A Trust Theory Analysis of Two Ideologies
Part 2: Priyayi

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Abstrak


The first part of the series introduced the Guanxi ideology and its role in cooperative economic behavior among the ethnic Chinese of Indonesia. This second part will describe the one dominant ideology that has a significant impact on economic behavior in Javanese society, which is the priyayi (aristocratic and bureaucratic) ideology. It is an ideology that has been identified by anthropologists as far back as Geertz (1963a). Although the ideology of the priyayi elite is claimed to be disdained by the Javanese in general, implicitly they aspire to become more priyayi (Brenner 1998:55).

To be a Javanese basically means to embrace the priyayi ideology. Even the merchant class who have their own wealth-based status system (which will be explained later) still strive to break into and be recognized by the priyayi status system (Brenner 1998:63-69).

As mentioned in the first part, the second part will also compare the guanxi and priyayi ideologies together as their proponents coexist and interact with each other within the same state, the Republic of Indonesia. In essence, this part will finally show how the differences between the two ideologies are related to the different economic behavior of the ethnic Chinese and Javanese of Indonesia. Consequently, it will also provide an analysis of how the two ideologies will potentially fare in the global economy.

The ideal Javanese Priyayi

The priyayi ideology is about distinction and hierarchy. Hierarchy in Java is linked to
the notion of refinement revolving around a basic opposition of two terms: *alus* and *kasar* (Geertz 1963a; Siegel 1986; Keeler 1987; Errington 1988; Brenner 1998). *Alus* can be glossed as refined, civilized, or smooth, and connotes a higher status. *Kasar* means unrefined, uncivilized, crude, or uncouth, and is associated with low status. This distinction is deeply embedded in the language system itself. The polite high Javanese (*krama*) is considered *alus* as opposed to the *kasar* low Javanese (*ngoko*). While all Javanese alike strive to become as *alus* as possible, the *priyayi* are thought to have better command of *krama*.

Within the Javanese culture, high-status (to be more *priyayi*-like) is associated with speeches, acts or possessions considered to be *alus*. Every Javanese strives to increase their status of becoming more *priyayi*. Of the *priyayi* power-status-wealth ideology, status is arguably the most sought after. The Javanese view wealth and power as tangible attributes of social position. They come to those who possess status and not the other way around (Anderson 1972). The *priyayi* ideology justifies patron-client relationship (or benevolence-obedience relationship as some Javanologists prefer to call it) that exist from the village level to the governmental level in Indonesia. It was quite easily adapted to the bureaucratic administration by the Dutch colonial rule and continue to pervade upper class Javanese thought and culture today (Liddle 1996:65). Roughly, subordinates vie for favors by providing tributes (usually in the form of capital) while those in positions of leadership are expected to provide for the well-being of all of the subordinates as well as maintain the proper display of power and status.

Modern work-ethics would refer to such economic relationship as corrupt. The *priyayi* ideology, however, refer to such practices which are expected from any hierarchical relationship as proper. A person of high status and power is identifiable not only through his/her *alus* speech and demeanor but also from lavish display of material wealth preferably in official or ceremonial functions. These are expensive practices, which must be paid for personally. Rather than perceiving that status is derived from these expensive practices, the *priyayi* ideology perceives that it is quite natural for a person with power and status to gain wealth. Should the person become poor, that is because he/she has lost his/her grip on power and status. Persons who subscribe to this system—both who accept tributes and spend them on displays of wealth as well as those who pay tributes for patronage—are not deemed as corrupt, but rather are just following the ‘common practice’ (*mengikuti kebiasaan*). Such a person is dependable precisely because he/she follows the ideological expectations.

Java is an agricultural society as well as a court society. Javanese cooperative behavior reflects these descriptions. Studies conducted in pre-independence Indonesia on Javanese villages usually overemphasizes village solidarity in Java. Ever since independence and the Green Revolution, observations on the monetary and commercial developments in the Javanese village economy depict the Javanese villagers nowadays (and to some lesser degree also in the past) as competitive individualists and proto-capitalists (e.g. Geertz 1970; Mulder 1978, 1989; Keeler 1985). The core ideology of cooperative behavior described in these studies remains the same, however, and it is summed up as follows:

The ideals of Javanese society lie in the harmonious order of society. Individually, people do not appear to be very important; together, they form a community and the harmonious order of that community guarantees the right and quiet life of its members. If necessary, the individual should sacrifice himself for the common good. The moral task of the individual
members lies in the safeguarding of the harmonious order by faithfully carrying out their social obligations. The various social positions are bound together within a society that should practice *rukun* [harmonious unity] and *musyawarah* [decision-making by mutual consultation and consent], and that should function as a big, intimate family in which people help one another and cooperate (Mulder 1978:45).

The Javanese cultural conceptions of meaning often overlap with each other. They have constitutive rules with the themes of conflict avoidance, demonstration of respect, and coordination of earthly and heavenly events (Schweizer 1989:284). This preoccupation with maintaining the appearance of harmony is reflected in the ritual sphere where calculated reciprocity and altruistic transfers occur, and the community spirit is fostered at the norm level (Schweizer 1989:205). People who fail to observe such norms are deemed *kasar*. Refusal to observe such norms is not only *kasar* but also goes against the preservation of harmony, something that is un-Javanese and is expected only from the Other.

In the case of trust, a *priyayi* Javanese would attempt to reduce the perception of risk involved by assessing the Other’s display of wealth and status or the Other’s reputation of loyalty and obedience. A person who displays none of these things is deemed very risky to establish a relationship with because the person cannot be expected to understand or fulfil the responsibilities of the *priyayi*. In terms of economic relationship, both patrons and clients are ‘confident’ in each other’s ability to perform as their social positions prescribe. They have confidence that patrons would behave as a patron should, and clients would behave as clients should. However, they ‘would not trust’ clients to perform a patron’s duties and vice versa.

Already it seems that the focus on maintaining harmony—which masks the underlying patron-client relationship—is a major restraint on economic activity. It is impossible to haggle and bargain, for example, without ‘disturbing the peace’ and thus being *kasar*. Indeed, this is reflected in the *priyayi* ideology, which shuns economic activities. Economic activities that unavoidably deals with profit-making and bargaining are viewed as non-conducive to the maintenance of harmony. They are *kasar* activities unbecoming for those who strive to uphold the *priyayi* ideology. This is the reason why historically Javanese merchants have always been marginalized by the social elites ranging from the aristocracies to modern Indonesia’s state bureaucracies (Brenner 1998:57).

A focus on profit-making is generally frowned upon by the Javanese, primarily because of the still-dominant ideology of the *priyayi* elite. Money making activities are one

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2 Either he/she is part of ‘the little people’ (*wong cilik*) or can be considered as an outsider.

3 This patronizing attitude subscribed by the patrons is complemented and reinforced by the clients’ resignation of their social position. While complaints and grumbles among the clients aimed at the patrons are commonplace, the general attitude among clients is that of acceptance (*pasrah*) believing that their lot in life is already determined by fate (*nasib*).

4 In her study of entrepreneurs in Laweyan, Brenner (1991a, 1991b and 1998) identifies a historical event that was mythologised by both the priyayi and merchant communities to justify the separation of business and status. The myth is about the mid-19th century Javanese would-be-king, Sunan Pakubuwana II, who lost all of his soldiers in one of the wars against other contenders to the throne. On his retreat, he stopped at the village of Laweyan. The villagers refuse to lend horses to him, and so the Sunan cursed (or blessed, depending on which version of the story) the Laweyan villagers to be successful in business yet will never be able to attain the *priyayi* status. This condition seems to remain true even today (Brenner 1991a, 1991b, 1998) to a point that a feminization of Javanese economy seems to happen at the moment (Brenner 1998:72-79).
of many things considered as kasar. For example, since women deal with kasar matters in everyday life, they are associated with lower status than the men who are supposed to be alus in everything they do. The same thing goes for the ethnic Chinese who are viewed by Javanese as focusing too much on profit-making. The fact that the Chinese see economic activities as acceptable, even respectable, provides further basis for the Javanese to despise the Chinese (Suryadinata 1997; Tan 1997). Despite the various contradictions and contested meanings in daily life, this system is generally self-perpetuating in that it provides a clear-cut ideology of division of labor. The popular (stereotypical) arguments that ‘men and women excel in different aspects of life, therefore their statuses must also be unequal’ or that ‘the Chinese love money, therefore they are kasar by nature’ derives from such ideological lines and serves to maintain and justify social inequalities.

However, there is a certain ongoing degree of contestation that exist between the merchant community and the priyayi. In the merchant community money rather than pedigree is what generates status. This meritocratic ideology challenges the priyayi ideologies that hold wealth as an ‘outcome’ of authority and power, not as the source of status (Brenner 1998:57). This contestation of the two ideologies perpetuates the division between wealth and status. It works within the framework of alus-kasar categorization. Through self-effort one can gain a successful trader status in the economic sphere, or gain a priyayi status (by accumulating the necessary cultural capital), but never gain the two simultaneously. In the case where a person of high status also possesses wealth, however, the wealth is not credited to the person’s economic efforts. It is credited to the high status that he/she already possesses. The economic and status spheres remain separate.

Within this separation, the patron-client relationship thrives. Kasar economic activities relegated to the clients support the patrons’ expensive alus lifestyle. In exchange, the patrons provide political protection—which often further benefits the clients’ economic activities (e.g. monopoly concessions)—and give social prestige through association. In this sense, while the Chinese guanxi value relationships relatively indiscriminately, the Javanese priyayi value relationships only with persons of high status or prestige. Association with persons of wealth is not valued as much. Therefore, the Javanese patron-client relationship focuses not on wealth accumulation, but on wealth distribution and prestige accumulation. This patron-client system suits well with the priyayi ideology. However, it does not agree well with economic theories. Such analysis of the Javanese priyayi based patron-client economy would conclude that it is not accom-

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5 The inherent nature the Javanese perception on status and power creates the situation where despite the fact that women in the Javanese family manage (even dominate) economic resources and social relations, they achieve less prestige than men (Keeler 1990:129-130). Women who are relegated to the more profane domestic activities have a freer hand than men to be involved in economic activities.

6 For example, the relationship between the merchant class and the priyayi in Solo is an ambivalent one. To the members of nobility and colonial bureaucracy, the characteristics of the merchant class epitomize the qualities that they claimed to despise (e.g. uncouth, do not know their place, ostentatious bumpkins, etc). To the merchants, the priyayi is everything a good mer-

7 At least the neo-classical strand of economic theories due to the priyayi economy highly protective and interventionist tendencies toward the market.
modative to economic behavior, especially entre-
preneurship.

Economic activities of entrepreneurial actors at the rural level are often hindered by a high degree of solidarity and by a value system that emphasizes mutual help, the sharing of resources, and subsistence security (Evers and Ozay 1994:6). The community-oriented ritual and social areas demand the subjugation of individual economic advantages and wishes to the common needs, and consequently such norms demand that the rich must give up part of their wealth to the community in the form of ritualized consumption (Schweizer 1989:304). Because of the priyayi ideology, a good name is important to the Javanese self-image and everyone—especially farmers living in a close-knit community like the Javanese village (desa)—strives to avoid being labelled greedy (pelit). The consequence of such a system is that capital accumulation is slow and capital mobility is strictly limited within the community.

The Javanese face not only capital problems but also property problems. As growing class divisions become unavoidable in the modern capitalist system, the village headmen are thrust into the elite (though not necessarily priyayi) category and are distanced from the villagers. Javanese access to the political system becomes more limited to the elites, which can further their land holdings by buying out the ever-fragmented land. These problems reduce the chances for the Javanese to start any kind of business venture (e.g. land not enough for bank collateral, etc).

A different appreciation of risk-taking

Transition among the Javanese is happening at a very slow pace. The priyayi ideologies described above have significant effect on Javanese cooperative behavior. The preoccupation with harmony creates a surface atmo-
sphere of calm and serenity concealing the actual struggles of power/status/wealth. At a glance, the preoccupation with ‘harmony’ seems similar with the Chinese preoccupation with ‘face’. Indeed, the Javanese traders have widespread reputation-based relationships in the business world ‘just like’ the Chinese. However, the nature of these relationships is different. The relationship between two Javanese usually remains transient and intermittent no matter how long or how often they do business together (Dewey 1962b:179). While this can be blamed on lack of legal sanctioning system, this does not explain why—unlike the Chinese-type business relationship that focus on endurance and long-term contracts (not to mention the ease of extending credits)—the Javanese are less willing to take such risks.

One case that reflects this reluctance to take risks is that of the traditional Laweyan batik traders who are unable to survive competition with the modern manufacturing techniques of their competitors. Laweyan entrepreneurs are unable to compete in the market because family members are unwilling to accumulate sufficient capital to expand their business beyond the scale of petty commodity production (Weix in Brenner 1998:91). They feel that kind of collaboration—such as the Chinese—are beyond the capacity of most Javanese. Lasting partnerships were rare not only among relatives but also among those not kin (Brenner 1998:91). So while the Chinese businessman emphasizes the importance of maintaining historical continuity in a relationship (as prescribed by the guanxi-renqing-face system), the Javanese counterpart seems to practise historical discontinuity by focusing on the immediate and the short-term economic relationships. Even the Javanese entrepreneurs who possess enough wealth (usually by inheritance) for business expansion or enough for taking bank loans are still reluctant to switch to more modern mode of production and prefer traditional methods (Brenner 1998:93-94). While one can argue that this is due to lack of access to relationships or expertise necessary for business expansion, this argument is eclipsed by accounts of Javanese traders who—true to the priyayi patron-client ideology—prefer lavish display of wealth to gain prestige than business expansion. Economic factors alone were not enough to abandon existing business practices for a new and unfamiliar technology. In this case, at least, the drive to maintain cultural continuity—specifically the maintenance of the priyayi ideology—overrides profit making.

While the Javanese culture is very much localized, thus limiting the enforcement system’s effectiveness, modern capital system is not. Traditional enforcement systems that fail to transcend their cultural boundaries (e.g.

15 For example, each transaction is a discrete entity, long-term credit loans are very rare, and arrangements for future transactions are seldom made. Traditional institutions of credit giving which require slow long-term establishment of creditor-debtor relationship, still limit the credit into short-term ones (Alexander 1987:128). Alexander identifies the langganan tetep, ngalap nyaur, and nicil systems of credit-giving (1987).

16 Laweyan is a suburb in the city of Surakarta (Solo), Central Java, where the Javanese batik small entrepreneurs lived.

17 If there is a continuity, it seems to relate only to the means of production and not the terms of capital. Entrepreneurs like the Laweyan batik entrepreneurs prefer traditional methods of batik-making to the more efficient factory methods (Brenner 1991b).

18 One of Suzanne Brenner’s informants put it succinctly: ‘By spending too much on fancy cars, expensive rituals, and lavish homes, they said, the Javanese were letting their capital be ‘eaten’ (modalnya dimakan, Ind.) instead of investing it in business. Arab merchants repeatedly remarked on the fact that prestige was not as much of an issue in the Arab community as it was in the Javanese community. …Many Javanese were themselves disapproving of their own ethnic group’s prodigality. …This was a recurring theme in the merchant community (Brenner 1991b:250-251).’
too obsessed with the maintenance of existing cultural practices) will be unable to take advantage of the modern capital mobility in their economic activities. Comparisons of the Chinese and Javanese differences in business relationships were pinpointed as early as Dewey (1962b).

The one factor which consistently differentiated Javanese and Chinese traders was the way in which informal social sanctions operated. … [The] Chinese community … is peculiarly adapted to enforcing sanctions over its members even though they are geographically dispersed (Dewey 1962b:178-182).

There is less incentive for the Javanese trader for establishing a long-lasting business relationship. If any problem occurs and they must bear unpleasant sanctions brought by the business community, they can always retreat back to a village (not necessarily his/her own) where common culture or kin ties can provide some support.¹⁹ Long-term credit among the Javanese are inadvisable (Alexander 1987:131). This is reflected in informal credit facilities that extend credit only to customers who work within the same area (e.g. the same marketplace) and for short term period only (Alexander 1987:82-83). One structural explanation is that once the Javanese trader starts to deal with people who are not from his/her village he/she has gone beyond the reach of his/her effective social unit (e.g. family, village, community, etc) and its supporting sanctions (Dewey 1962b:179). This explanation basically postulates that the Javanese collective economic behavior is geographic-specific, which is incompatible with growth and expansion oriented economy.²⁰ The stereotype that the Javanese (especially men) are not very good with money also reinforces the perceived risks of doing long-term business with a Javanese.

This form of explanation is difficult to prove considering urbanization for the last few decades has created a whole new generation of urban traders quite detached from the village life and thus unable to rely on it as a safety net.²¹ However, this form of explanation is also refuted by more recent studies (e.g. Alexander 1987; Brenner 1991a, 1991b). Javanese entrepreneurship remains unable to be expansive due to lack of capital, dispersed markets, perishable products and discontinuous information (Alexander 1987:160). Theoretically, all of these factors can be addressed structurally. Capital mobilisation, market price control, product quality control, and information network-

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¹⁹ The Javanese market system is indeed a reflection of their ideological limitations. ‘A market, like kinship or religion, is always a cultural construct. Javanese traders plan, execute and justify economic actions in the concepts of Javanese culture (Alexander 1987:1).’ Petty trade and bazaar type economy as a part of the rural informal sector have been examined by various ethnographers (as early as Geertz 1963a), all of which concluded that they are expressions of Javanese culture (Alexander 1987). It is an alternative to subsistence production and also a solution of the ‘traders dilemma’ in a poor peasant society (Evers 1991:11) which allows traders for some degree of profit within the existing cultural boundaries (i.e. to maintain the harmony by confining the kasar like economic activities in the marketplace).

²⁰ For example, urban traders cannot be controlled by villagers, nor can they bring effective sanctions to bear on each other. Therefore, every time a Javanese wishes to engage in trade in the wider market system with other people who live outside his/her village, the informal sanctions disappear and the risks (loss of accountability for the other party) rise sharply.

²¹ One possible evidence is the practice of mudik lebaran, where every year during the celebration of Idul Fitri (the end of Ramadhan, the Muslim holy month, and the beginning of the Syawal) or month of celebration. Most Javanese (and other indigenous ethnic groups) go back to visit family and relatives in their home village. Often when they return to the city, they also bring back another member of the family (or other fellow villagers) whom they support and find a job. The city-based Javanese is seen as a support group for the village-based Javanese. This indicates the maintenance of strong ties and identification with the village communal system.
ing, all of these are formalistic economic solutions which require coordinated and concerted efforts among the entrepreneurs. Javanese entrepreneurs’ wariness of being undercut by fellow competitors virtually reduces the chances of forming such alliances. On the other hand, informal sanctions within the village also hinder future investment, especially those that may potentially threaten the social order. In general, the Javanese system of village-dependence discourages the formation of enduring business relationships with outsiders, and their economic activities are doomed to be restricted at a micro level, specifically the village.

Patterns of exclusion

In the case of the priyayi ideology, there are several implications that need to be ad-

22 For example, while the unwillingness of Laweyan entrepreneurs’ family members to accumulate capital can be explained by their insistence on maintaining tradition, it can also be explained in that new technologies will reduce the number of employees, most of which are likely to be village neighbors. Firing the employee might jeopardize the existing social network, and with it, social harmony.

23 Sullivan (1994) describes the limitations of the harmony-oriented ideology by using the example of interaction between urban Javanese women’s economic behavior in kampung cells (small closely-knit clusters of families): ‘The ideology and practices of sharing which the Javanese call gotong royong, informs and sustains cell life. Cooperation exists between cells to some extent, but those relations are characterized more by sharp competition for scarce resources. This does not mean that women change when they relate to others outside their cells. Nor does it mean that female outsiders (non-cell women) are necessarily selfish, uncooperative individualists. …[The] women of outsider households generally feel no social compulsion or pressing need to liaise closely with female neighbors, sharing their lives and substance. Just as kampung women feel no need to cooperate as closely without cell neighbors as they do with cell sisters. Neither outsider nor insider women see any practical reasons for intimate relations between their two groups (Sullivan 1994:90-91).’ This account certainly paint the Javanese as not prone to risk-taking, thus proving Dewey’s earlier point.

24 Women are also more willing to work at a subsistence level salary for reasons of status (e.g. factory work is seen as better than working in the rice fields), independence (e.g. access to salary instead of being controlled by parents), and socialization (e.g. to find potential husbands).

25 A detailed explanation of this political exclusion is that ‘Men were generally elected to these formal official positions of government. Women were not excluded from entering the competition if they met the …criteria. There were some female [political leaders] …but they were very few, often well-educated and generally members of local elite families. These women were the rather rare exceptions to the general cultural and political rule that men should hold public offices (Sullivan 1994:52).’
ability to expand their economic activity both domestically and internationally. Backed by government ideologies, facilities—such as new licenses, government bank loans, and others—that is considered to be within the public domain must be negotiated by male representatives (usually husbands), thus constraining women’s economic activities.

While there are Javanese men involved in domestic trade, and while government officials (predominantly men) prefer men to women traders in providing facilities (e.g. market stalls, cooperative credits, etc), the market remains a predominantly women’s domain (Sullivan 1994; Hull 1996; Brenner 1998). The men (obviously not of the merchant class), on the other hand, completely immersed in the ideology that ‘men are not good with money’ lack the motivation to become economically successful through their own efforts. The Chinese totally marginalize the role of women. However, the men have access to both wealth and prestige. Activities in the economic and status sphere can be held at the same time instead of separately. The economic actors are motivated further to become economically successful.

Overall, while the Javanese *priyayi* gender role is as discriminative as the Chinese, it is still inefficient due to the separate allocation of status. Javanese women simply have less access to prestige than men. Women can be trusted (while men cannot) as long as it concerns the *kasar* economic sphere. This is an example of the selective nature of trust as constructed by ideology. This impact is just a partial effect of the use of identity politics in economic discrimination. It extends to other marginalization categories such as ethnic differences. Due to the *priyayi* ideology that

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25 The oppressed ethnic Chinese may possess a greater potential for further economic development than the Javanese. The fact that Chinese traditionally encourage their children to obtain advanced education means that they stay in school longer. To further the issue, more Chinese are enrolled in science and technology courses than arts courses (Wu and Wu 1980:54), hence reinforcing the stereotype that the Chinese do not care much for political or social issues and only care for dominating economic resources.

26 Generally speaking, restrictive measures directed against the ethnic Chinese in Southeast Asia can be divided into five categories (Wu and Wu 1980:39): 1) Exclusion: Outright exclusion from certain specified industries and occupations. In Indonesia this is often the case, such as the 1957 decree excluding alien Chinese from 15 industries, the 1959 PP.No.10 excluding alien Chinese from retailing in rural areas below regency level, etc. 2) Transfer of Equity: Transfer of specified proportions of equity in existing Chinese businesses to indigenous stockholders as partners, often under government decree. This was widely in practice throughout the New Order government. 3) Sharing of Control: Sharing of control of existing Chinese enterprises with new indigenous directors and managers. The notorious 1950 *Benteng* program in Indonesia is an example of such policy. 4) Quota Setting: Setting of smaller quotas for the ethnic Chinese such as issuing business licenses, allocating foreign exchange to importers, university admissions, government and private job applications, etc. Not only part of the *Benteng* program, in Indonesia the ethnic Chinese have restricted access to enter the military and civil

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of borrowing since he is never ‘a real member’ of the village community. As the Chinese economic dominance increases, there has been increasing resentment of the Chinese (Wertheim 1964:76; Geertz 1963b:28-29). This perceived competition for resources has convinced Southeast Asian nations to engage in discriminatory policies, which in the economic context are all protectionist measures. The big difference is that they are aimed not at international but at internal domestic competition. This virtually justifies the ‘Other-ness’ of the ethnic Chinese in the eyes of the indigenous population. On the other hand, because the ethnic Chinese in Indonesia are ‘forced’ to operate in a hostile environment, they are certainly discouraged from making further effort toward integration into the nation-state and this strengthens the identity and cultural practices not necessarily brought from Mainland China.

This situation certainly hinders the economic development of Indonesia as a nation. For one thing, the global economy creates an ever-growing demand for wider social networking. Ethnic-based discrimination in business practices is undesirable under these circumstances. Unlike the Chinese in Taiwan, Hong Kong, and Singapore who gradually shed their traditional kinship-based networking system (Numazaki 1996:81; Wong 1996:108; Kiong 1996:153), in the final years of the New Order the ethnic Chinese in Indonesia have regressed into their ‘Chinese-ness’ just as indigenous Indonesians regressed into their pribumi identity or native-ness. This never happened before mainly because Chinese participation in politics was still allowed ‘before’ the New Order government, thus encouraging heterogeneous Chinese identity rather than a homogeneous one. The flip side of the creation of a homogenous Chinese identity is the creation of a homogenous native identity (under the label of pribumi). As a result, today both populations seem disinclined to initiate a trust-based, be it structural or personal, relationship with one another. Up until recent times, the indigenous population was unable to transcend services. There are also a small quota for entry into public universities. 5) Special Requirements and Treatment: Imposing special obligations on Chinese firms in terms of deposit requirements for various purposes, mostly by providing special credit facilities and larger quotas for indigenous businesses.

29 For example, the Chinese business communities are reluctant to extend guanxi system and involve the indigenous population for fear of ‘improper business conduct’ charges brought by the indigenous competitors (the gift-giving practice alone is enough to bring accusations of bribery). Although the indigenous business community often employ such practices themselves (especially in dealing with government officials), they enjoy political protection which the Chinese do not have. On the other hand, the indigenous population is hesitant to give the Chinese the benefit of a doubt fearing that ‘they would control everything’. Such fears are played upon and are exaggerated for political reasons and take on a life of their own.

30 Another explanation of why ethnic Chinese in Indonesia do better in economic competition with indigenous people is their higher appreciation of education and their history of cosmopolitanism. Viewing education as a duty to both parents and having a history of being a sojourner society (these are values almost identical to the Minangkabau), the Chinese value both education and travel highly in terms of social status. A student is expected to study hard—hopefully able to travel abroad and broaden his/her perspective—in order to come home and help with the family business.

31 For example, among the ethnic Chinese there is a stereotype that most Malays and Javanese are at best provincial bumpkins, not too bright, and usually lazy with little thought or care for the future, and at their worst, they tend to be inordinately touchy about their self-esteem, often deceitful, and apt to break into excessive violence at the least provocation (Stough 1985:237). At the same time, among the Malays and Javanese population there is a stereotype that the Chinese are dirty, rude, uncouth, boorish, crass, concerned with profit, and lacking in the interpersonal sensitivity so important to indigenous people (Wilson 1967:29). These stereotypes (or misperceptions) are deeply rooted in the Javanese ideology and how they perceive economic activities.
ethnicity in doing business (e.g. reliance on the discriminatory government policies) while the Chinese have always been more comfortable in cross-cultural dealings (e.g. possessing a strong sojourning tradition).30

Different cultural perceptions of economic behaviour create stereotypes that persist for a long time, which kindle the Chinese-indigenous mistrust of each other.31 The priyayi patron-client relationship, when practiced by a Javanese is acceptable by the Javanese in general, whereas when practiced by the Chinese it becomes ‘corrupt’, ‘immoral’ and ‘unacceptable’. Again, this is another example of a discriminative trust system. Unlike guanxi—where the identity of the practitioner is not as important as the aim (networking)—the priyayi based trust system is exclusive to Javanese men. Women and non-Javanese are considered unlikely to ever achieve the priyayi status.

Survival in the global economy

It is tempting to use cultural difference to explain why ethnic Chinese in Indonesia do better in economic competition with the Javanese. However, such a mode of explanation will fall into the trap of essentializing the cultures involved. One must take into account the discourse and interactions within and between the two cultures. The focus is on the reproductive mechanism (how business ventures survive through time) and adoptive mechanism (how the Other is incorporated into the business venture). Both are deeply related to both confidence in group members and trust in outsiders.

The role of guanxi exchange in Chinese economic behavior can be seen both in the organizational forms and business practices of the ethnic Chinese. Proprietorships and partnerships are still the dominant forms of organization for ethnic Chinese enterprises (Wu and Wu 1980:51) mainly because of historical precedents.32 One frequently noted characteristic of smaller Chinese firms is extreme centralization of decision-making (Deyo 1985:215) characterized by little downward consultation by managers prior to decision-making, a general encouragement of passivity, and dependence on the part of subordinates33 (Lum in Deyo

32 The majority of small Chinese businesses were established with personal savings accumulated over long periods. The successful immigrant Chinese worker who saved money to open a small business hoping to pass it on to the next generation would not wish to see others step into the family business. If these single-family enterprises expanded at all, it was normally through marriages with persons of the same emigrant areas (Wu and Wu 1980:51).

33 In a family-run enterprise, decision-making power is highly centralized in the hands of the father-entrepreneur—often described as ‘carrying the entire business on his shoulders’—and delegation of responsibility to subordinates is low. There are traces of traditional authority structure in Chinese Multinational Corporations (MNCs). Even when a Chinese firm becomes very large, the authority structure remains highly centralized, in spite of modifications to the organizational structure of the firm (Kiong 1996:153). Competition with non-Chinese owned MNCs result in Chinese firms having to adopt more ‘rational’ methods of management in order to remain competitive. When the Chinese firms grow larger they take on the organizational structure of ‘Western’ companies while retaining the basic rules of ownership and control (Kiong 1996:153). It is a centralized structure with control given to a small core of family members. This personalized style of leadership has two major implications for capital formation: 1) the possibility for profits to be retained and reinvested is much enhanced, and 2) capital mobility within the family group of enterprises is high since funds belong to a common, unified clan (jia) budget. When it comes to the management of jia property, it is unambiguous that the traditional bias against women in the family still prevails. Succession to the managerial positions in the family firm is largely the prerogative of male heirs, who receive their positions based on individual merits rather than age seniority (Wong 1985:66; Panglaykim and Palmer 1970:94).
The problem with this system is continuity. Early studies condemn Chinese family enterprises as unavoidably short-lived and seldom lasting beyond three generations (Freedman 1979), a tendency often blamed on the practice of equal inheritance among brothers born to the same father (Numazaki 1992:254) and the nearly inevitable emergence of the ‘profligate son’ who squanders the family resources (Willmott 1960:52). The family is therefore viewed as a poor vehicle for sustaining capital accumulation and the entrepreneurial drive (Wong 1985:61).

However, the Chinese family firm actually provides the mechanism for breakaway or ‘branching off’ while retaining some continuity with the original firm. Brothers who receive the same share of inheritance would gladly (or even expected to) relinquish control or management of the business and estate to the most skilled and gifted among them, and would settle into the role of the ‘silent partner’. In the case of more than one business-inclined brothers, if they are deemed skilled enough to ‘go at it on their own’ they would still receive the support of the parent family. If we take this into account, one can see how close the Chinese family firm is to applying both the principles of individualism (once broken-away, the branching firm is on its own) and of evolution (survival of the fittest family firm branch) in its development, a fact represented at its extreme by the very high level of competitiveness (even by Western standards) among Overseas Chinese business communities like in Hong Kong and Singapore (Tam 1990:161).

Comparatively, the Chinese family-firm system still used by the ethnic Chinese in Indonesia has its advantages over Javanese firms. It is easy to see the Chinese family firms as having a significant advantage over Javanese family firms in terms of durability. Nuclear family can be easily broken up at the time of succession because of the potentially large number of claimants on the family estate, each of which owes loyalty to several other kin groups. The Javanese family, while practising a similar equal inheritance system as the Chinese family, lacks the selective and sanctioning mechanisms which allows the most capable members of the family (e.g. local geniuses) to own and manage the family estate intact. Unlike the Chinese family, brothers in Javanese families are under no obligation whatsoever to relinquish managerial control of the family firm or estate to the most capable among them. This is consistent with the reluctance in capital support for a Javanese entrepreneur by his/her own family (Brenner 1998:93). There is simply too much suspicion that should one brother be given managerial control, he would eventually neglect the welfare of the others. Among the Chinese, the one who controls the family firm is under obligation to care for the welfare of his/her kin no matter how ‘useless’ the person is. This lack of familial trust among the Javanese, combined with the continuing division of capital further deprives the system of any significant chance for continuity.

These are just models, of course, and there are bound to be many external factors that would alter these cycles. Exceptions in Indonesia alone are proofs that some form of continuity exists in the Chinese economic system. The Javanese, on the other hand, have no self-
made MNCs. Those who possess the capital, mainly accrued from patron-client relations with the government, merely invest in existing MNCs especially those investing in Indonesia. While they buy and sell properties abroad, engage in import and export ventures, no Javanese firm is willing to take risks in expanding their business abroad. The only sector that does is banking, which still relies on partnership with either the Indonesian government or foreign banks. Even then, the ownership is generally shared with non-Javanese. This overwhelming lack of global entrepreneurship and networking between the Javanese both in Indonesia or overseas examples certainly supports the notion that Javanese are not prone to risk taking behavior.

Additionally, the Chinese is not an exclusively kin-based control group. While members of the family are educated and prepared to take over relevant fields of the family business, others who are already involved in the business are also sent to upgrade themselves. As the education level of younger generations improves, modern management methods are used more widely. While there is no research on kinship preference conducted among ethnic Chinese business circles in Indonesia, research on ethnic Chinese in other parts of Southeast Asia (e.g. DeGlopper 1978; Yang 1989; Menkhoff 1992) reveal that preferences based on kinship in business practices is a greatly exaggerated concept. Persons who have no relations to the family are often hired at executive and managerial positions to run the company as a rational business organization. Outsiders are sometimes invited to join the Board of Directors\(^\text{36}\) (Kiong 1996:145). Menkhoff (1992:275-276) goes further by establishing that kinship has become so flexible that relatives do not necessarily create business, but business can also ‘create’ relatives by transforming ‘certain strategic friends’ and business partners into reliable and trusted trading partners based on fictive kinship terms. In this sense, the guanxi-based adoptive mechanism actually works in larger, more international level.

**Conclusion**

In modern capitalist terms, we can say that the Javanese ideological system is not an economically efficient one. It is a welfare system and not a growth-oriented mechanism. By contrast, the Chinese guanxi-based system is well-prepared for economic expansions\(^\text{37}\) and consequently—if judged from the growth-based criteria used by contemporary economists—its linking of wealth and status spheres works more in favour of profit making activities than the Javanese system that separates the two. Due to the wealth-status dichotomy, the Javanese must pursue status separately from the pursuit of wealth. These are expensive and often conflicting ventures. Without political patronage, Javanese entrepreneurs that subscribe to the priyayi ideology will have difficulties competing in the modern Indonesian economy (Brenner 1998:94). This is why the patron-client system remains.

While this may put the Javanese at an advantageous position in the Java-dominated Indonesian government, they will not fare well in the international economic arena. The priyayi ideology provides no rules on how to accommodate interaction with the Other (e.g. foreign governments and investors). Either they are

\(^{36}\) For example, Yang (1989:40) discovered that Chinese businessmen in Singapore emphasized that business relations can be established with any reliable person unconstrained by kinship.

\(^{37}\) As seen in previous sections, the Chinese community is peculiarly adept at enforcing sanctions over its members even though they are geographically dispersed (e.g. in Dewey 1962a and 1962b).
relegated to high status (if they display extreme material wealth) that demand special treatments, or low status (e.g. as uncouth outsiders) that require no attention. The Chinese, on the other hand, are already accustomed to dealing and appeasing the hostile government of the host country. Their guanxi system actually accommodates such practices while the Javanese priyayi ideology discourages it. Therefore, not only do the Chinese have a significant advantage over the Javanese in handling large scale long distance trade—an advantage most striking in the sphere of international trade—but they also have a supporting normative system as opposed to the Javanese restrictive ideology.

Most structural trust theories explain cooperative economic behavior in terms of how the social structure facilitates and regulates the actors’ cooperative economic behavior in a prescribed manner. The other kind of trust theories explain cooperative economic behavior in terms of how the system incorporates values that motivate and encourage the actors into behaving cooperatively. As the article has shown, not only trust analysis must address both approaches but it must also include issues of cultural reproduction, social dynamics and change. For example, the case of the Chinese management system indicates that instead of focusing on a ‘fixed’ kinship system, one should focus on a ‘dynamic’ system of adoption as an adaptive means to circumvent the rigid ‘more traditional’ system. This analytical approach focus on two characteristics: the encouragement of individual inventiveness and innovation backed by the groups’ resources, and the emphasis on maintaining old or establishing new relationships and networking by positing that the Other has similar interests in a successful cooperation. Both are risk-taking characteristics that the priyayi system lacks.

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38 In this context, the economic success of the ethnic Chinese in Indonesia is credited to the effectiveness of their enforcement and sanctioning mechanisms, which allow actors to be comfortable in conducting cooperative economic behavior regardless of the risk involved. The Javanese possess enforcement and sanctioning mechanisms that actually focus on collective prosperity (a sort of welfare system) at the expense of economic advancement. Risk-taking behavior is discouraged since it might threaten existing economic conditions of the community.

39 In this sense, the economic success of the ethnic Chinese in Indonesia is credited to the guanxi-based work ethic, which measure the self’s worth in terms of both social relationship and economic success without separating the two. The actors are motivated to conduct cooperative economic behavior because it fits into this particular norm. The Javanese’s priyayi-dominated ideology actually separates the political and economic spheres. Status and wealth can be accumulated through separate routes and can actually conflict with each other. Cooperative economic behavior is often sacrificed for social and political purposes. On the other hand, political power can also be sacrificed for economic purposes.

40 The guanxi system allows such flexibility, but only if friendship or another system of non-kin familiarity can operate on the same level as (or even—as Menkhoff suggests—be integrated into) the kinship system.

41 As described earlier, the priyayi ideology view risk-taking as a kasar venture since it has the potential to disrupt harmony, therefore, one is discouraged from such behavior. The invisible barriers erected by this view—the reluctance for long term business relationship, the unwillingness to invest in new means of production, the hesitation to expand and intensify business enterprises, combined with restrictive system of village-dependence—indicates a tendency to shun risk-taking economic behavior. As such, it is quite reasonable to postulate that the Javanese are not prone to trusting the Other or taking chance in the unknown.

42 Dewey (1962b) proposed that the Javanese ties to the land provide them with a ‘safety net’ not available to the diasporic Chinese. Even when the population increase makes land scarce, this extra sense of security remain, not only holding the Javanese back from risk-taking but actually encourages a slack approach to fulfil business obligations with others (fellow Javanese or not).
The influence of social migration must also be taken into account, if only as an indicator of risk-taking dispositions. The diasporic Chinese is better primed culturally and structurally to risk-taking and entrepreneurship, especially in a hostile environment, than the Javanese. While this hypothesis need to be re-examined in today’s Reformasi Indonesia, the diasporic tradition of the ethnic Chinese certainly brings some advantages—such as flexibility in dealing with others, a more cosmopolitan outlook to the world, etc.—which might over time become culturally embedded (Li 1978; Liu 1997; Limlingan 1986). The Chinese business ethics are very supportive of networking behavior because it provides no strict division between personal and public (economic) behavior. There is no shame in mixing business with personal interests. This provides an incentive for achieving economic success—similar to Weber’s Protestant ethics—that in combination with the flexibility of the Chinese adoptive mechanism may be seen as major cultural assets in the competitive modern capitalist economy.

In contrast, the Javanese priyayi ideology hinders networking behavior. By relegating economic activities into the profane, it actually ‘discourages’ economic success through hard work. Sensible business practices (e.g. capital saving) are stigmatized. Economic prosperity depends on the benevolence of powerful patrons. While profitmaking is acceptable (to some extent) and business is also mixed with personal interests, just like the Chinese, this follows a separate path from the accumulation of prestige. The priyayi ideology that separates prestige from wealth also limits successful entrepreneurs from obtaining better social standing and blocks their access to political resources. Entrepreneurs must rely upon the benevolence of the power structure. As a consequence of this economy of dependency, while economic relationship with Others can be established, it seldom means treating them as equal partners. The relationship is most likely be one of domination. Taking risks—including initiating new business relationships with others—is implicitly discouraged since the Other must always be initially treated as potential competitors to resources rather than as partners.

If these conditions remain the way they are, it is easy to conclude that the Chinese will fare better than the Javanese in the global economy. However, social and cultural dispositions...

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43 Economic success is guaranteed to improve social status. This is a major motivator for taking risks in initiating new business relationships with others (Brook 1997).

44 The Chinese guanxi as explained earlier allows outsiders to enter existing networks and share resources (although the extent of the sharing is determined by the history of cooperation).

45 Consistent with these conclusions, the Chinese tendency to initially trust non-kin Others combined with their ideological work-ethic and supporting structural mechanism, will certainly be beneficial in economic relations with other ethnic groups. The Javanese tendency to suspect others (kin and non-kin alike) combined with the priyayi ideology, is a major stumbling block for any interethnic economic interactions. Given the same amount of capital and business opportunity, a Chinese entrepreneur would invest it domestically while a Javanese would prefer to save the capital abroad (capital flight) and invest it later only when the venture have been proven profitable by others (Anoraga 1995:142-143).

46 The recent 1997-98 economic crisis in Indonesia, for example, has forced the political system to address the issue of ethnic and racial discrimination. It also challenges the ‘corrupt’ business and political practices. With the rising demand for the decentralization of governance and more autonomy for the Outer Islands by the non-Javanese Indonesians, the Javanese priyayi ideology is increasingly under pressure, constantly contested by ‘more open and liberal’ ideologies, and has become a political liability. Whether it will actually happen depends on how the social and political structure changes (e.g. whether the enforcement mechanism will be improved).
sitions are not fixed conditions. They fluctuate throughout history with varying results as the different cases of various Overseas Chinese demonstrate. One avenue of change is the impact of the economic system on the political system. Indeed, for the first time in Indonesian history there is a great possibility for the priyayi ideology to be discarded, mainly because political patronage no longer guarantees prosperity.46

The passing of ideologies are not to be mourned. The days of the priyayi ideology are numbered. Indonesians raised in the oppressive New Order regime recognize this and are more than prepared to do away with the existing ideological and structural systems as the recent election demonstrated.47 Identity politics in Indonesia currently seem to shift from ethnic-based to religious and class-based. With these shifts in mind, only the most pliable of identity and belief systems—ideology included—will survive the ever-intensifying historic changes in Indonesia.

47 Even if we remain within the national context, as long as Indonesia has weak legal system, the various ethnic groups would have to resort to ‘traditional’ cultural mechanisms to regulate cooperative behavior. The Javanese will have no alternate ideology to draw from and have to rely on the clearly disadvantageous priyayi ideologies. The ethnic Chinese, who are still discriminated against, will restrain their guanxi-based adoptive measures making it difficult to involve non-Chinese in their ventures.

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