

Dynamics of the Economic Power in Post-Suharto Indonesia

—The Bakrie group, 1998–2012—

Year: 2014

Place of fieldwork: Republic of Indonesia

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Key Words: Indonesian political economy, Bakrie group, Aburizal Bakrie, *pribumi* conglomerate

- Research background

Overcoming the confusion of the 1998 crisis, Indonesia, which has drastically changed its institutions and structure, is now becoming one of Asia's "emerging markets" like China and India. However, the Bakrie group's business is stagnant because of the Rp. 6.4 trillion debts the group faced after the 2008 crisis. Previous research has not addressed what kind of changes have been made to the largest *pribumi*, or indigenous, conglomerate in Indonesia, since the beginning of the leadership of its founder's eldest son, Aburizal Bakrie, who has risen in the political scene since 2004.

- Research purpose and aim

The purpose of this research is to answer the following two questions:

1. What did Aburizal Bakrie do to attain his political influence and use this power for the sake of his business group?
2. Why has the business of the Bakrie group been stagnant during Aburizal's political rise since 2004?

With these questions, this research aims to contribute to the discussion of Indonesian political economy and of Indonesian companies' management.

- Fieldwork results and achievements

My fieldwork has presented useful results.

1. Aburizal has been the most powerful and influential political figure under the Susilo Bambang Yudohyono administration since 2004, especially in terms of the administration's discussion of the nationalization of natural resources and coal mining policies.
2. The Bakrie group, which carries enormous debts, has implemented a business strategy in which the group uses its assets as collateral to get cash from international financial markets.

- Implications and impacts for future research

This research will promote further discussion about the relations between politics and business after Suharto's resignation and about relations between Indonesian businesses and the international financial market.



Pic.1. Electoral advertisement for Aburizal Bakrie in the 2014 presidential election, Jakarta



Pic.2. Mr. Bobby Gafur Umar, CEO of PT Bakrie & Brothers Tbk. (*right*), Jakarta



Pic.3. Government advertisement promoting domestic products on a state-run bus, Jakarta

