**Politics-Business Collusion in Indonesia and beyond**

Double panel proposal

Conveners: Ward Berenschot and Yogi Permana.

While harboring diverse political regimes, a striking commonality of countries across Southeast Asia is the prevalence of informal exchange relations between political and economic elites. Employing a range for terms to describe this phenomenon – from crony capitalism and oligarchy to business-politics collusion - scholars from across the region regularly document how business actors provide campaign funds and other forms of support to politicians in exchange for privileged access to economic opportunities. These studies highlight that such collusive exchanges have considerable negative impacts on governance and politics across the region, from weakening state regulatory capacity, undermining natural resource management and boosting corruption, to fostering political inequality, weakening civil society and, more generally, skewing governance towards the interests of wealthy elites.

Collusive business-politics interaction has a long history in the region. Yet the forms and intensity of the interaction between the worlds of business and politics is evolving, in response to both economic development and changing political contexts. In some countries increasingly expensive election campaigns are making politics even more oligarchic, while the continuing importance of state-dependent economic sectors – such as natural resource extraction and real estate – is also deepening politics-business collusion. In this panel we aim to take stock of recent developments and assess the state of the field, with a particular focus on Indonesia. Bringing together researchers from different disciplines focusing on forms of business-politics collusion in different sectors, this panel aims to generate discussion about the state of knowledge about the evolving character of business-politics interaction, as well as the challenge of conceptualizing this interaction. What do we know of its causes, forms and consequences of business-state collusion? What is the character and effectiveness of efforts to curtail these exchange relationships? And how might politics-business collusion be studied comparatively?

*Note for conference organisers:* We envision this panel as a double panel including presentations on business-politics collusion in other Southeast Asian countries. However, despite circulating this proposal, we only received Indonesia-related abstracts. In that light we kept four slots open in this double panel proposal (i.e. only four slots are filled) so that we can add individual papers submitted directly to Euroseas (on, hopefully, other SEA countries) to this panel.

*Panelists:*

Gabriel Facal, Research Institute on Contemporaray Southeast Asia

[gabriel.facal@irasec.com](mailto:gabriel.facal@irasec.com)

Yogi Setya Permana, Royal Netherlands Institute of Southeast Asian and Caribbean Studies (KITLV) – Universiteit Leiden, [gejlikpermana@gmail.com](mailto:gejlikpermana@gmail.com)

Santy Kouwagam, post-doctoral researcher, Leiden University

[s.u.kouwagam@law.leidenuniv.nl](mailto:s.u.kouwagam@law.leidenuniv.nl)

Ward Berenschot, Royal Netherlands Institute of Southeast Asian and Caribbean Studies (KITLV), [berenschot@kitlv.nl](mailto:berenschot@kitlv.nl)

*Discussant:*

Eve Warburton, Australian National University

**Politico-business collusion networks in Banten province : generalisation of a political accumulation model and diversification of economic activities**

Gabriel Facal, Research Institute on Contemporaray Southeast Asia

gabriel.facal@irasec.com

This presentation examines the somewhat anachronistic resilience of ancient networks of power in the province of Banten, western Java. These networks, which emerged in the late 1960s as regional extensions of President Suharto's regime, are deeply rooted in religious social structures and a network of martial arts schools. These schools produce "strong men" (and more recently "strongwomen") (*jawara*/*i*), whose strength is conceived as arising from their ability to resist mundane concerns and find practical solutions despite political and economic adversity. The *jawara* thrive on a symbiotic relationship with the state, acquiring decision-making functions through this penetration, while also securing protection within the apparatus of government, public administration and justice.

Since the decentralization of *Reformasi* in 1998 and provincial autonomy in 2000, the *jawara* leaders have renewed their economic activities, alliances and narratives while maintaining longstanding, territorialized clientelistic methods. In contrast to the liberalism of new elected officials from Jakarta entering the regional political arena via the eastern legislatures of Tangerang, the political clans of Serang (the provincial capital) denounce contemporary and foreign forms of impersonal, individualistic and consumerist politics. This moral stance benefits from a very favorable political climate, given Banten's results in recent general elections revealed it as a province with high support for conservative parties. This ongoing trend, illustrated by the successful establishment of the Pemuda Pancasila nationalist militia headquarters next to the central police station, demonstrates the resilience and generalisation of a political and cultural model based on the concentration of social, political and economic resources.

This presentation will map out the different politico-business (infrastructure, transport, tourism, resource extraction) collusion networks in Banten's two cities and four districts, highlighting their strategies over the past two decades and agonistic perspectives for the years to come.

**The Political Economy of Flood Management in Indonesian Cities**

Yogi Setya Permana, PhD. Researcher, The Royal Netherlands Institute of Southeast Asian and Caribbean Studies (KITLV) – Universiteit Leiden

While geophysical disasters like earthquakes have caused more deaths in Indonesia, flooding is the most significant among these risks because it occurs most often, affects most people, and causes the most damage, especially in urban areas. However, some cities relatively succeed while others fail to manage floods, as shown by the statistics of flood cases and the number of impacted people. How is it possible that cities operating within the same national context and confronted with a similar problem of flooding and circumstances perform very differently regarding the outcome of flood management? It becomes even more puzzling when we observe that cities investing less heavily in massive technical interventions do equally or even better than cities that depend on such interventions. I argue that two contextual factors influence the outcomes of flood management. The first factor is the varying enforcement capacity of local governments to set up and implement effective regulation of flood defence infrastructure. Local governments whose policies are regularly undermined by collusive relationships among state actors and economic elites are much less effective in building the regulatory enforcement capacity to establish effective flood defence. The second factor relates to the existing power dynamics and political processes related to spatial planning in defending water catchment areas and green zones. The success and failure of flood prevention are shaped by the capacity of civil society activism to defend the water catchment areas and the green zones amidst powerful political and economic actors such as real estate companies, factory owners, and agricultural bosses.

**Caring or Corrupting? Socio-Legal Obligations in Indonesia**

Santy Kouwagam, post-doctoral researcher, Leiden University

[s.u.kouwagam@law.leidenuniv.nl](mailto:s.u.kouwagam@law.leidenuniv.nl)

Drawing insights from extensive research on law, lawyers and business-people, this presentation challenges conventional assumptions that often associate relationships between business-people and officials as illicit. By examining the nuanced interplay between legality and ethical considerations, the research seeks to redefine the narrative surrounding the intersection of money and power within the Indonesian socio-legal landscape. The central goal of the presentation is to highlight the varying degrees of ‘collusion’ that exist, demonstrating that monetary transactions can transcend potential stigma and, depending on the context, serve as conduits for care or authentic expressions of concern.

**Business-politics collusion and campaign finance: evidence from Indonesia’s 2024 parliamentary elections**

Ward Berenschot, University of Amsterdam and Royal Netherlands Institute of Southeast Asian and Caribbean Studies (KITLV).

Expensive election campaigns are considered a major driver of business-politics collusion. When politicians need extensive funds to finance campaign activities, they can hardly forego making deals with economic elites. Or can they? While there are plenty of anecdotes, there is little systematic evidence concerning the character and extend of campaign funding from business actors. This paper addresses this challenge by using material from an ongoing research project on campaign finance in Indonesia and India. In the run-up to Indonesia’s 2024 parliamentary elections eight researchers have engaged in candidate shadowing in eight economically diverse constituencies. They immersed themselves in election campaigns of candidates for district- and provincial parliaments, in order to explore the sources of campaign funds, and the deals candidates make to obtain these funds. This paper presents preliminary findings of this research project, with particular attention for impact of the character of local economies on such campaign finance practices.