

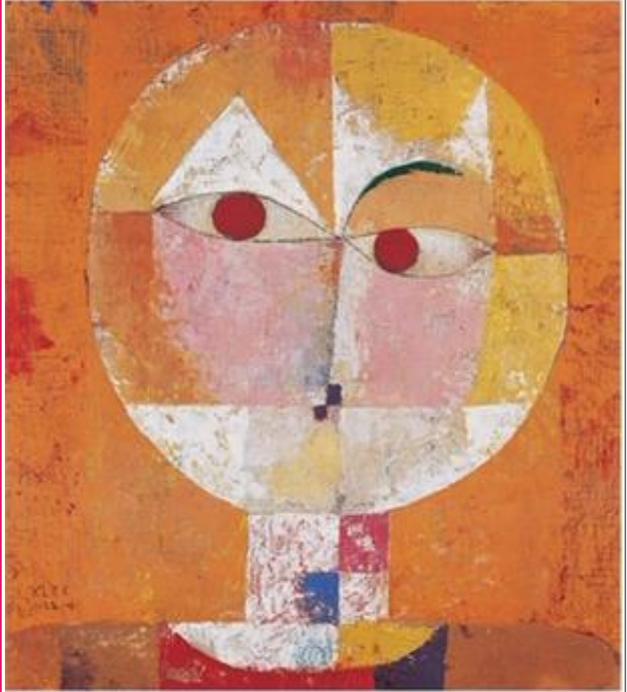
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Economics-politics of group 1%: the dominance of minorities in economic perspective

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Abstract

This paper will describe and seek answers to the question of how minorities have dominance or power over politics-economics, not only in Indonesia but also in the World? For this purpose, we use comparative qualitative research methods. As a result, the phenomenon of the dominance of Jewish and Chinese in the fields of economics and politics cannot be separated by factor as diasporic ethnic. In conclusion, the income inequality between the minority and the majority leads to a negative stigma in the free market, in which the rich get richer and the poor get poorer.

Keywords: Economics, Capitalism, Majority, Minority, Politics.

Economía-política del grupo 1%: el dominio de las minorías en la perspectiva económica

Resumen

Este documento describirá y buscará respuestas a la pregunta de cómo las minorías tienen dominio o poder sobre la política y la economía, no solo en Indonesia sino también en el mundo. Para este propósito, utilizamos métodos comparativos de investigación cualitativa. Como resultado, el fenómeno del dominio de judíos y

chinos en los campos de la economía y la política no puede separarse por un factor como una etnia diaspórica. En conclusión, la desigualdad de ingresos entre la minoría y la mayoría conduce a un estigma negativo en el mercado libre, en el que los ricos se enriquecen y los pobres se empobrecen.

Palabras clave: economía, capitalismo, mayoría, minoría, política.

1. INTRODUCTION

“Expression of Power is The Ultimate Currencies” finds its relevance, seeing the result of the interaction of economics and politics, in which the relationship between economics and politics results in a real dominance, demonstrated by the accumulation of capital, network, access to information and resources, the effect carried out by a handful of people, in which in this case is represented by Jews and Chinese.

We can see that a group of people have wealth equivalent to a state. Bill Gates' wealth equivalent to the GDP of 11 countries in Africa (BERNSTEIN, 2007). The phenomenon of emerging markets (countries or markets which have just developed) such as the BRIC countries (Brazil, Russia, India, and China) spawn new millionaires and billionaires every year. Business economics magazines like Forbes, Fortune and even Time publish ratings of the richest and influential people in the world, that could certainly

be found a few people who are Jewish or Chinese classified into group 1% (FLEURBAY & DIDIER, 2013; MÜNKLER, 2007).

After that, we would ask, could we be that group 1%? Or in another sense, we can achieve wealth and prosperity. In which the definition of group 1% by DI MUZIO (2015), is the group that has the ownership of assets of more than the US \$ 30 million or a per capita income of more than US \$ 50 million. They are called people with high incomes (High Net Worth Individu). Depictions of 1% here refer to the number of their population which is very small compared to the total world population. In the context of minority groups, BAUMOL, ROBERT & CARL (2007) states that the acquisition of a minority group can be categorized as oligarchic capitalism. There are 4 types or forms of capitalism, each of which provides its own economic impact. First, Capitalism led by the State (State-guided capitalism). In which the government tries to guide the market, most often by supporting particular industries that it expects to become winners. Second, Oligarchic capitalism. In which the bulk of the power and wealth is held by a small group of individuals and families). Third, Big-firm capitalism, in which the most significant economic activities are carried out by established giant enterprises. Fourth, Entrepreneurial capitalism, in which a significant role is played by small, innovative firms. More clearly can be seen in Figures 1 and 2 below:

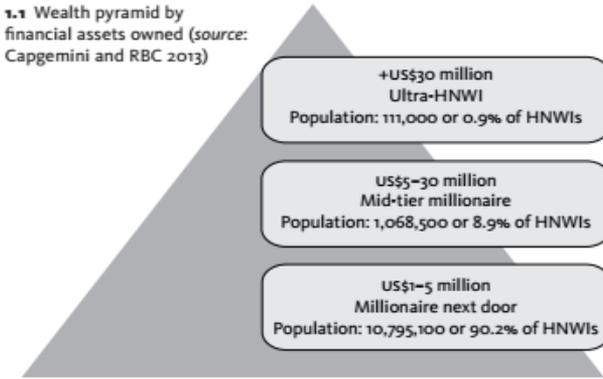


Fig. 1: Rich People Based on Asset Ownership

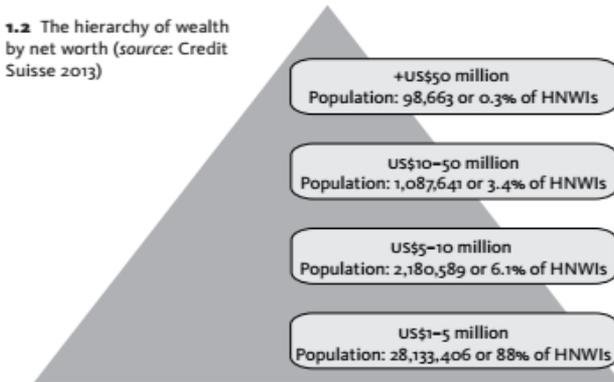


Fig. 2: Rich People Based on Net Income

Group 1% has the power to intervene in democracy. STREET (2014), states that We should note here the absence of any reference to things routinely identified with capitalism in dominant US political and intellectual discourse democracy, human freedom, free trade, job creation, growth, production, and/or a free market, characterized by widespread competition and/or little or no government interference. Capitalism is about profit for the owners of capital, period, attained through any number of unspecified means, including but not limited to 1. The dispossession of others' land and materials. 2. Chattel slavery (the leading source of capital accumulation in the United States prior to its outlawing in 1863–1865). 3. The hiring and/or firing, technical displacement, and/or deskilling of workers. (4).

2. METHODOLOGY

The maintenance of a large reserve army of unemployed and marginally employed labor that functions to keep wages low. (5). The outsourcing of work to hyper exploited and low-wage sections of the world economy. (6). The hiring and super-exploitation of unprotected migrant workers. (7). The slashing and theft of wages and benefits. (8). Purely speculative investment. (9). Monopoly formation and pricing. (10). The dismantlement of competing firms, sectors, and industries. (11). Deadly pollution and perversion of the natural environment. (12). The appropriation of public assets. (13). Deadly military contracting and war production (14). The use of various means and methods for

shaping the political and intellectual culture and policy in capitalists' favor: funding political campaigns, hiring lobbyists, media ownership and control, public relations and propaganda, investment in the educational system, the offer of lucrative employment offers and other economic opportunities to policymakers and their families, the holding of key policymaking positions, and use of the threat to disinvest in jurisdictions that do not play by capital's rules and/or the promise to invest in jurisdictions that do play by those rules (KELLY, 2014).

Meanwhile, in capitalism development in China, China's capitalist institutions which first appeared in Malaya plunge in tin mining in Indonesia in the production of sugar. These products are much in demand in the West in the late 19th century, so the big profits await those who can supply. Production on a large scale is possible for Chinese with the new institutional legal order created by the colonial government of the Western model. In this period, there are two types of Chinese capitalist institutions, that first created through a business relationship with Western institutions. Some become rich and build a great organization through trade relations with merchants and Western manufacturers. Second, Chinese capitalist institutions that operate mainly in the Chinese environment. They provide raw materials to the indigenous farmers and then process them for consumption of the Chinese, such as rice and other foodstuffs. There are also mixed types, in which the Chinese trading companies have to deal with Chinese small traders who collect the goods they import to the West (MACKIE, 1991). Therefore, this paper will focus on two discussions. First, the phenomenon of Jewish and China in the field of politics-

economics. Second, inequality between minority and majority as a result of the free-market (Mawanza et al, 2018).

3. RESULTS

In this discussion, the author does not aim to raise the issue of racial intolerance, causing a negative stigma on that ethnic (RIZKY & MAJIDI, 2008). However, this review attempts to highlight the causal factor for the success of the Jewish and Chinese in financial and political terms. In the end, we can learn and benefit from this phenomenon. The dominance owned by group 1% is dominance in the economic field, which affects their political dominance. We can look at a case involving the reclamation of the developer Agung Podomoro Land (Chinese) with the provincial government of Jakarta. On the monetary crisis in 1998, there was a domino effect due to currency speculation which resulted Baht and Indonesian rupiah weakened against the US Dollar. This speculation was sometimes due to the action of a trader named George Soros (SILBINGER, 2009).

According to REICH (2007), there are 10 types of businessman/entrepreneur and the many Jews ethnic succeed in that type, they are: 1) Individual type (solo): some went on to become traders, shopkeepers, gem traders, professionals such as doctors, lawyers, accountants, and dentists; 2) Builder type: professionals who hire others to run and expand the business (law firms, medical

practices, accounting firms. Example: Henry and Richard Bloch founded H&R Block, an accounting firm and international tax; 3) Inventor and innovator type: As Strauss (Jeans clothing inventor), Rubinstein (pioneer in modern cosmetics industry), Fireman (founder of Reeboks for aerobics), Mattus, Ben Cohen and Jerry Greenfield (pioneer of premium quality ice cream, Haagen Dazs); 4) Pattern Multiplier type: businessman raising business by franchising (franchise) and the expansion of the product chain. As Howard Schultz, founder of Starbucks coffee shops; 5) Economy of scale exploiter type: This type of businessman built his business by producing more at the lowest prices. New York garment industry founded by Jewish immigrants in the 20th century and immediately replaced the home tailors and garment industry (SCHUCK, 2014).

With industry, the production process becomes fast with cheap fare. Currently, the garment industry such as Calvin Klein, Ralph Lauren, Donna Karan (DKNY) is owned and operated by Jewish; 6) Capital aggregator type: This businessman does business by drawing funds from the public or investors. Financial services business. Like Salomon Brothers and Goldman Sachs (investment banking firm); 7) Acquirer type: buying the company with the goal to expand or enter into the company's management. Such as Ron Perelman (Revlon), Marvel Entertainment, New World Communications, Coleman, MacAndrews and Forbes; 8) Buy/sell artist type: This business only produces and sells company to make a profit. Such as Robert and Laurence Tisch (Loews Theater and Hotel, CBS, Real Estate, CA Financial), Carl Icahn (TWA, Texaco, USX), Henry Kravis (KKR); 9)

Conglomerator type: using the business equity-owned to buy other businesses. Such as Sumner Redstone. Redstone purchases media business and Viacom by using the theater network equity belonging to the family, National Amusement, then buying CBS using Viacom equity; 10) Investor type: shares/debentures/securities/commodities and real estate: Such as George Soros, Michael Milken, Sam Zell.

The same thing can be found in Chinese. In which Chinese also have strength and influence in economics and politics. Mastery of upstream-downstream sector business to politics with a pattern of patron-client can also be found in this ethnic (CHUA, 2008). In the context of Indonesia, it can be seen from Liem Sioe Liong, the founder of the Salim Group. This group has a business conglomerate and cannot be separated from the patron-client relationship between Liem and President Soeharto. The emergence of Indofood, Bogasari, and Indocement cannot be separated from the concessions and facilities provided by the President through the government regulations regarding the import of wheat and cement as national needs (BORSUK, 2013; Dimuna & Olotuah, 2019).

In the strength of the economy, we can see that the 20 best business groups in 2016 in Indonesia, majority is originated and owned by Chinese. This can be seen in Table 1 below:

Table 1: Top 20 Business Group in Indonesia (In Billion)

No.	Group	2015 Revenue	2016 Revenue
1.	Jardine Mathesson (Astra International) Henry Keswick/Prijono Sugiarto*	\$ 15.5	\$ 13.2
2.	Salim Group Anthoni Salim*	\$ 13.2	\$ 11.5
3.	Sinar Mas Group Eka Tjipta Widjaja*	\$ 8.9	\$ 8.5
4.	Djarum Group Robert B. Hartono* & Michael Hartono*	\$ 8.5	\$ 8.1
5.	Phillip Morris International (Altria Group)	\$ 6.2	\$ 6.7
6.	Lippo Group Mochtar Riady*	\$ 6	\$ 6.1
7.	Gudang Garam Group Susilo Wonowidjojo*	\$ 5	\$ 4.8
8.	Royal Golden Eagle Group Sukanto Tanoto*	\$ 4.2	\$ 4.7
9.	Bakrie and Brothers Aburizal Bakrie	\$ 3.5	\$ 3.6
10.	CT Corpora Chairul Tanjung	\$ 3.1	\$ 3.4
11.	Temasek Group Government of Singapore	\$ 2.5	\$ 3.4
12.	Alfamart Group Djoko Susanto*	\$ 3.1	\$ 3.3
13.	Adaro Energy Edwin Soeryadjaya*, Boy Thohir, Teddy Rachmat*	\$ 3.2	\$ 2.8

14.	Unilever (Mavibel BV) Dutch	\$ 2.6	\$ 2.7
15.	Wings Group Eddy William Katuari*	\$ 2.4	\$ 2.6
16.	Charoen Pokphand Sumeth Jiaravanon & Benjamin Jiaravanon	\$ 2.2	\$ 2.2
17.	Kalbe Farma Group Boenjamin Setiawan*	\$ 1.84	\$ 2
18.	Khazanah Group (CIMB Niaga) Malaysia	\$ 2.2	\$ 2
19.	Gajah Tunggal Group Sjamsul Nursalim*	\$ 1.9	\$ 2
20.	Triputra Group TP Rachmat*	\$ 2.3	\$ 1.9

Remark: * (Chinese)

Source: Globe Asia 100 Top Groups (Agustus 2016)

In terms of feelings as backward peoples, the Chinese have common similarities with Jewish. This can be seen from a historical perspective, in which the merchant/businessman class, Chinese as a class 2 (outsider) must survive on the regime. In which their wealth can appear and disappear in one night.

So it can be concluded that the phenomenon of the dominance of Jewish and Chinese in the fields of economics and politics cannot be separated by factor as diasporic ethnic, migrating to find a new place to live due to the political and economic turmoil development in

their home country (the tragedy of the holocaust under the regime of Adolf Hitler and the fluctuation of dynastic wars, coups, contestation of China and Japan). Caused by the conflict, they eventually migrate. Moreover, their feelings as excluded immigrants (outsider), they need to survive. Inevitably, and like it or not, they finally took the plunge into the business to survive. Over time, with determination, hard work, collective action, and connections, they managed to raise its business and master a variety of sectors, ranging from the production sector (upstream), distribution (midstream) to the consumer sector (downstream).

It all stems from the paradigm (mindset). In which Jewish and Chinese do not want to be employees or workers. If as an employee, then they consider it only as a process of apprenticeship (internship), and then they leave and set up their own business. In the taxonomy of Sugar, an entrepreneur's journey is tiered. In Level 0 (Employee), an individual is referred to as employees. When these employees have learned enough, they slowly began to come out and open their own business. They become self-employed (Level 1, Self-Employed). Up to next level, a self-employed should be the Manager (Level 2, Manager). In which they have started to employ others. In this case, the manager will make the system for daily operations that will be carried out by employees. Once the system is made, then they will become the owner of a business (Level 3, Business Owner). At the level of business owners, we have started thinking visionary. We no longer need to go directly.

At this level, we have a solid team to run the business. Of course, after this, business will be faced with two roads, evolve or die. On that basis, with the finesse and the equity/liquid cash, we can level up into investors (Level 4, Investor) for new business, partnership (joint venture) or undertake mergers and acquisitions of other's company (merger & acquisition).

At this level, the principle used is how to have money work for us and money to make money (money makes money). Once grown, it is time to go to the last level as the True Entrepreneur (Level 5, Entrepreneur). At this level, our business is float, or wash other's business funds through a stock exchange. We no longer need to use their own money to develop the capital but using other people's money (SUGARS, 2006). An ideal business is a commercial enterprise and the profit that could work without the presence of the owner of the business (Business is a commercial profitable enterprise that works without me) (HANSMANN, 1996). Businesses run automatically because there is a system run by employees and professionals. While the majority of people still think and live their lives on Level 0, 1, 2 or 3, the minorities have entered into levels 4 and 5 (BORSUK, 2013).

4. CONCLUSION

The conclusions of this paper are: first, an ethnic minority has an entrepreneurial spirit. The background of this is by their

consciousness to survive (survival of the fittest) caused by the stigma of second class citizens. Second, the entrepreneurial spirit of the minorities influences the politics/policy/access through money in return, they receive protection/patronage in the form of deregulation, a concession to monopoly, which makes their opinions more than the majority of the world's population. Third, actually, the income inequality between the minority and the majority leads to a negative stigma in the free market, in which the rich get richer and the poor get poorer.

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