need to be close to the people. When you are, they will cooperate with you a lot. For example, we did research in a village and needed to ask about very sensitive matters. We wouldn't directly ask how large is your

wage? How many hectares of land do you own? (laughter). We never asked like that. They would be very troubled by such questions. But because we participated in their daily lives and we were then accepted, we were able to ask in detail about all the things we wanted to know. They even helped us to obtain more information. I was really thankful.

DB: If you could take another decade or two, what would you like to do in Japan or Indonesia?

KM: If I were to continue actively, I would still want to be closer—so that I am completely involved—with Indonesia. Closer to the people, closer to the economy, closer to its problems. I want to be with them, I want to be together with the local Indonesian people and search for a way out of those problems together.

You see... My job of understanding Indonesia for more than 30 years has strengthened my faith in the power of local people. As proof, this whole time, developing initiatives came from the people, especially local people. The power is in them. When I began to realize the

importance of local people, I started to think about my own people. I am from Seto city, where there is a ceramic industry. Actually, I'm a descendant of ceramic industry businessmen. But from junior high school through to high school until university, my activity and attention strayed further from Seto City... (laughter), although my Setoness is still strong. When I was in high school, people laughed at me because I still spoke the Seto dialect, which is different from how people in Nagoya speak. So, if we go back to local power, I can imagine and understand the world from a Seto person's perspective. However, now I am quite old. If I go back to Seto and try to develop the city, surely there are many things to be done, but my friends from elementary and junior high school days have already taken care of that. So I don't really think I need to go back there. Yes, I would like to do what I can do together with Indonesian locals instead.

Okamoto Masaaki picks up the Interview here to question Prof. Mizuno on his time at CSEAS.

Okamoto Masaaki (OM): I would like to change the topic somewhat. Before, we were talking about research that has been conducted for over 30 years. Now I would like to talk about CSEAS itself. I also would like to ask, why are you interested in Indonesia?

KM: That is not hard to answer (smile). When I entered the undergraduate program at Kyoto University in 1974, there was already a condition in Japan that urged students to go abroad. For example, there was advertisement "travel to Bombay for 36,000 yen" and so on. Also, the school of "dependency theory" and movements against it were growing at that time. In January 1974, there was an anti-Japan riot in Indonesia. I was still an undergraduate at that time. Before that, there was also a riot when Prime Minister Tanaka visited Thailand. There were Anti-Japan sympathies everywhere. Then I thought, if there is "dependency" and you want to cut it off, what should you do? So, I was so interested in understanding this. In my opinion, this was of great interest



compared to understanding things that were developing in the Western world, such as in Europe, England, Germany, and France. These things were not interesting for me. You must go to Asia or Africa. So, I wanted to go to India and also to Africa. Yet, for my first step, I went to Malaysia. By coincidence my father was working in the country at that time. Then when I was taking a walk in Kuala Lumpur, I heard a lot of The Carpenters and The Beatles' songs. They were very popular, yes... I thought, ah, this is just the same as Tokyo! I was a bit disappointed. After that there was my first experience drinking coconut water in Kuala Lumpur. I was impressed. "Ah, this is coconut, it's special. Different." Also by coincidence, my father was sent to do some work in Indonesia. We went together to Indonesia. It was around the end of July 1974, I was still an undergraduate student. By the time we went to Indonesia, in Jakarta, hooo... for me, it was remarkable...

I searched for a chance to explore the city by myself. Salemba Street was tramelled with *becak* and full of *kaki lima*. Hoooo... Then Pasar Baru in Bandung, it was like a market that floated upon trash... (laughter). The smell of chili and *terasi* and rotten vegetables was pungent, yes... (more laughter).

The songs I heard were very different... Perhaps it was dangdut¹. Kuala Lumpur was not interesting. But Jakarta and Bandung were remarkable. There were a lot of hawkers. If you want to call it poor,

^{1.} A genre of Indonesian folk/traditional music

yes, you can call it that. If you want to say it was a hectic place, it was... But when I observed, deeply, there were something extraordinary in that "poverty" and "hecticness." It seemed like there was always hope. At that time, I thought this is very interesting. I thought at the time-since I did not know much yet-there must be only a few people working on all of this. After that I went back to Kyoto.

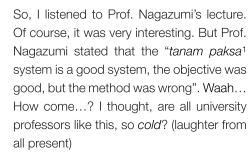
OM: How long was the visit?

KM: Only ten days, but it left and impression on me. A very, very big impression. After returning to Japan, I became seriously interested in Indonesia. I canceled my initial plan of going to India and then Africa. I was stopped in Indonesia, because it was way too impressive. In November of that year (1974), Prof. Akira Nagazumi (1929-87) gave a class on the history of Indonesia.

OM: Here, in Kyoto?

KM:

Yes, in Kyoto University. There was a system in which the students were able to make proposals for extraordinary lecturers. So Yasuo Uemura, a graduate student at that time, proposed to the Faculty of Letters to invite Prof. Nagazumi from Tokyo University.



OM: So, you were disappointed?

KM:

Not disappointed... But, even a very famous professor had his flaws. It strengthened my will to conduct research in Indonesia. Indonesia became even more interesting to me. Then I started to learn the Indonesian language. But, it was hard to find books. I bought a book titled Indoneshia-go Yonshuukan (Learn Indonesian in four weeks). It was very basic... So, I took private lessons. I also memorized Indonesian words on the train. In March of my third year as an undergraduate, I went to Indonesia after I had saved some money. I traveled in Indonesia. Then I joined a lecture in UI (University of Indonesia). It was a lecture from an economics professor. There was an uproar, because a foreigner entered the class in UI Salemba². I traveled to villages. I did many things. I also tried riding a bus from Grogol, Jakarta to Medan (Northern Sumatera). At that time there were no bridges between the four big rivers in Sumatra. Vehicles crossed the river using rafts. I became more interested in doing research on Indonesia.

I started to think about researching the economy of Indonesia. So, I had to enter the faculty of economics in Kyoto University. I needed to understand theories. When I joined lectures in the faculty of economics in UI, I was exposed to modern economics or neoclassical theory. Actually, I learned Karl Marx's theories. In the faculty of economics in Kyoto University, both schools existed. I chose the Marxist economy. But I realized that my knowledge of Marxist economy was "less useful" in Indonesia, because I could not discuss it with Indonesians. I thought it

^{1.} Enforced planting

^{2.} Referring to Salemba Campus. In the present UI has two campus, one in Salemba (Jakarta) and one in Depok (West Java). But considering the time Prof. Mizuno was there, it was the period when UI only had one campus.



was "less useful" if I could not interact with researchers or economists from Indonesia. So, I changed, I studied and mastered neoclassical economic theory. It turned out that neoclassical economics had a lot of mathematics in it. So when I came back from Indonesia, I ended up not having time to learn about Indonesia. I used all my time learning about neoclassical economic theories.

When I took the master's course exam in Kyoto University, I did not pass because of the lack of my preparation. But coincidentally there was an exam to become a member of staff at the Institute of Development Studies (IDE), and I passed that exam. In April 1978, I began working as a researcher there. In IDE, I made the acquaintance of Prof. Hiroyoshi Kano and others. Only then I found out that there were many great people in IDE: Indonesian experts.

OM: Please allow me one more question. You were director of CSEAS for four years between 2006 until 2010. What was the main challenge that you experienced?

KM: There were a lot of challenges. At the time, when I joined CSEAS (1996), the

faculty meeting was attended by only male members. Yet in IDE at this time, there were a lot of women. So, when I became Director, I started to increase female research staff.

CSEAS was also authoritarian. There were many classes; those of professors, associate professors, *joshu* (assistant professors), and all very different. I thought, I should try to eradicate these while I held the position of director. Also, there was a huge gap in positions between professors and junior researchers. CSEAS has many junior researchers and also postdoctoral researchers, but it was as if they were not actually working for the Center. Their position was unclear. So, I introduced the *tokunin kenkyuin* (affiliate researcher system).

This was actually the idea of Professor Ando Kazuo, but I directly applied it. As a result of this, CSEAS saw an increase in many unwaged junior researchers, however they were recognized as affiliated CSEAS staff. Now everybody is on the staff list. To date, this system is still in operation. That was my first big reform.

OM: Yes, I also asked Hayami Yoko (current director of CSEAS) what she thought your



achievement as director was. She said that the atmosphere has been more flexible since you were the director (laughter from all).

DB: I sense a strong spirit of egalitarianism, attention paid to all, to all those who are at CSEAS.

KM: I myself did not really know how apparent the change was. But thinking with locals – as when doing research, and with all the groups here, that should be emphasized.

OM: You probably already have plans for the future. After retiring from CSEAS, what kind of research plans do you have?

KM: The matter of land, labor, and capital is the main topic in Marxist economics, but I am actually more interested in institutional economics. If we can explain the three and their relations clearly, only then can we explain Indonesia's economy. So, I want to write a book about labor and land. And also something about capital or a comprehensive overview of the Indonesian economy. This must be done.

OM: Do you have any wishes for Indonesia?

At present, the social-economic gap is widening, Islamic issues are also problematic and ideology politics are being played up greatly, especially in the run up to the coming elections. What is your wish for Indonesia?

KM: My wish for Indonesia? Indonesia has good

traditions. Populist ideas are still strong among the people. The bhinneka tunggal ika (unity in diversity) spirit is also strong. The popularism tradition that is bhinneka tunggal ika and musyawarah (consensual decision making) is actually rooted in Indonesia. An Islam that places stresses on bhinneka tunggal ika is actually growing in Indonesia. It is true that the political discourse nowadays has started to destroy it all. The politics of fighting for resources between the elites is developing more than the thinking to improve the people's economy. But again, that is the challenge. A challenge to which we have to search for a solution together. Let us not forget that the economy of Indonesia is quite developed, although it has many challenges. The people's economy is surviving. If those challenges can be solved and overcome, Indonesia will develop even more.

OM: Insya Allah...Thank you for your time today.

Translated from Indonesian by Cahaya Putri Editing: Mario Lopez, Okamoto Masaaki



A Lifelong Quest to Learn from the Indonesian People: An Interview with Kosuke Mizuno

March 15, 2019

Center for Southeast Asian Studies, Kyoto University 46 Yoshida Shimoadachi-cho, Sakyo-ku, Kyoto 606-8501 JAPAN Tel: 075-753-7302 Fax: 075-753-7350