

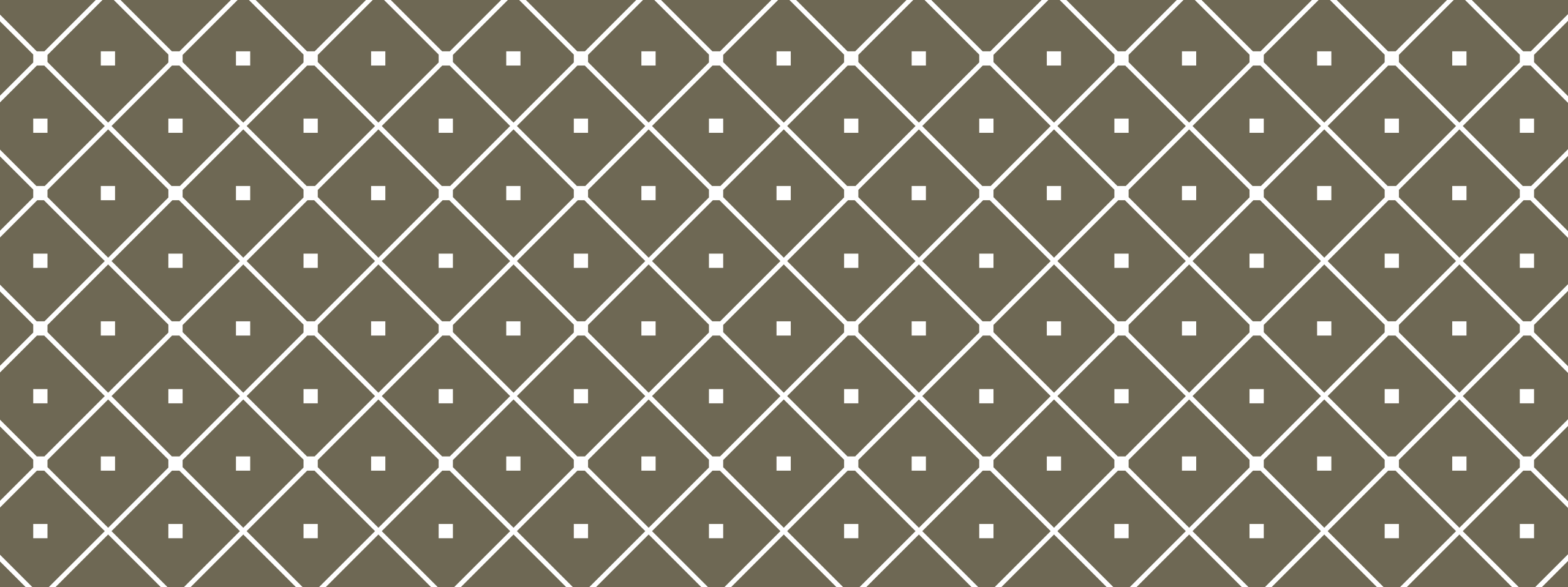


ANTI-SINICISM AND SUPPORT FOR FOREIGN INVESTMENT IN INDONESIA

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and ISEAS-Yusof Ishak Institute

OUTLINE

1. The ethnic Chinese in Indonesia
2. Studying ethnic stereotypes in public opinion
3. Anti-Sinicism among the Indonesian public
4. How does ethnic prejudice affect policy preferences?
5. A survey experiment: ethnic prejudice and foreign direct investment
6. Conclusions



THE ETHNIC CHINESE IN INDONESIA

An introduction

THE ETHNIC CHINESE IN INDONESIA

- In Southeast Asia since the 15th century
- An entrepreneurial minority
- Important economic role during colonial rule
- A history of social exclusion, hostility, violence

THE ETHNIC CHINESE AND THE INDONESIAN STATE

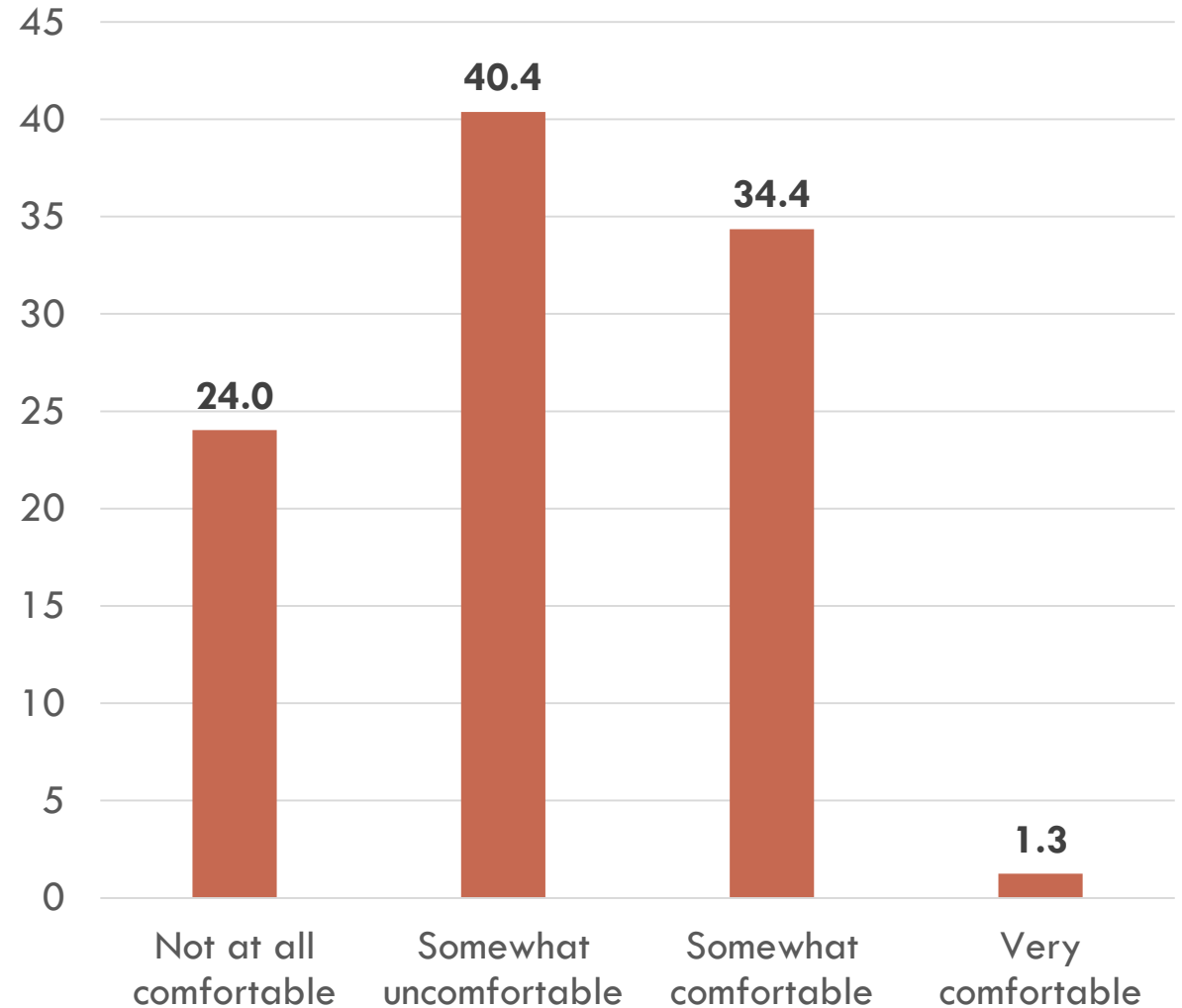
- Contested citizenship after independence
- “Indigenist” economic policies since the 1950s
- Repression of cultural expressions in the New Order
- Violence during democratic transition

A LONG-LASTING LEGACY OF DISCRIMINATION



NOT OK TO HAVE A CHINESE LEADER

“Are you comfortable with a Chinese Indonesian becoming a public leader, for instance bupati/mayor in your region, governor in your province or a minister of the Government of Indonesia?”



CONTENTS AND DRIVERS OF PREJUDICE

Privilege

Economic success resulting from greed, excessive ambition, unfair advantage

Domination (economic and political) at the expenses of *pribumi* groups

Economic competition

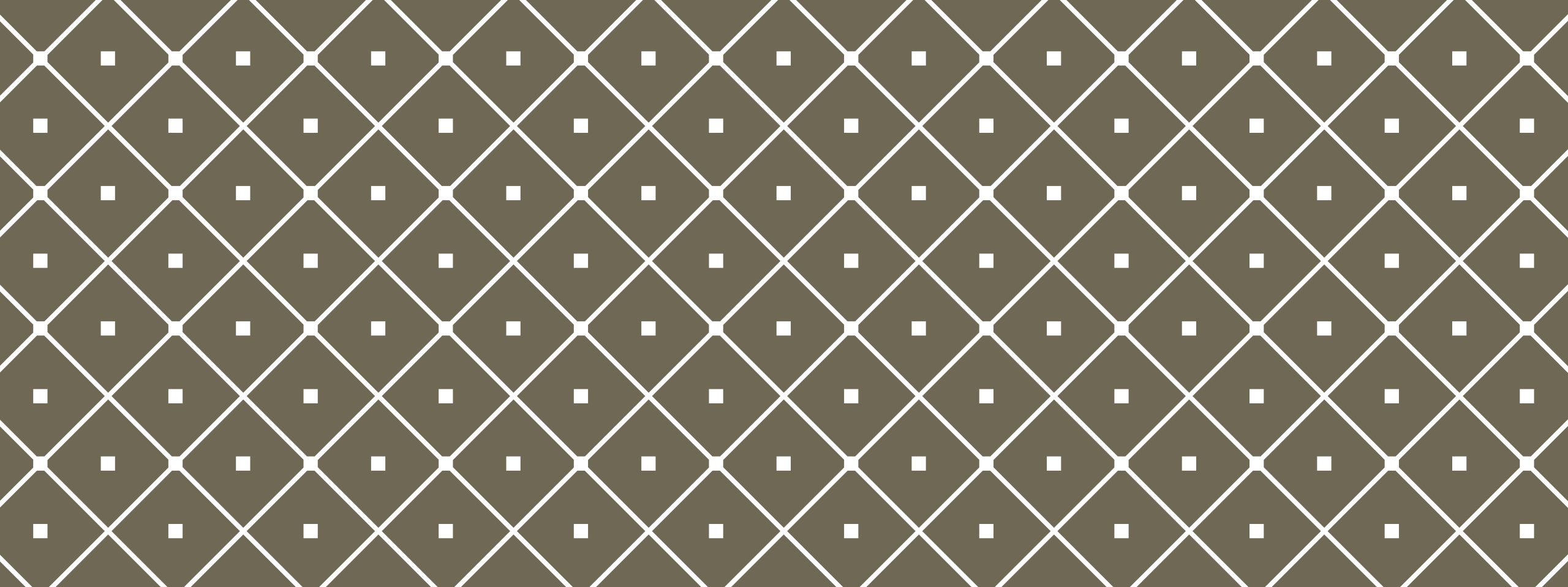
Cultural otherness

Incompatibility of Chinese culture with “Indonesian values”

Distinctiveness of religion

Disloyalty to the national cause

Radical Islamism



STEREOTYPES TOWARD THE ETHNIC CHINESE

A public opinion approach

MEASURING STEREOTYPES IN PUBLIC OPINION: WHY?

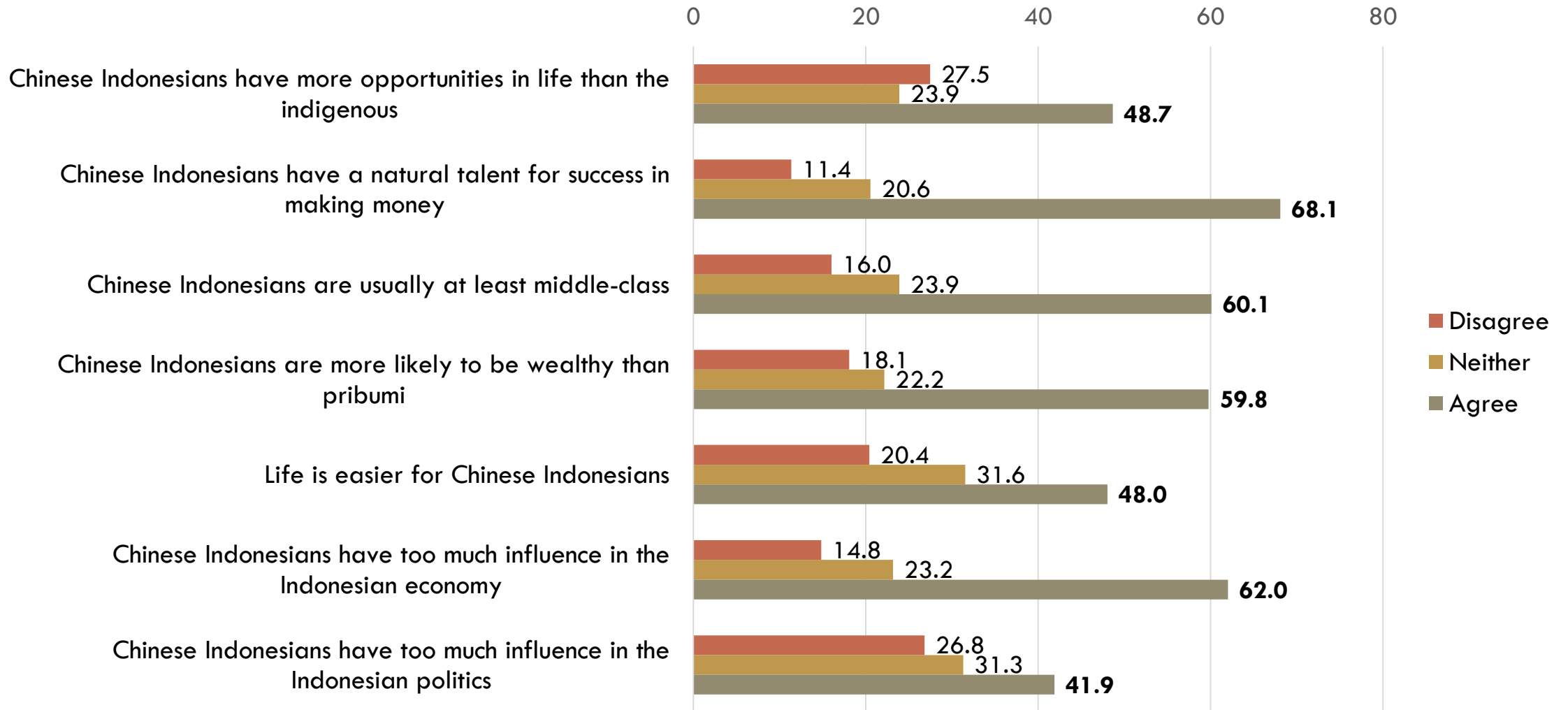
- We can learn about how widespread ethnic prejudice is
- We can study variation across social groups and individuals
- We can test theories about the drivers of prejudice
- We can test theories about the implications of prejudice

MEASURING STEREOTYPES IN PUBLIC OPINION: HOW?

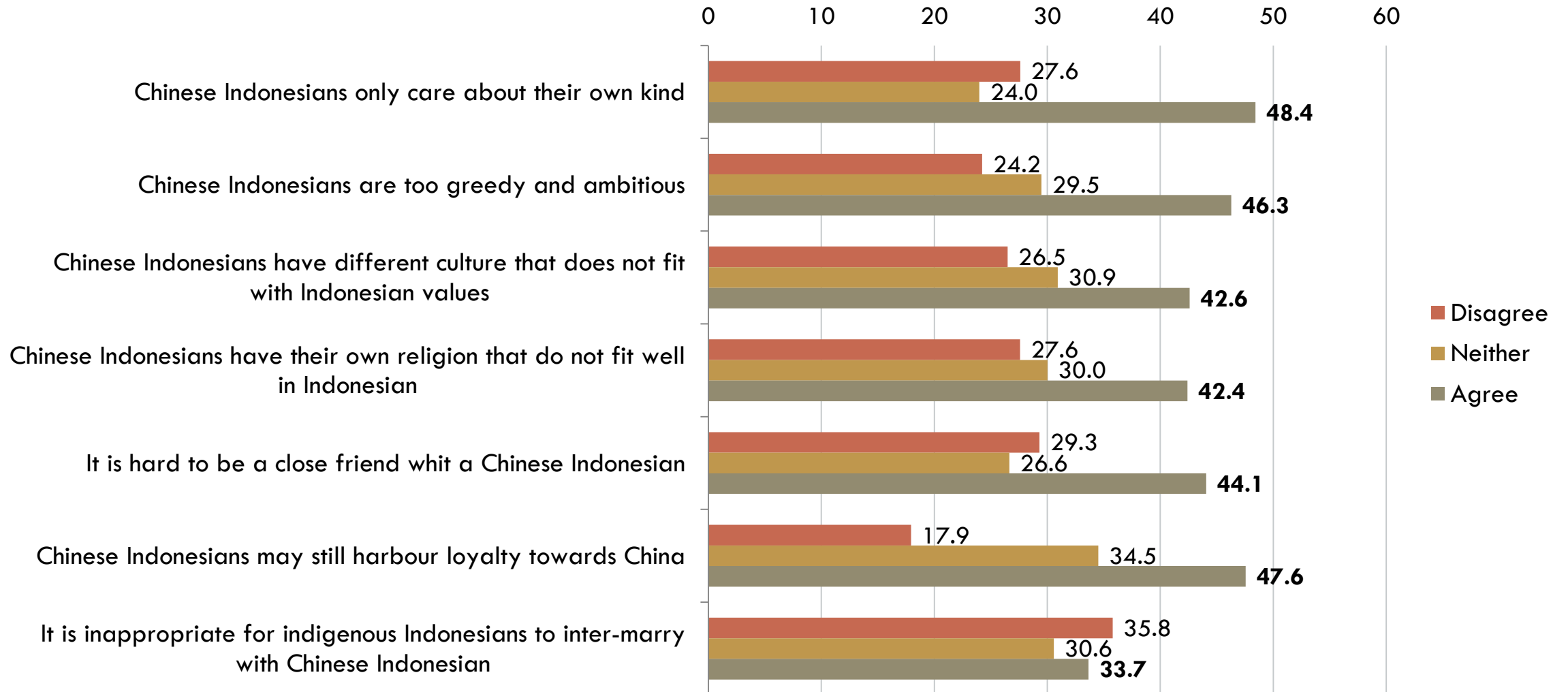
- Difficult to measure multi-dimensional concepts
- Scales of items (a list of long-held prejudicial statements)
- Express agreement
- A representative sample



PRIVILEGE AND DOMINATION



CULTURAL OTHERNESS



ANTI-SINICISM: SOME REMARKS

- Prejudice toward Chinese Indonesians is widespread
- The two dimensions (economic privilege and cultural otherness) are closely correlated, hard to distinguish between them

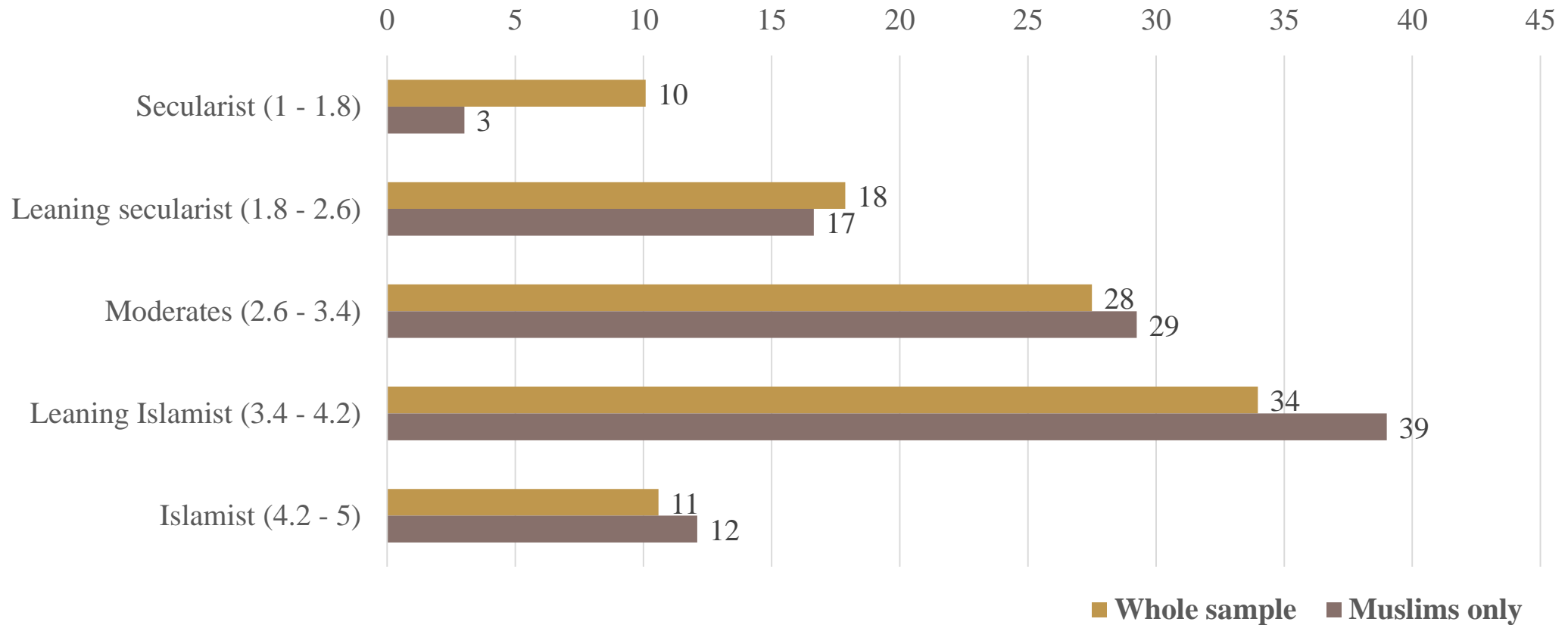
ANTI-SINICISM: DRIVERS

- There is no variation in anti-Chinese prejudice across gender, location (urban/rural), educational attainment, income, profession
- Partisanship doesn't matter either
- But there is an association with religion
- And with political Islam (i.e. with preferences over the role of Islam in politics)

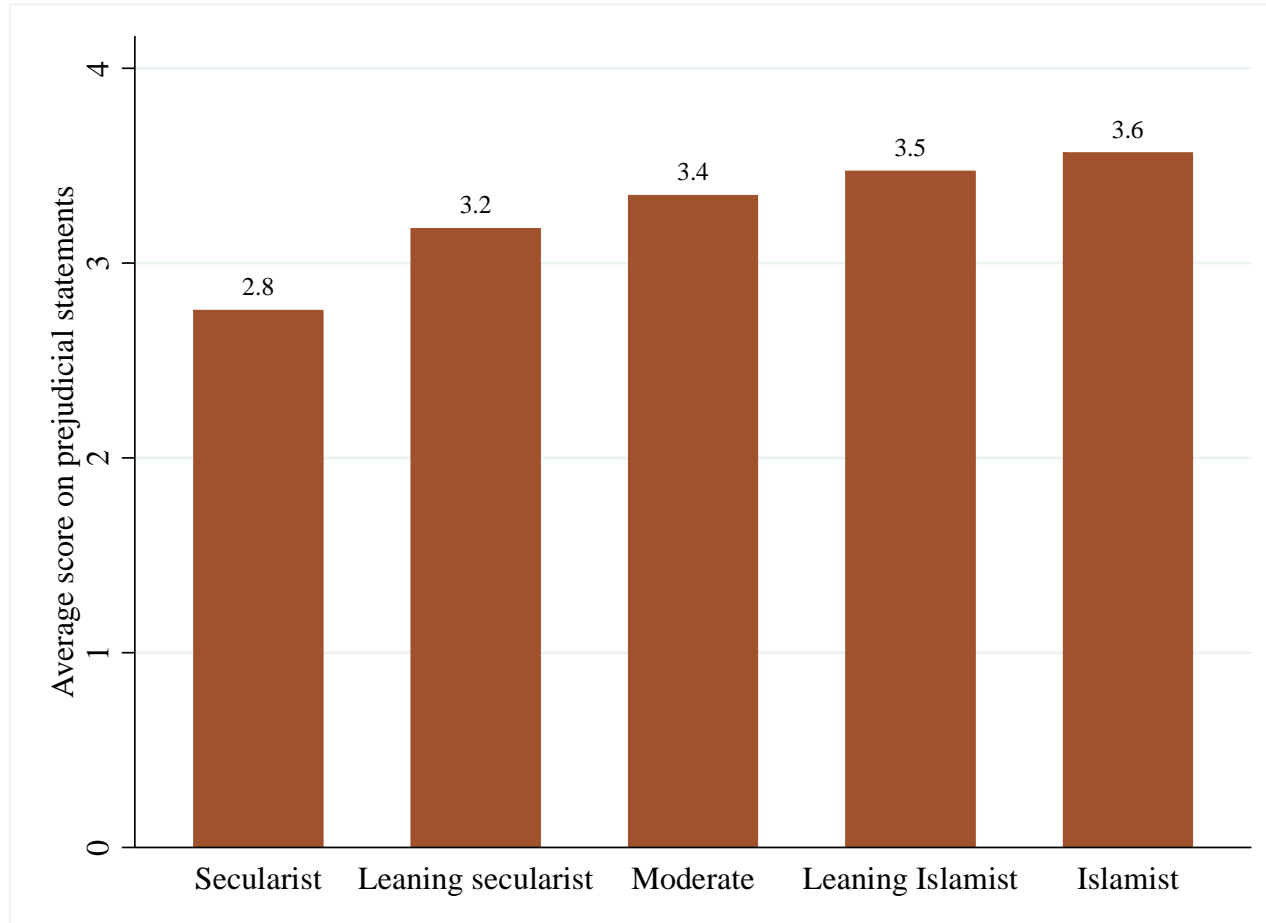
ANTI-SINICISM AND POLITICAL ISLAM

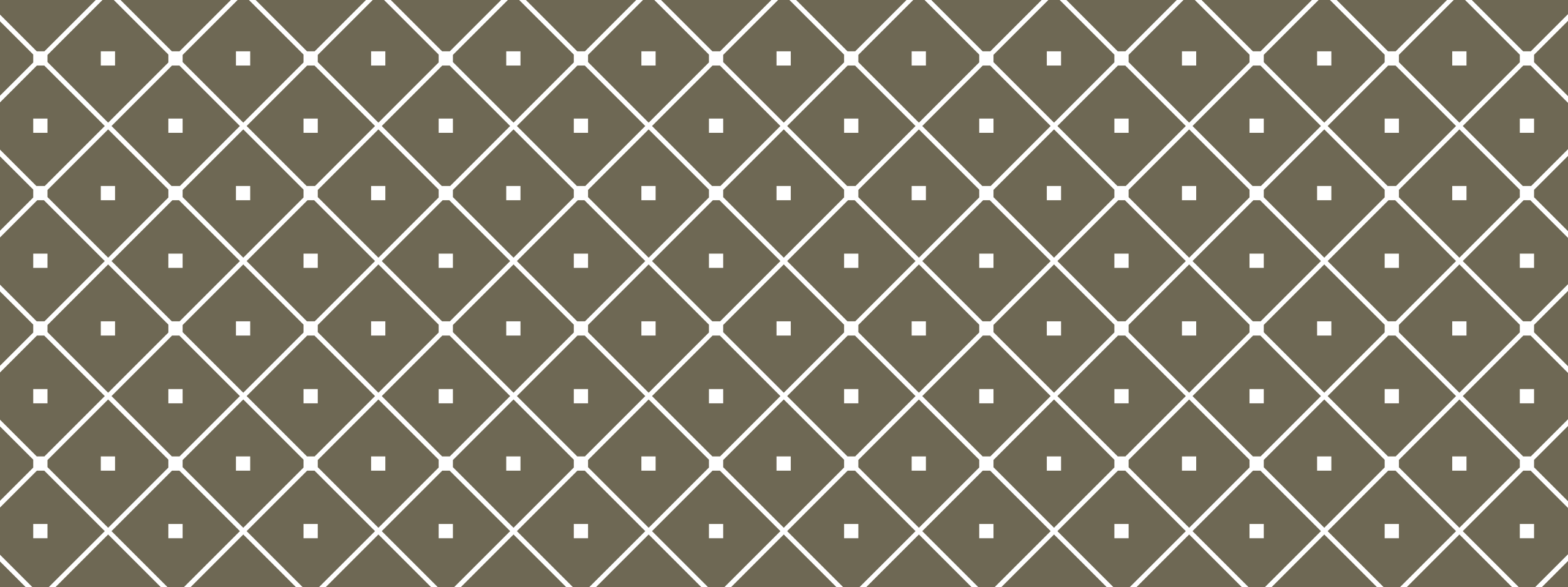
	Item	Agree	Neutral	Disagree
1	The government should prioritize Islam over other religions	49	18	33
2	Islamic religious leaders should play a very important role in politics	37	25	38
3	Indonesian regions should be allowed to implement sharia law at the local level	41	22	37
4	Sharia law should be implemented throughout Indonesia	39	20	41
5	Blasphemy against Islam should be punished more severely	63	21	16
6	When voting in elections, it is very important to choose a Muslim leader	58	20	22
7	Islam should become Indonesia's only official religion	36	20	44
	Average	46	21	33

POLITICAL ISLAM GROUPS



ANTI-SINICISM AND POLITICAL ISLAM





ETHNIC PREJUDICE AND POLICY PREFERENCES

A survey experiment on foreign
direct investment

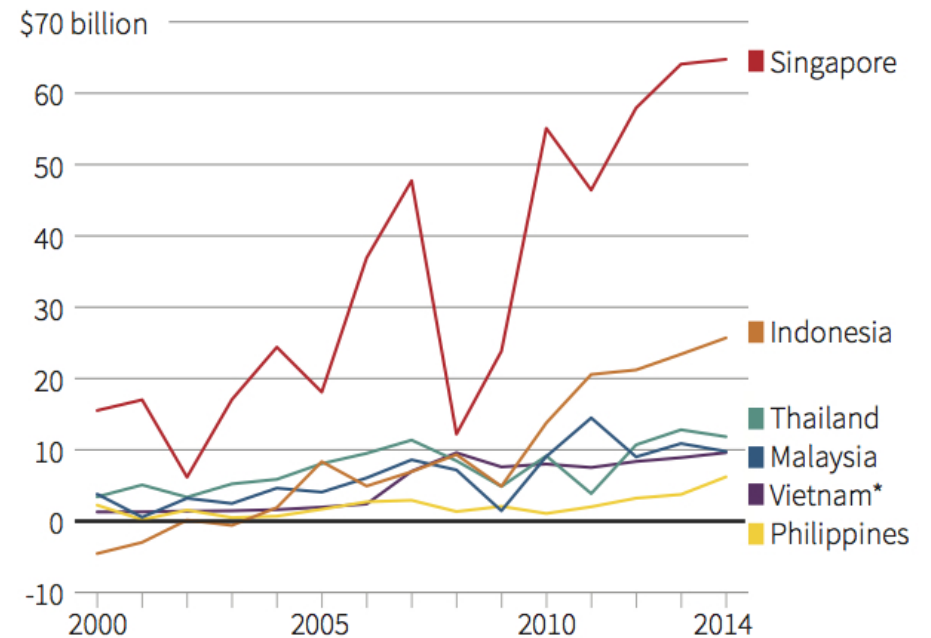
WHY DOES ETHNIC PREJUDICE AFFECT POLICY PREFERENCES?

- Ethnic stereotypes are heuristics
- They help us to navigate complexity
- We rely on them to conceptualize public policies
- And evaluate their repercussions
- Large literature, especially on international flows

CASE STUDY: FOREIGN DIRECT INVESTMENT

- A topical policy area, key for development
- A history of controversy in Indonesia
- Important sphere of engagement for the ethnic Chinese
- Expectation: Chinese cues lower support for FDI

Foreign direct investment inflows



*Estimated 2014 figure based on growth reported by Planning and Investment Ministry

Source: UNCTAD; central banks

HOW TO STUDY THE EFFECT OF PREJUDICE? CONJOINT EXPERIMENTS

- Type of survey
- Hypothetical vignettes are presented
- Vignette vary at random in some key "attribute"
- Respondents are asked to evaluate them
- Responses are compared across groups

Simulation of real-life evaluation tasks, of responses to changes in the informational environment



THE VIGNETTE

The Government of Indonesia is currently considering various policy options to attract investment from foreign companies. Please rate the following six alternatives for this policy.

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The Government of Indonesia is currently considering various policy options to attract investment from foreign companies. Please rate the following six alternatives for this policy.

This policy will bring more foreign companies to invest in Indonesia. If this policy is implemented, some prominent [**Religion treatment**] [**Ethnicity treatment**] businessmen will play a key role in attracting investment from overseas.

THE VIGNETTE - ATTRIBUTES

		Religion		
		<i>No information</i>	<i>Christian</i>	<i>Muslim</i>
Ethnicity	<i>No information</i>	"Indonesian businessmen"	-	-
	<i>Chinese</i>	"Chinese Indonesian businessmen"	"Christian Chinese Indonesian businessmen"	-
	<i>Arab</i>	"Arab Indonesian businessmen"	-	"Muslim Arab Indonesian businessmen"

THE VIGNETTE

The Government of Indonesia is currently considering various policy options to attract investment from foreign companies. Please rate the following six alternatives for this policy.

This policy will bring more foreign companies to invest in Indonesia. If this policy is implemented, some prominent [**Religion treatment**] [**Ethnicity treatment**] businessmen will play a key role in attracting investment from overseas.

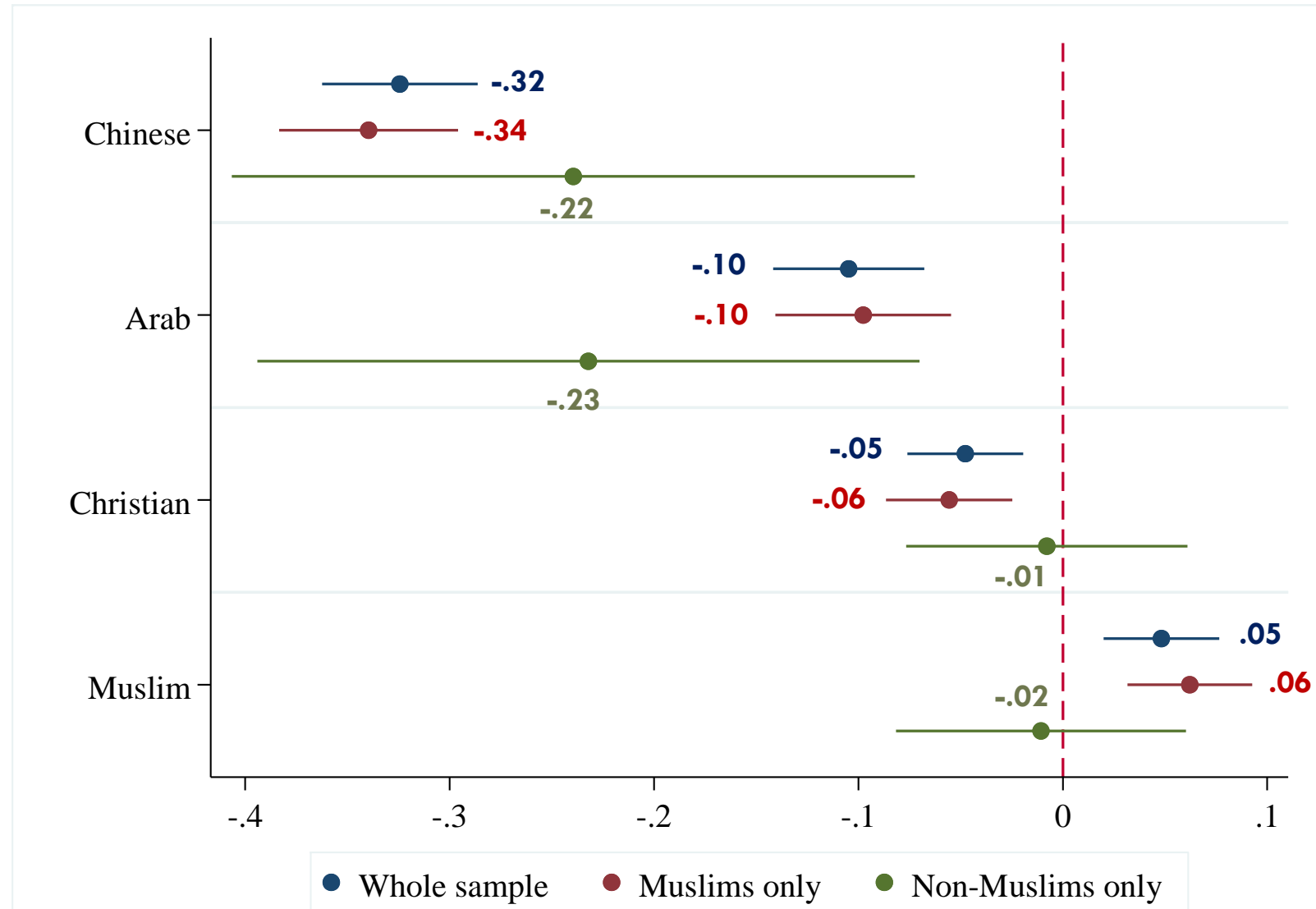
Do you support this policy? Yes – No – Don't know/No answer

RESULTS

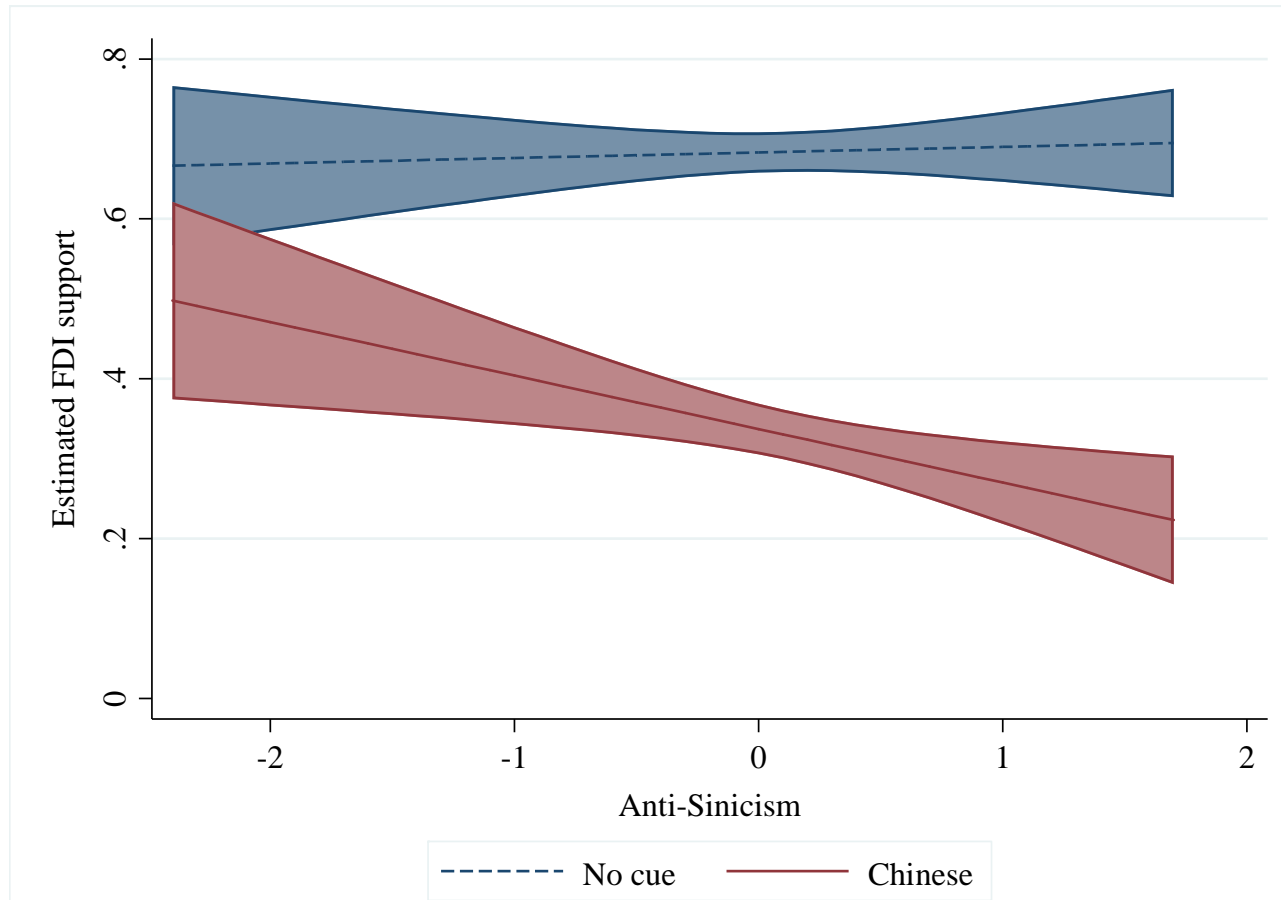
Ethnic cues have a powerful, negative effect

Chinese cue is much stronger than Arab (but only in Muslim respondents!)

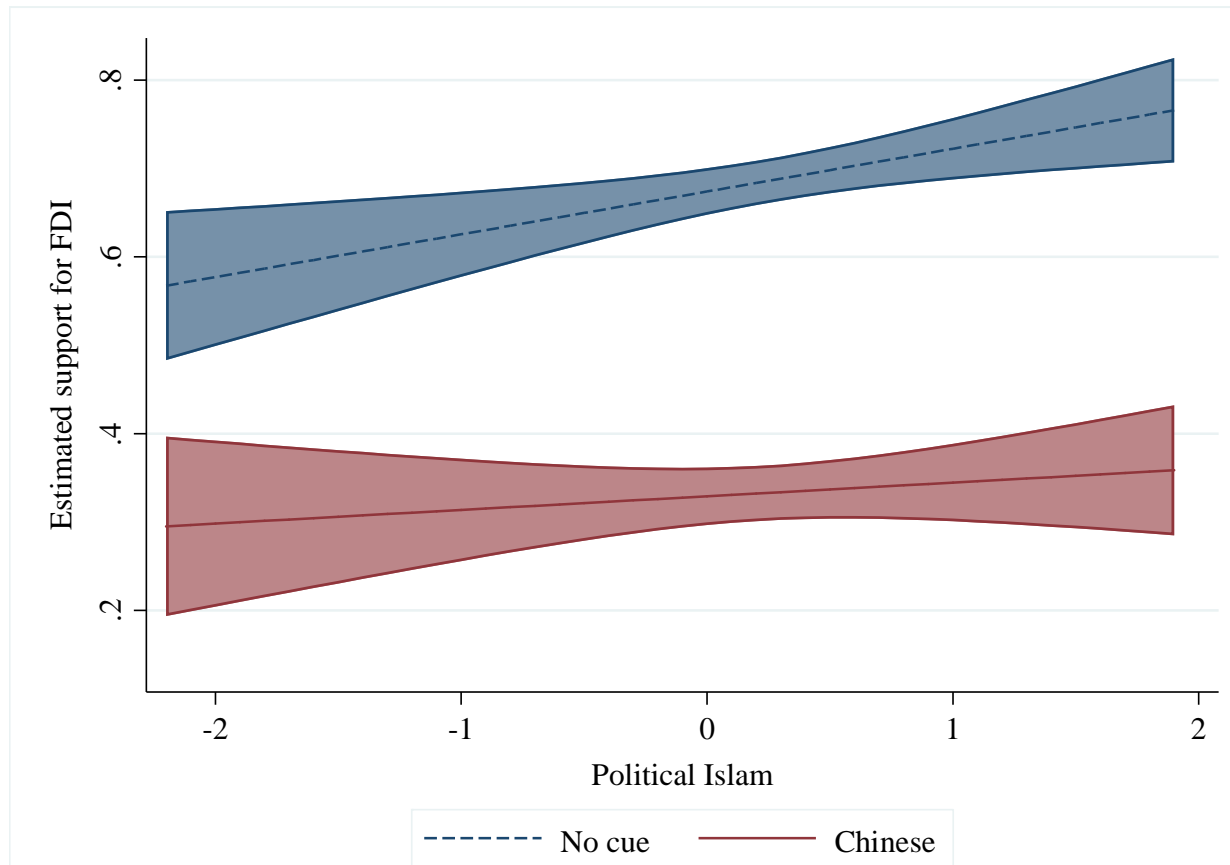
The effect of religious cues is smaller, and not significant in non-Muslims



CHINESE CUES AND ANTI-SINICISM



CHINESE CUES AND POLITICAL ISLAM



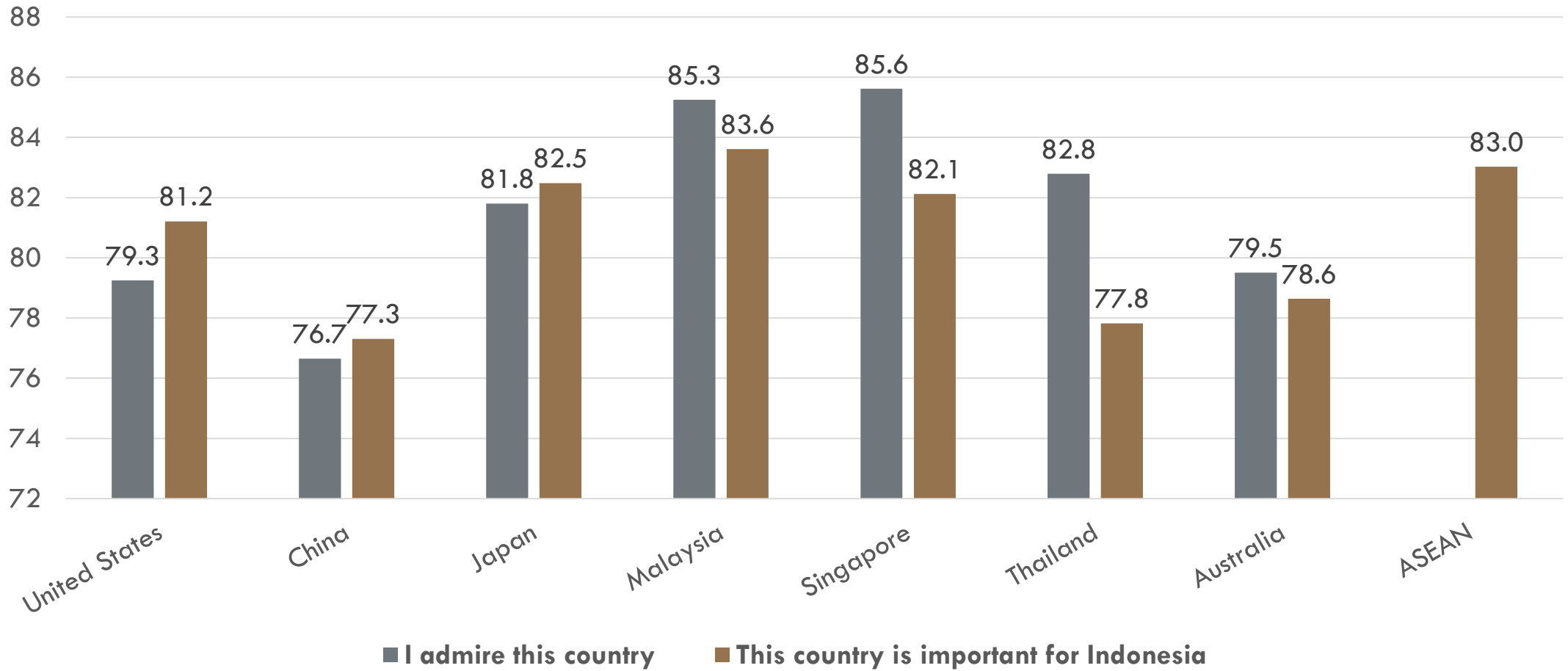
IS IT ABOUT CHINA?

Control for attitudes over China with a number of questions:

- Do you admire China?
- Will the rise of China have a positive or negative impact on its neighbors, such as Indonesia?
- How much can Indonesia benefit from closer economic ties with China?
- Should investment from China be allowed in strategic sectors?

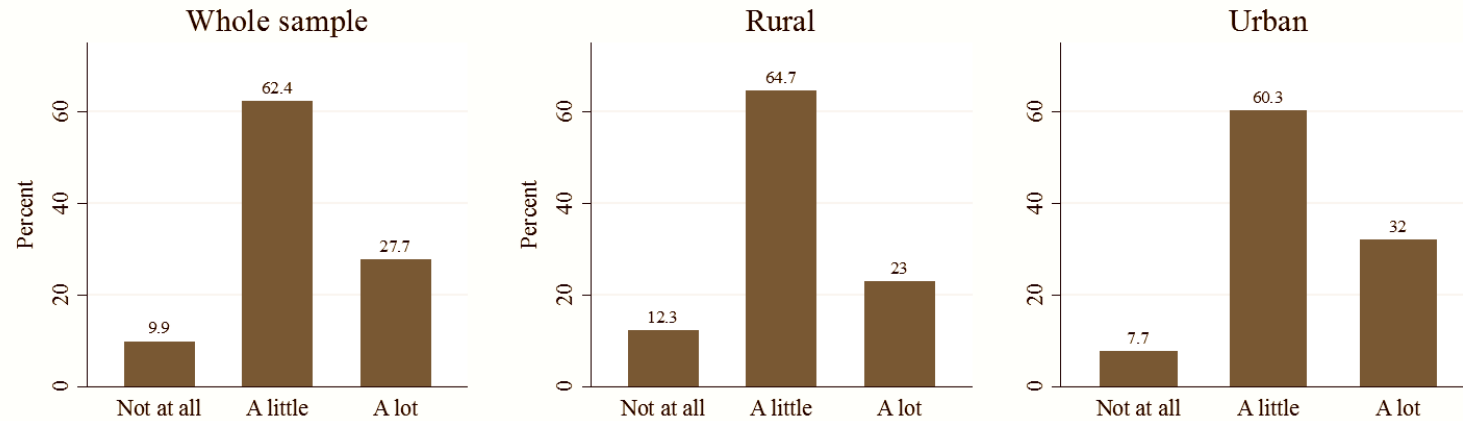


Perceptions of China and other countries

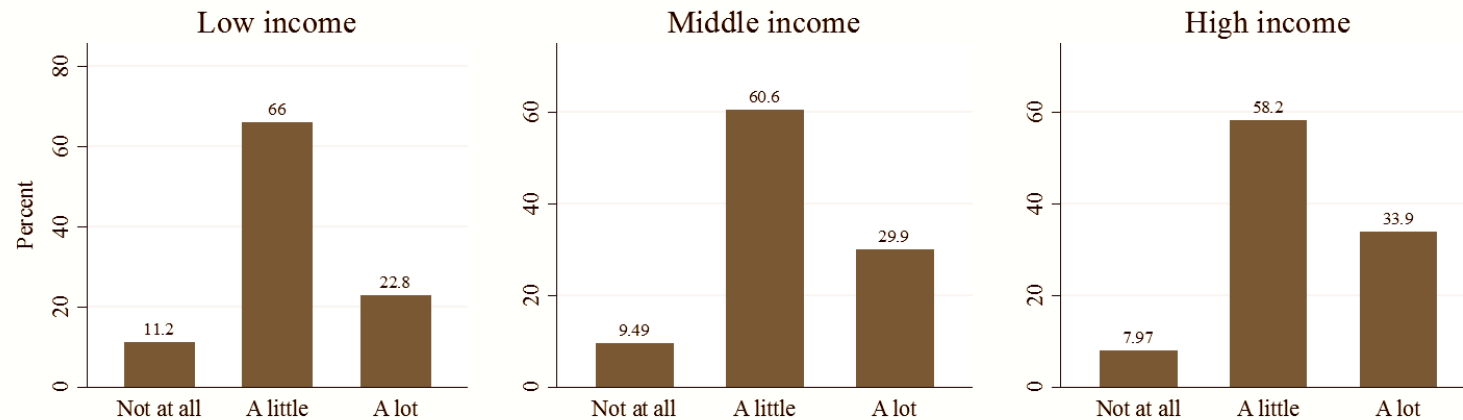


How much can Indonesia benefit from closer economic ties with China?

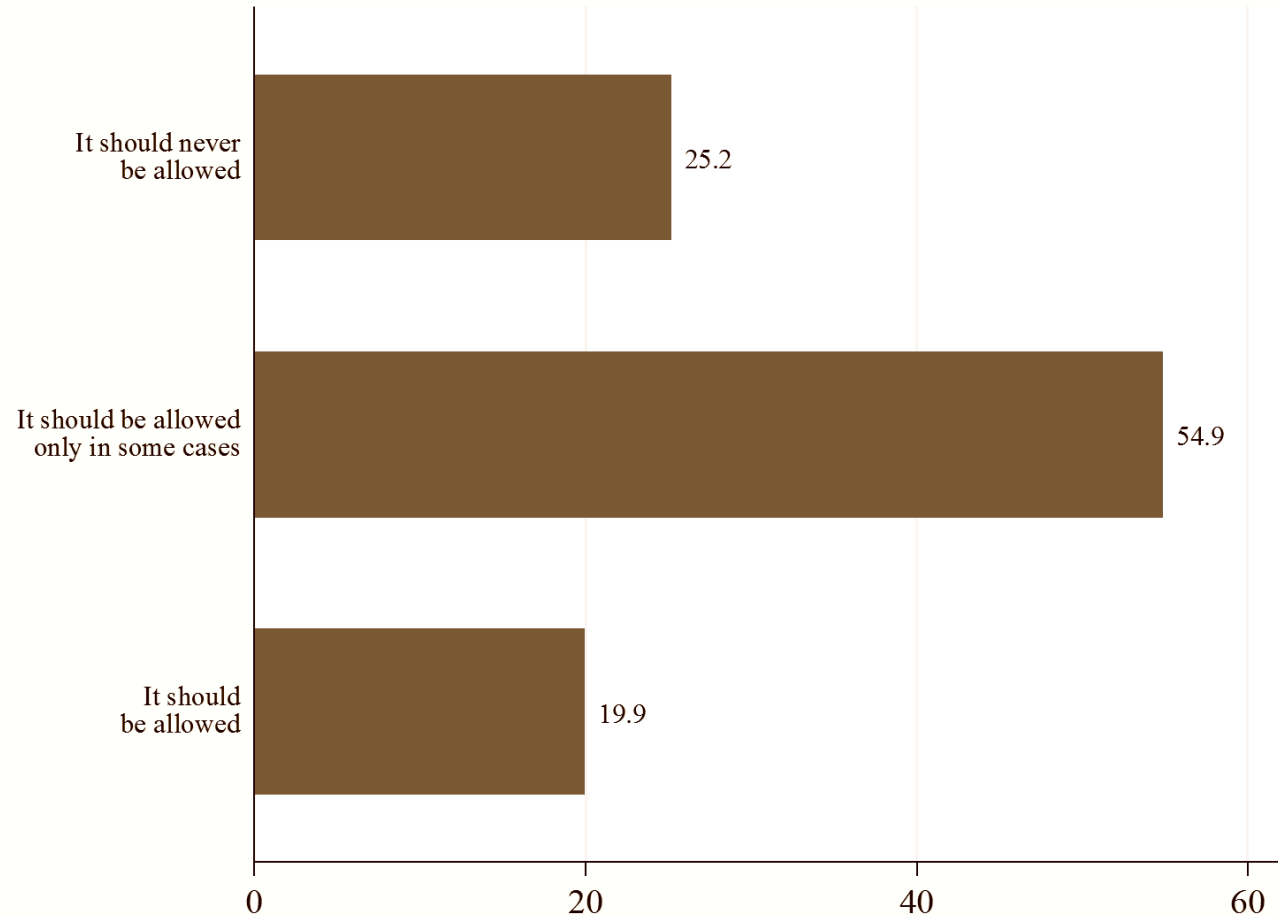
By location

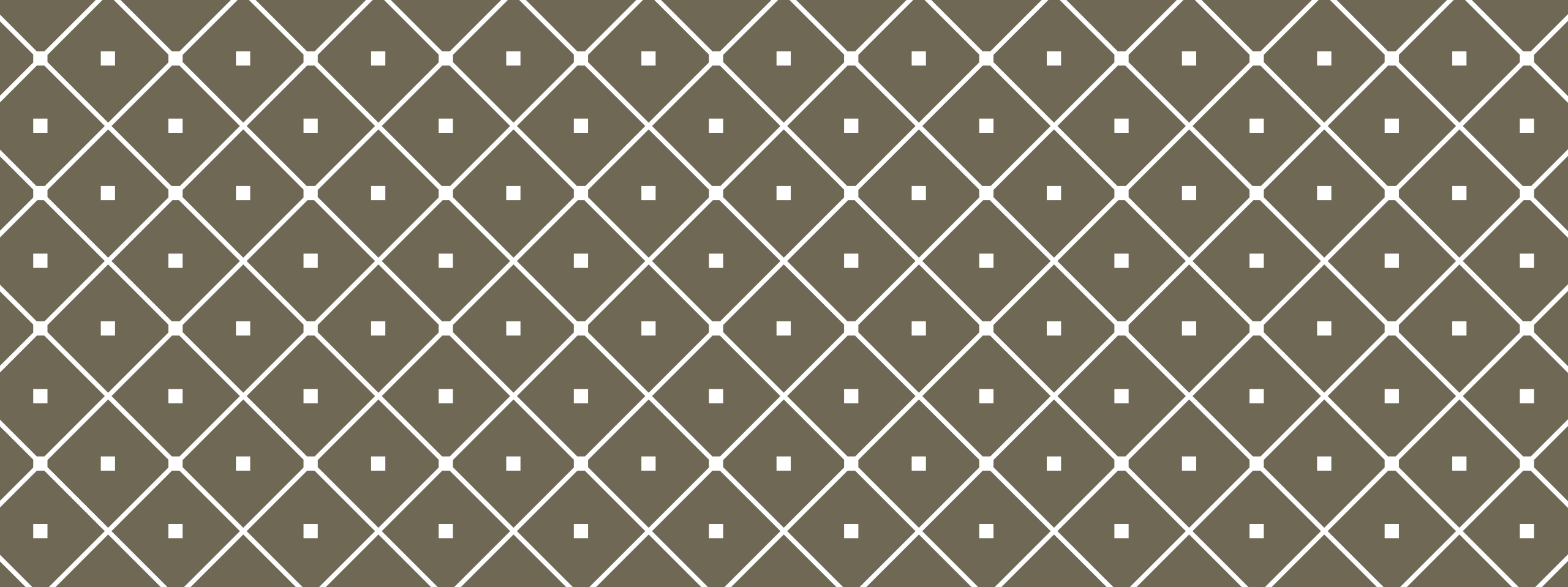


By income



What do you think about Chinese investment in strategic sectors?



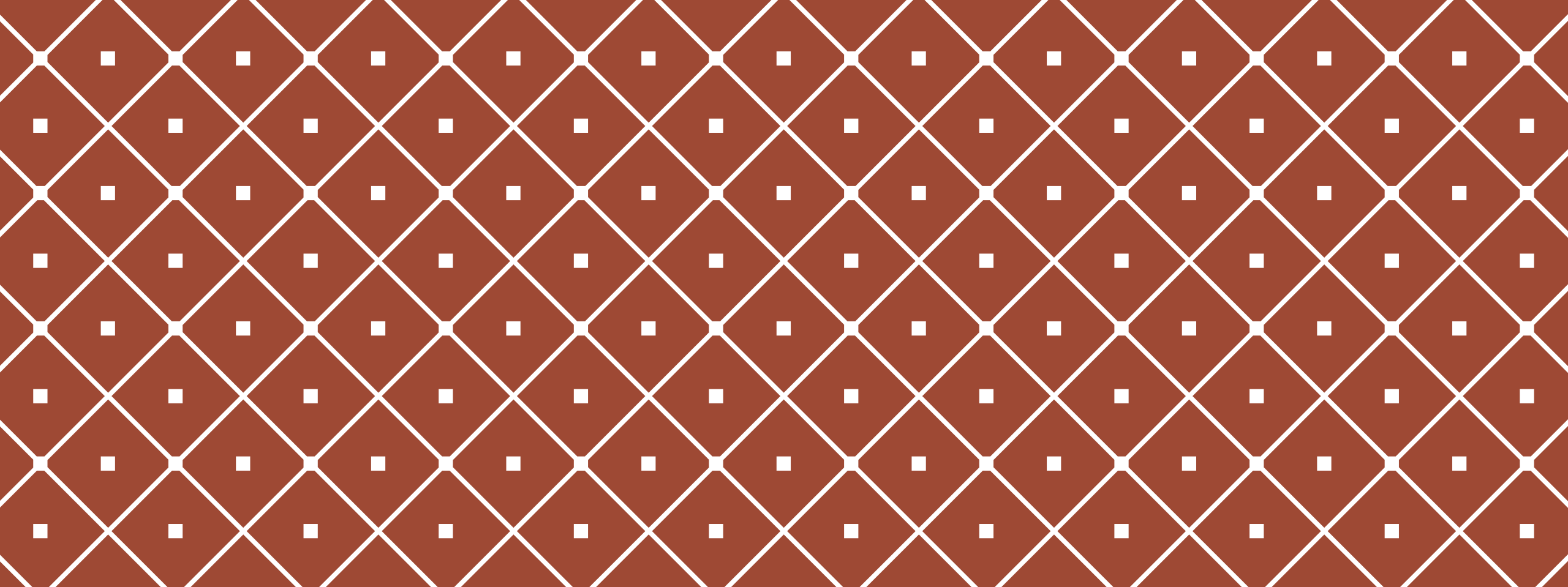


CONCLUSIONS



SUMMARY

- Anti-Sinicism is widespread in Indonesia
- Its incidence is not limited to certain social/economic groups
- It's about culture as much as it is about economics
- It may have a powerful effect on policy preferences
- The effect is mediated by individual-level ethnocentrism, not by views of Islam-state relations



THANK YOU

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CONJOINT EXPERIMENTS - ADVANTAGES

1. Unbiased identification of effects
2. Simulates interaction between elites and citizens
3. More than one ethnic group can be “cued”
4. Multiple attributes can be manipulated
5. Leverage on attitudinal data to explore heterogeneity across individuals

ETHNIC PREJUDICE AND POLICY PREFERENCES

- Ethnic prejudice is associated with policy preferences:
 - Immigration
 - Trade, foreign investment
 - Redistribution

THE VIGNETTE - ATTRIBUTES

Ethnicity

Religion

Indonesian



No information

Chinese Indonesian



No information/Christian

Arab Indonesian



No information/Muslim

ANTI-SINICISM AND RELIGION

