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The Television Industry in Post-authoritarian Indonesia

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ABSTRACT *This article examines the rise of capital in the Indonesian television industry. Following Richard Robison's seminal book,* Indonesia: The Rise of Capital*, it suggests that a range of powerful economic and political interests have determined the dynamics of the evolution of this industry in Indonesia. During the heyday of the New Order, a commercial television industry was created in ways that suited the expansion of the business interests of oligarchic families. In the post-Soeharto era, a major interest of capital in this industry has been to overcome regulatory mechanisms that were put in place before the euphoria of reform and democratisation had abated. Moreover, there are strong connections between capital in the television industry and political groupings contesting power within Indonesia's democracy. While capital accumulation in this industry may not be as massive as in some others, the unique characteristics of television as a medium ensure that exerting control over it remains vital.*

KEY WORDS: Indonesia, television industry, media, capital accumulation, spatialisation

A quarter of a century ago, Richard Robison (1986) offered a radically new view on Indonesian politics in his classic work, *Indonesia: The Rise of Capital*. He argued that capital is a fundamental element in contests over power in which the state plays a key role in mediating conflict among factions of capital even as it forges alliances with them. These factions of capital may involve domestic or foreign businesses, and ethnic-Chinese or *pribumi*-owned enterprises. Robison also depicted how the history of Indonesia's capitalist class is intricately tied to an analysis of the functions of the state in capital accumulation.

Moreover, he observed how the Indonesian state was already clearly serving as the caretaker of the domestic class of capitalists that were no longer overly dependent on foreign capital because of state policies that provided monopolistic access to markets and imposed joint venture mechanisms on foreign investors. As Robison (1986, 395) stated, "The state had intervened decisively on their behalf in conflicts with international capital, ensuring that for many, the joint venture has assisted accumulation, experience, management and technical expertise as well as corporate development."

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While *Indonesia: The Rise of Capital* examined state-capital relations in a number of sectors of the economy, Robison did not consider developments within the media industry. However, 25 years after the book's publication, particularly following the fall of the New Order dictatorship in 1998, the media industry has gained great importance both politically and economically. It is possible that Robison neglected the media industry because it had yet to become a focal point for the accumulation of capital at a large scale at the time he carried out his study.

It was the print media industry that had ostensibly led the way for the growth of the media industry. Though the print media did not generate massive revenues compared to many other industries in the 1980s, it was politically important as an instrument for channelling information from New Order authorities to the public as well as a means of exercising control over society (Dhakidae 1991). Only by the end of the 1980s, due to the emergence of the television broadcasting industry, to be controlled by Soeharto cronies, did the media demonstrably grow in both economic as well as political significance. By the next decade, the media as a whole (print, television, radio, film) was already an undeniably important tool of the New Order regime.

Unsurprisingly, tight controls were exercised by the Soeharto government over the media – through licensing mechanisms, media ownership regulations, paper distribution, media associations, Press Council membership and so on. Privileges were thus unabashedly granted to capitalists who were closely associated with the government and were willing to guarantee their continued support for Soeharto's rule. An infamous example of this practice was seen in the issuing of Press Publication Business Licenses (SIUPP) to regulate the print media industry. The licences were granted only to print media that were deemed loyal to the government. Moreover, one of Soeharto's closest associates – businessman Bob Hasan – was given monopoly control over the supply of paper print through one of his companies, PT Aspex Papers. All newspapers were therefore at the mercy of this company, which could arbitrarily cut supply and cause fluctuations in the price of paper.

In the aftermath of the New Order era, the media industry has become an important site of political contestation in the context of a highly competitive electoral democracy. However, as confirmed in this study of the commercial television industry, the media remains largely under the control of old players from the New Order era, who have now merely latched on to the new political vehicles that have emerged since Indonesia democratised in 1998.

Given that Indonesian politics following the fall of Soeharto has become strongly democratic, the media is quite naturally viewed as an instrument to articulate public opinion and raise issues freely, as stipulated by Law No.40/1999 governing the press. As if to prove this point, the law considerably boosts press freedoms that were so diminished under Soeharto and guarantees the right of every citizen to be freely engaged in either media distribution or production. However, it also does not hinder old players from maintaining their dominant position in the post-authoritarian era, precisely because the state no longer exercises stringent controls over ownership of the media.

Nevertheless, the vast expansion of capital into the media industry as well as increasing centralisation of ownership in a few companies has aroused public anxiety about future threats to content variety and the excessive political bias of media whose owners are affiliated with certain political parties. The politico-economic contestation of the media in Indonesia after 1998 is clearly more multifaceted than was envisaged by scholars like McChesney (1997, 29), who expected public spaces opened up by the democratic media to shrink once the rationality of bureaucracy or capital takes over the functions, working system and production orientation of the media. In fact, the threat to democratic public spaces in Indonesia today comes simultaneously from state and capital in the form of a symbiosis of politico-bureaucratic power.

There was once a widely held belief among democracy activists in Indonesia, however, that the demise of authoritarianism would result in media freedoms and, moreover, that the printed press and broadcasting industries would come to represent the interests of civil society. This has not taken place but neither has the media fallen completely under the control of impersonal market forces after escaping the clutches of the state. What has happened instead in Indonesia refutes standard political economy analyses that emphasise either the tyranny of the state or the market over the media. It is argued here that the two entities, the state and the market, both now more liberalised than ever, have in fact collaborated in exercising control over the media, including the television industry.

Although other industries remain more pivotal to Indonesian capitalism in terms of the scale of capital accumulation, the media, especially television, has a very distinctive role in terms of its expansion. Because of this, it deserves to be scrutinised rather than largely ignored – as it has been in both *Indonesia: The Rise of Capital* and in Robison's subsequent work with Hadiz (Robison and Hadiz 2004; Hadiz and Robison 2005) on the Indonesian political economy following the fall of Soeharto. Television is a particularly important instrument in the cultivation of a culture of mass consumption, for example, through its own contents and through advertising. Thus, a study in Mexico by Sanchez-Ruiz (1983, 399) shows how "[t]he concentration of capital accumulation in the manufacturing sector in Mexico increased sharply, driven by high consumption as the impact of advertising campaigns on television." From this point of view the rise of the Indonesian television industry is certainly a key part of the broader story of the rise of capital in Indonesia from the authoritarian to the democratic period. It is also part of the story of the continued dominance of a capitalist oligarchy over the Indonesian political economy in spite of democratisation and the unravelling of the authoritarianism that had given birth to it.

The contest over broadcasting regulations, in particular Broadcasting Act No. 32/2002, needs to be assessed in order to understand the political and economic dynamics of the media in post-New Order era. This contest cannot be separated from broadcasting history itself, which is tied in turn to the history of the New Order, during which there was no notion of an autonomous broadcasting industry. The broadcasting industry was shaped by pragmatic reasons having to do with the exigencies of New Order rule: to facilitate the expansion of the businesses of Soeharto's cronies into this sector in the midst of growing pressure for economic liberalisation following the fall of international oil prices in the 1980s.

However, the spirit of the post-New Order broadcasting regulations is to prevent over-arching control either by government or by big business. Government intervention in the media and the monopolistic pattern of media ownership, both characteristics of the New Order era, were therefore, meant to be minimised. The Broadcasting Act institutionalised the principle of "diversity of ownership and diversity of content" for such a purpose. This is seen in the enshrined idea that control over the media is to be placed in the community. Furthermore, in order to ensure public sovereignty over the broadcasting media, such institutions were established as public and community broadcasting agencies, as well as an independent broadcasting regulator, the Indonesian Broadcasting Commission (Saleh and Setiaji 2011).

The spirit of the Act, however, has not been reflected in the actual implementation. On the contrary, entrenched business interests continue to be dominant while bureaucratic intervention has found a new lease on life in the broadcasting industry. Thus, provisions on media ownership and cross-ownership, media networks, licensing and broadcast content that favour commercial interests, especially those of private television stations, have been subsequently stipulated. The principle of decentralising the broadcasting industry, as pioneered by the Broadcasting Act, has now been overtaken by new centralisation trends. Moreover, the government has established policies on such matters as broadcasting frequencies without consulting the relevant broadcasting regulator and other agencies (Sudibyo 2009, 20–22).

Commercial Television and the Politico-economic Consolidation of the New Order

Capital accumulation in the broadcasting media commenced in the mid-1980s when the Soeharto government was compelled to open up the economy to more foreign investment due to the end of the oil boom period. Deregulation policies were thus gradually put in place with the aim of reducing the role of the state in the economy. But the New Order regime would only half-heartedly compromise with the market in connection with state regulation due to the requirements of maintaining its authoritarian rule (Hadiz and Robison 2005).

Because of this, some interesting contradictions arose in the media industry (Hidayat 2000). Between 1987 and 1998, the government began to adopt more liberal principles in regard to the press but continued to reject political liberalism. During this period, the liberalisation of the media was directed to benefit the interests of the cronies of the New Order regime. In the guise of protecting domestic businesses from foreign competition, these cronies were given the opportunity to consolidate their position in the industry. For instance, Minister of Information Harmoko advised Soeharto to annul Governmental Regulation No.20/1994, which had allowed foreign investors to fully take over shares owned by Indonesian companies including in the media industry. This was clearly an action aimed to protect the process of consolidation and entrenchment.

Significantly, if the print media represented the first generation of media capital in Indonesia, television represented the second generation. Kitley (2000) has written about how the advent of new technologies in the 1980s had forced the New Order to change its policy with regard to the monopoly of the state television company, TVRI (Televisi Republik Indonesia). Video, spill-over transmissions and transnational satellite broadcasting no longer made this monopoly viable as an instrument of enforcing national conformity to state development directives. The response to the encroachment of such technologies was to support the development of a private television industry, which would cater to the growing consumption culture of the new middle class, but yet ensure as little threat as possible to the political status quo (Kitley 2000, 216–217).

The other dimension of the problem, therefore, was how to simultaneously liberalise the media sector more broadly yet guarantee that the businesses of the so-called Cendana family and its cronies were protected and, in fact, given as much support as possible to grow.[1] Because of such an agenda, these businesses were to dominate the television business in Indonesia once it was opened up to private sector investment (Sen and Hill 2001, 129–130). This development was mirrored in other media. For example, a cousin of President Soeharto, Sudwikatmono, monopolised the distribution of imported film through his company, the Twenty One Group, which also operated movie theatres. This monopoly led other movie theatres to go into bankruptcy. Meanwhile, Soeharto's eldest daughter, Siti Hardiyanti Rukmana, widely known as 'Tutut,'' became hugely influential in the commercial radio business, serving as Chair of the Indonesian National Private Radio Association (PRSSNI) from 1989 to 1998. It is important to point out, in this connection, that the domination of the Soeharto family and its cronies over the media industry was part of a political process of vertically integrating elements of the ruling oligarchy with key sections of the media industry, to ensure, once again, that these do not fall into the hands of elements that would be harmful to the political status quo. Thus, the motives for investment in the media industry were not solely based on business expansion interests (Hidayat 2000, 146–147).

The growth of private capital in the television industry began in the mid-1980s with the establishment of the first privately owned television station in Indonesia, RCTI (Rajawali Citra Televisi Indonesia), owned by a Soeharto son, Bambang Trihatmojo. After RCTI, SCTV (Surya Citra Televisi) appeared in 1989 and was jointly owned by Henry Pribadi (a businessman who was close to Soeharto) and Sudwikatmono. Later on, Halimah Trihatmojo (Soeharto's daughter in-law and Bambang's wife) was listed as a shareholder in SCTV. In 1991, another private television station, TPI (Televisi Pendidikan Indonesia), started operations with transmission facilities from TVRI, the state-owned broadcaster. Not surprisingly, this television station was owned by another family member, Tutut Soeharto. Still another television station, Indosiar, began to air in 1995 and was owned by the Salim Group, a business conglomerate in turn owned by Lim Sioe Liong, a close friend of Soeharto and at that time the top ethnic Chinese tycoon in Indonesia. ANTV (Andalas Televisi) was the only station that did not have direct links to the Cendana family. Still, the Bakrie Group, a politically well-connected business conglomerate, and Agung Laksono, a leading figure in the ruling Golkar Party, owned the latter television station.

There is no doubt that the broadcasting companies owned by the Soeharto family and its cronies grew with the active backing of the New Order regime. Therefore, profits made by private companies in this sector can be said to have been the result of a kind of ''primitive accumulation'' process – based as they were on political connections rather than on market competition.

A good illustration of how this process worked was seen in 1993, when Bambang Trihatmojo successfully lobbied his father's government to issue a permit that would allow RCTI, then just a local television station in Jakarta and Bandung, and SCTV, then a local television station in Surabaya and Denpasar, to broadcast nationally. This arrangement was demanded, or so it appears, because TPI, the television station owned by his sister Siti Hardiyanti Rukmana, had earlier been able to attain such permission. It was argued on Bambang's Trihatmojo's behalf that restricting the broadcast range of these television stations constituted unfair competition because it would limit their potential for revenues accruing from advertisements (Ishadi 2002, 125–127).

So the case involved an interesting episode of sibling rivalry within the First Family: Bambang Trihatmojo must have grown envious of his sister's success and appealed to his father's "sense of fairness" to his children. Specifically, he must have been incensed that the national broadcasting licence given to TPI had boosted its advertising revenues, which surged ahead of RCTI and SCTV in just one year (Sen and Hill 2001, 130). However, TPI had enjoyed certain other privileges after it was established. In addition to a national broadcasting licence that was obtained so easily, TPI was given the right to simply rent TVRI transmitters, especially in the morning when they were not in use by the national state-owned broadcaster. Studio XIII of TVRI was provided for TPI's use as well. TPI's operating costs and investment into infrastructure was therefore relatively low compared to that of RCTI and SCTV (Ishadi 2002, 125–127).

Another example of concerted state support given to members of the New Order oligarchy (Robison and Hadiz 2004) was shown in 1996–97, when Soeharto's children, more collectively this time, persuaded their father to reject a draft law on broadcasting. For the first time ever, Soeharto did not ratify and, in fact, returned a draft law which had been prepared by the House of Representatives (DPR) (Kitley 1999). Soeharto was persuaded that the bill, which contained a clause on restrictions on the technical aspects of broadcasting, was a threat to the expansion of the business interests of the Soeharto children within that industry. Due to pressure from the government, the Indonesian parliament did not attach the offending clause to the Law on Broadcasting No.74/1997 that was eventually passed. This sort of political intervention was quite critical to the development of the television industry in Indonesia as a whole.

Control of television business by the Cendana family was not only aimed at profit, as mentioned, but also furthered the political interests of the New Order regime as a whole. Their ownership of television stations, for example, ensured that private media coverage of the 1997 elections sided unabashedly with the government party, Golkar, as did reporting by the state broadcaster, TVRI.[2] These were the beginnings then, of a developing synergy between economic and political power that would shape the trajectory of Indonesia's television industry up to the present time.

So great was the control of the Soeharto family and is cronies over the industry that television coverage of the first post-Soeharto elections in 1999 was still heavily skewed toward Golkar, even if these were widely considered to be the most democratically held in Indonesia since 1955. This was demonstrated in meticulous research undertaken by the Institute for the Studies on Free Flow of Information (ISAI) on media coverage of these elections.[3] In other words the concentrated pattern of ownership in the broadcasting industry had negatively impacted the quality of its product, which was engineered to suit the interests of certain dominant groups, notwithstanding the advent of Indonesia's new democracy. This practice would be replicated in the future when owners of television stations, such as the businessmen-politicians Aburizal Bakrie and Surya Paloh, would enter more decisively into national political competition.

However, the patterns of ownership in the television industry were soon modified after the advent of democratisation. Most importantly, new moguls, who none the less made their fortunes during the Soeharto dictatorship, entered the fray by either acquiring existing television stations or establishing new ones. This was made possible because of massive public pressure to reform television ownership as well as negative market sentiment about Cendana-linked businesses and forced the Soeharto children to make a hasty retreat. They were now no longer listed personally as owners of television stations. Nevertheless, this did not mean that they were completely out of the game. They continued to own shares indirectly in television stations through complex arrangements that essentially made use of various firms as vehicles to maintain their stake in the industry. The Salim Group, which had been at the forefront of the Chinese conglomerates that engaged in partnerships with the Soeharto family, employed a similar strategy. In this case, the manoeuvre was part of a greater scheme to regain assets from the Indonesian Bank Restructuring Agency (BPPN), including in the broadcasting business, which had been taken away following the massive state bailout of businesses in the aftermath of the Asian Economic Crisis of 1997–98.

As a result of the above developments, a range of holding companies came to be set up to claim ownership of television stations. Indosiar – established by the Salim Group – set up PT Indosiar Visual Mandiri Tbk., while SCTV created PT Surya Citra media Tbk. Bimantara intended to create a sub-holding company, which would have consolidated several television stations owned by Bimantara or by another vehicle, Bhakti Investama. PT Media Nusantara Citra (MNC), a stakeholder of 70% of the shares of the newer Global TV station, was projected to be the sub-holding company. However, the plan did not take off because – even for these oligarchs – the structure of ownership of the television stations would have become too intricate to manage smoothly under this plan (Sudibyo et al. 2004, 42).

New Regulation and Strategies of Accumulation of Capital

Legal reforms in the broadcasting industry after 1998 were very wide ranging due to the fact that they were undertaken in an environment of euphoria for change. To reiterate a point made earlier, they opened up the possibility for public control over the media, such as arranged by Broadcasting Act No.32/2002, which constituted no less than a regulatory effort to transfer control over the media from the state to the public. As mentioned, under the new law, government intervention in the media was reduced to a minimum level. The law was also meant to prevent monopoly ownership of the media so that the manipulation of information and public opinion on behalf of powerful interests could be prevented. Moreover, diversity of media ownership and content were institutionalised through the establishment of a public broadcasting agency, a community-based broadcasting institution and an independent broadcasting regulator.

What has taken place since then, however, are battles about the fundamental notions of "public good," "private property" and the "role of the state." Though television broadcasting can be considered a public good, its actual operations are very much affected by the dynamics of capital and the way it has taken advantage of liberalisation of the media. But liberalisation has not removed the state from the media. In fact, what has transpired is that media capital and the state seem to be working together to regain control over the media for their mutual benefit. This was seen in the outcome of a judicial review of the 2002 Broadcasting Act and the subsequent passage of a packet of laws in 2005. It is evident that the government and broadcasting media owners are unified by a common interest: to nullify the threat of control over the broadcasting media by representatives of the broader public through the new institutions set up by the 2002 Broadcasting Act.

As a result, the Constitutional Court agreed to conduct a judicial review of the Broadcasting Act in July 2004. Out of 22 articles of the law that were reviewed, only two were actually repealed. One of these was crucial, however, for it dealt with the role of the Indonesian Broadcasting Commission (KPI) in preparing Governmental Regulations on Broadcasting as provided in Article 62 of the Broadcasting Act. This arrangement was now considered by the Court to contradict the 1945 Constitution and thus the preparation of the Governmental Regulation on Broadcasting was to be carried out by the government without involvement of the KPI, the institution that was identified as representing the interests of the public at large according to the original legislation.

The verdict obviously undermined the KPI's position quite seriously, because in practice, the government's regulatory measures now carried more clout than the law that had created the institution itself. The authority to issue policy was effectively switched back to the government from the KPI. This opened up new opportunities for collusion between the government and television owners that have resulted in market-friendly policies that benefited the latter, as we shall see. In essence, while the government is clearly keen to regain control over the governance of the broadcasting industry, this did not contradict the interests of the handful of business groups that now compete within it.

That the government had succeeded in having its way was plainly seen in Governmental Regulations No. 49, 50, 51, 52 of 2005. As a result of these regulations, the Ministry of Communications and Information (Menkominfo) has been institutionalised as the national broadcasting regulator, thereby further reducing the KPI's authority as a body representing the interest of the general public. Also with these regulations, Menkominfo has more or less succeeded in regaining the government's control over the broadcasting media, which was eroded during the early years of post-Soeharto reforms. All of this signals the re-bureaucratisation of control over the media.

Thus, the Minister of Communications and Information is now authorised to issue broadcasting licences, allocate radio and television frequencies, restrict foreign news and regulate foreign capital ownership. All of this is reminiscent of the old Ministry of Information during the New Order era. Furthermore, the ministry has also taken the initiative on a series of measures, such as establishing a standard code of conduct for the media, co-ordinating media-watch organisations and pushing for revision of the Press Law to enhance professionalism of the press.

The establishment of the Ministry of Communication and Information may have been required to create a vehicle for the dissemination of government policy and information. Such was the limited role that was envisaged for it initially. In fact, it is through this ministry that the government has practically nullified the functions of the KPI, the Press Council and other media associations as part of systematic efforts to restore government authority over the broadcasting media (*Kompas*, March 23, 2006).

But the restoration of this authority has been positively received by the businesses that dominate the broadcasting industry. The various associations that represent the interests of television and radio owners, for example, expressed their support for the above-mentioned package of regulations. This may seem odd at first glance. However, it is not so strange when one realises that a symbiosis of state and capital interests has occurred. First of all, re-bureaucratisation means that the government regains its authority, not just over licensing but also over the permissible frequency usage of broadcasters. Through such authority, it is the state that decides on allocating frequencies to private, public and community-based broadcasters, including determining the prerequisites to obtain broadcast licences. The way the state exercises that authority, not surprisingly, has favoured big business.

It must be remembered that control over broadcast frequencies is a crucial economic commodity. Frequencies that allow wider coverage will allow broadcasters to reach larger audiences. It is because of this that there has been the postponement of a planned Networked Broadcast System (SSJ), which was an important facet of the original Law on Broadcasting No.32/2002. Rather than focusing all facets of broadcasting in a handful of private companies, the plan under the legislation was based on a democratic vision of media decentralisation and community-based broadcast management. Thus far, however, only the major players on the national stage have been able to make use of local frequencies.

All television companies should have implemented the decentralised network system by the end of 2007, which potentially would have benefited locally based television operators. But the national television owners, already entrenched in their position, argued that the media decentralisation plan was impractical because the establishment of local television stations required large amounts of investment, whereas potential advertising revenue would be limited. In addition, they suggested that there were technological limitations that prevented the plan from being implemented besides the complexity of sharing company assets with local operators. For all practical purposes, therefore, they rejected a stipulation that was mandatory according to legislation.

The issue of television digitalisation has also become an important battleground because it involves control over broadcasting frequencies. It should be noted that there are only twelve available frequency channels that can be used for television in every designated broadcast zone, each with a coverage area of approximately the size of Jakarta. But investor interest in this business has been immense. KPI data from 2012 show that there were 1,589 submissions for broadcasting licences between 2007 and 2011 throughout Indonesia. One of the reasons given for not granting the vast majority of them was the limitations of frequency allocation.

Digitalisation involves the migration from an analogue to a digital broadcast system and was initially intended to sort out this frequency problem. In a digital system, one broadcast zone would have 62 frequency channels, a much more substantial number than under an analogue system. Regulatory measures applied on the digital system, however, are likely to favour only five major private television companies: the MNC Group, Transcorp, TVOne-ANTV, SCTV and Indosiar. Metro TV could be an additional beneficiary as it has drawn closer lately to the MNC Group. The KPI believes that all these developments could potentially lead to a monopoly system in the broadcasting industry (*Tempo*, February 22, 2012). Such is the case even if this sort of system was supposed to have been explicitly prevented by law.

Two articles in the Broadasting Act of 2002, for example, seek to avoid concentration or monopoly ownership of the broadcasting media under the principle that broadcasting frequencies are public property and, therefore, cannot be administered as personal property.[4] Monopoly ownership of broadcasting enterprises was to be avoided as well by allowing diversity of ownership that would in turn help to induce diversity of content. However, we have instead seen the exact opposite taking place: the concentration of ownership by a few companies basically run by interests that had been incubated under the old authoritarian regime and have skilfully adapted to the new exigencies of operating within a democracy.

Such concentration of ownership is shown by a series of merger and acquisition activities that have taken place in recent years. In June 2007, PT Media Nusantara Citra Tbk (MNC Group) took control of three television stations: PT Cipta Televisi Pendidikan Indonesia (TPI), Rajawali Citra Televisi Indonesia (RCTI) and PT Global Informasi Bermutu (Global TV). In February 2011, PT Visi Media Asia Tbk, owner of PT Cakrawala Andalas Televisi (ANTV), took over PT Lativi Media Karya (Lativi) and transformed it into TVOne. In June 2011, PT Elang Mahkota Teknologi (Emtek), owner of PT Surya Citra Media Tbk (SCTV) bought a majority stake in PT Indosiar Karya Media, the holding company of PT Indosiar Visual Mandiri (Indosiar).

In these cases, certain business groups ultimately took control of more than one television station. Product diversification soon followed. In addition to owning television stations, these business groups have also come to acquire or have established a number of radio stations, online media and print media companies (Table 1). In other words, they appear to be establishing suzerainty not only over television, but other kinds of media as well.

The Political Economy of Spatialisation

It is useful to discuss the trend toward concentration of media ownership through the use of Mosco's (2009, 157–168) concept of "spatialisation." Mosco employs the concept to explain the inclination by the media industry to always condense space and time through new technologies. The logic of spatialisation, therefore, is similar to the tendency of capitalism to always "shorten time" as well. The latter refers to the power of capital to continuously make new innovations in technologies related to transportation and communications, aimed to shorten the time needed to transport people, convey messages across wide geographical spaces, thereby reducing the problem of distance as barriers to the expansion of capital (157).

Spatialisation is thus related to the nature of the media industry that always seeks to enlarge its scope of operations in order to reach a wider audience in the most efficient way possible. The media is always interested, especially for economic

Table 1. Media ownership in Indonesia

Media group	Television	Print	Radio	Online	Other
MNC Group	RCTI, Global TV, MNC TV, SUN TV, Indovision, Top TV, OK Vision	Seputar Indonesia, Trust magazine, Tabloid Genie, Mom&Kiddi, High End Magazine	Sindo Radio, Global Radio, Radio Dangdut Indonesia, V Radio	Okezone.com	PT Infokom Elektrindo, Universitas Bunda Mulia, PT Pembangunan Jaya Ancol Tbk, PT Star Media Nusantara (Talent management)
Trans Corp	Trans TV, Trans 7	–	–	Detik.com, MyTrans.com, Agrakom.com	PT Transinema Pictures (Rumah Produksi), PT Anta Express Tour & Travel (Antatour), PT Trans Fashion, PT Trans Mahagaya, PT Mahagaya Perdana, PT Trans Coffee (The Coffee Bean), PT Naryadelta Prarthana (Baskin-Robbins), PT Metropolitan Retailmart (Metro Department Store), PT Trans Airways, PT Trans Rekan Media, PT Trans Entertainment, PT Para Bandung Propertindo (Bandung Supermal), PT Ibis Hotel, PT Batam Indah Investindo, PT Mega

(*continued*)

Table 1. (*Continued*)

Media group	Television	Print	Radio	Online	Other
					Indah Propertindo, PT Para Bali Propertindo, PT Trans Studio, PT Trans Kalla Makassar (Trans Studio Resort Makassar), Trans Studio Resort Bandung, PT Carrefour Indonesia, PT Astra International Tbk.
Bakrie & Brothers Group	ANTV, TVONE	–	–	Vivanews.com	PT Bakrie Telecom Tbk, Bakrie Connectivity (data broadband), PT Bakrie Sumatera Plantations Tbk (Agribussness), PT Energi Mega Persada Tbk (Oil&gas), PT Bakrieland Development Property, PT Bakrie Metal Industries, PT Bakrie Indo Infrastructure
Surya Citra Media (SCM)	SCTV, Indosiar, O Channel, PT Nexmedia (Pay TV)	Tabloid Gaul, Elshinta, Kort, Mamamia	–	Liputan6.com	Frame Ritz, Studio X Production, Screenplay Production (Production House)

(*continued*)

Table 1. (*Continued*)

Media group	Television	Print	Radio	Online	Other
Media Group	Metro TV	Media Indonesia, Lampung Pos, Borneo News	–	Mediaindonesia.com	The Papandayan Hotel, Yayasan Sukma
Kompas Group	Kompas TV	Kompas, jaringanTribunews, Warta Kota, Surya, Majalah National Geographic, Intisari, Bobo, Hai, Kontan, Bola and others	SONORA, Motion Radio	Kompas.com	Gramedia Printing Group, Toko Buku Gramedia, Gramedia Pustaka Utama, Penerbit Buku Kompas, KPG, Grasindo, Dyandra Promosindo, Hotel Santika, Hotel Amaris, Univ. Multimedia Nusantara, ELTI Gramedia,
JawaPos Group	JTV-JawaPos Multimedia Corporation (televisiberjaringan)	Jawa Pos, Radar, Rakyat Merdeka, LampuHijau, Pos Metro, Bolliwood, Majalah Liberty, and others	–	Jawapos.com	PT Adiprima Sura Perinta (Paper factory) Independent Power Plant
Kelompok Media BaliPost	Bali TV	Bali Post, Bisnis Bali, Denpasar Post, Suara NTB, Bisnis Jakarta, Tabloid Tokoh, Wiyata Mandala, Lintang	Bali Radio, Suara Denpasar, Radio Nasional Denpasar, Radio Televisi Denpasar	Balipost.co.id	–

(*continued*)

Table 1. (*Continued*)

Media group	Television	Print	Radio	Online	Other
Tempo Group	Tempo TV	Majalah Tempo, Koran Tempo, U Magazine & Travelounge	–	Tempo.co	PT Temprint
Beritasatu Group	Beritasatu TV, First Media	Jakarta Globe, Investor Daily, Suara Pembaruan, The Straits Times, Majalah Investor, Globe Asia, The Peak, Campus Asia, Student Globe, Kemang Buzz, Campus Life	–	Beritasatu.com	Siloam Hospital, Lippo Karawaci, Matahari Putra Prima (Matahari Dept Store, Hypermart etc.), Pelita Harapan University, Bank National Nobu

Source: Data compiled by authors.

reasons, to expand and diversify products, and to streamline operations. The underlying logic of spatialisation is, therefore expansion, efficiency and convergence.

The concept of spatialisation within the media industry refers to the integration of the scope of its operations, both horizontally and vertically. Horizontal integration is reflected in the tendency for concentration of ownership and ultimately monopoly control over the operations of media of varying types. Vertical integration occurs when large media or non-media companies take over ownership of a number of media companies and incorporate them into single management structure in order to extend "control over the process of production" (Mosco 2009, 160).

Horizontal integration results in the rise of business conglomerates, a product of amalgamation of a number of companies with different business lines. Horizontal integration occurred in Indonesia, for example, when MNC Group integrated the news portal Okezone with the television station SunTV and the daily newspaper *Seputar Indonesia*. The business group practically has interests in all types of media now. Conglomeration also occurred when the Bakrie Group established the online service VIVAnews, and when the Jawa Post Group established JTV, or when the Kompas Group established Kompas TV, and the Tempo Group set up Tempo TV. Another notable point is that a large media conglomerate does not necessarily have to set up a new media company when entering a new line of business, but can instead acquire an existing media company that is already in operation. This is was what happened when Trans Corp took over ownership of TV7 from the Kompas Group and bought the news website, Detik.com. A similar occurrence took place when the Lippo Group's Berita Satu Holding acquired beritasatu.com, yet another online news portal.

Indonesia has also witnessed vertical integration within the media industry whereby media companies are incorporated into larger business groups engaged in a number of industries. Vertical integration is characterised by the establishment of holding companies to oversee such businesses, which can range from the mass media (print, television, radio, online, pay television), advertising, telecommunications, all the way to banking, plantations, property development and others. The Kompas Gramedia Group, for instance, is not limited to the media business, but also has substantial interests in the book publishing and hotel industries. Trans Corp owner Chairul Tanjung is also owner of the Para Group, which owns businesses ranging from hypermarkets (Carrefour Indonesia) to retail banks, coffee shops (the Coffee Bean and Tea Leaf franchises), ice cream (Baskin Robbins) and distribution of fashion products of leading global brands (Guess, Mango, Zara, GAP). This is quite a typical pattern that can be discerned from Table 1.

The expansion and concentration of ownership of media capital in these ways also leads to a greater concentration of revenue and profit accruing from advertising on just a relatively small number of enterprises. Advertising itself has grown in Indonesia in recent years as a reflection of the growth of the market for consumer goods and also the greater development of consumerist lifestyles. According to data collected by Nielsen, in 2006, the advertising portion of the pie was worth Rp30 trillion to the Indonesian media industry. Then, in 2010, it nearly doubled to Rp59 trillion. Television absorbs the bulk of advertising spending, up to a value of Rp37 trillion, whereas newspapers and magazines absorbed only Rp20 trillion and Rp1.9 trillion of it, respectively, in 2010 (Table 2).

The spatialisation of the media in terms of capital expansion and concentration is mirrored by a similar spatialisation of the media in the sphere of democratic politics. Political parties, presidential candidates, local leaders, parliamentary candidates and an assortment of other politicians all require the mass media to cultivate their personal image and to shape and mobilise public opinion on their behalf. Indonesia is currently in an era in which the mass media has become crucial for political campaigning. Media spatialisation provides greater space for political campaigning that can utilise a variety of products offered by various types of media. For this reason, politicians running for office prefer to collaborate with top media groups that own a wide range of media lines. The dynamics of supply and demand ensure that political advertising becomes a substantial source of revenue for the media industry (Table 3).

Political reportage is likely to become an increasingly complicated matter, however, when the owner of the television station that provides news coverage simultaneously serves as the leader of a political party or is closely affiliated to one. As is well known, Aburizal Bakrie, the owner of TVOne and ANTV, is Chairman of the Golkar Party, the resurrected and rebranded electoral vehicle of the New Order. Surya Paloh, owner of Metro TV and the Media Indonesia Group, is founder and Chairman of the National Democratic Party, a new party he established after losing to Bakrie in a race for the leadership of Golkar. Paloh found an important new ally

Table 2. Growth of advertising spending, 2006–10

Year	Spending (in trillion rupiah)	Growth (%)
2006	30,025	–
2007	35,088	17
2008	41,708	19
2009	48,585	16
2010	59,287	23

Source: Nielsen, as cited in Manan (2011, 109).

Table 3. Five top media advertising spenders, 2010 (in billion rupiah)

All media		Television		Newspaper	
Category	2010	Category	2010	Category	2010
Telecommunications	5,550	Telecommunications	3,631	Politics	2,181
Politics	2,984	Cigarettes	1,797	Telecommunications	1,770
Company and social responsibility programmes	2,380	Hair treatment products	1,754	Company and social responsibility programmes	1,432
Cigarettes	1,984	Facial treatment products	1,505	Motorcycles	1,162
Motorcycles	1,889	Snacks	1,365	Housing	1,056

Source: Nielsen 2010, as cited in Manan (2011, 111).

when another tycoon, Hary Tanoesoedibyo, owner of the MNC Group, joined his party. The owner of Trans Corp, Chairul Tanjung, on the other hand, serves as an economic adviser for President Susilo Bambang Yudhoyono. He is alleged to be closely associated with the Democratic Party as well as with Hatta Radjasa, the Coordinating Minister of the Economy who is also Chairman of the National Mandate Party (*The Jakarta Post*, December 2, 2011).

It should be no surprise that when media outlets simply become the political tool of their owners, their content will inevitably reflect their biases and interests. Because of this, the Democratic Party of President Susilo Bambang Yudhoyono has recently filed a formal complaint against MetroTV and TVOne because news coverage and punditry by both television stations appeared to be heavily influenced by the interests of its owners, who happen to be the President's direct political rivals. The Democratic Party accused both stations of depicting it only as ‘‘the party of corrupt people’’ and of having lost all semblance of neutrality and objectivity in its news content (Natalia 2012).[5]

In spite of this, it does appear that capitalism in the media industry is now driven more decisively by the logic of competition and by the drive to accumulate and concentrate capital to the maximum extent. It is for this reason that the ‘‘new media’’ has been opened up as new territory for competition, especially given the rise of the Internet as a viable area of business and the position of Indonesia as a promising market for it. In 2011, according to the International Telecommunication Union, the number of Internet users in Indonesia had grown to 39.6 million people. This represents an astonishing growth of 1,400% in the last 10 years (MIKTI 2012, 88–94).

As part of the spatialisation process, therefore, the broadcasting industry appears to have shown new and vigorous interest in the basic infrastructural development of the Internet industry. Thus, Firstmedia has now provided Internet services under the banner of the Lippo Group, one of the largest of the New Order era conglomerates. Bakrie Connectivity, owned by the family of presidential hopeful Aburizal Bakrie, has now moved into the business of providing mobile communication services. The spectacular acquisition of Detik.com by Chairul Tanjung through the Trans Corp Group, in a transaction valued at approximately US$60 million (Rp521 billion) is also worth mentioning (Sujantyo, Sjarifuddin, and Purwantono 2012). As new territory, the future role of the Internet is yet unknown in terms of accumulation of capital within the broadcasting industry. Movement of capital into this new area, none the less, is likely to constitute a third wave of expansion of Indonesian media capitalism, following its impressive performance in the print media and broadcasting in previous decades.

Conclusion

The media industry since the 1990s has become increasingly important as a site for the accumulation of capital and as a major pillar for the expansion of businesses associated with large and increasingly diversified conglomerates with interests well beyond the media industry itself. Significantly, there has also been an intensification of the relationship between the media industry as a business and as a political instrument of elites.

Although Robison (1986) did not specifically mention the role of the media in *The Rise of Capital*, the development of Indonesian capitalism has gone hand in hand with the development of media capital. Since the 1990s, the rise of capital in the media industry has been increasingly discernible through the growth and expansion of private television, which worked hand in hand with the development of capitalism under the New Order regime. Thus, capital accumulation initially took place within a system of granting protection and preferential treatment to a small group of crony capitalists and denying the same benefits to non-crony capitalists and foreign media enterprises.

After the fall of Soeharto in 1998, the state's role in providing protection to crony capitalists was undermined by strong public resentment of past practices. It triggered a change in government media policy that seemed to signal a shift from a power orientated one to one orientated toward the public interest. However, the way forward involved a process of liberalisation that allowed large and already entrenched capitalist groups to expand their interests in the industry and/or to concentrate ownership within it by "hijacking" certain market-orientated policies.

In a nutshell, media capital used the hand of the state to deliver pro-market policies that, while allowing some new players into the game, essentially re-established the overall dominance of large New Order-era business groups, including those of the cronies and family members of Soeharto. This does not mean that there is no real competition in the media industry; in fact, the competition among the select few is intense and represents a struggle for control over the means of production in the broadcasting industry. That Tutut Soeharto launched a lawsuit against Hary Tanoesoedibyo over the ownership of TPI (Bambang 2011), for example, reflects this sort of tough competition, which may lead to even greater concentration of ownership and accumulation of capital within the industry in the future.

The current situation of the media industry in Indonesia has been described in this article as being characterised by the concentration of media capital ownership in the hands of top business people who often double as political elites, as well as the expansion of capital either horizontally or vertically in the sense described by Mosco (2009). Capital accumulation in the media industry may remain relatively small in size in the context of the entirety of Indonesian capitalism today, a quarter of a century after the publication of Robison's seminal book. However, the media industry is becoming increasingly important as a business as well as a political tool within Indonesia's democracy, as indicated in the heated contests to control it, whether on the part of major players in the business or by state regulatory institutions.

Notes

1 The Soeharto family was often referred to as the Cendana family because they resided on Jalan Cendana, a road in the posh Menteng suburb of Jakarta.

2 Research by the Alliance of Independent Journalists (AJI) between January and March 1997 found that ANTV gave 5.58 minutes to Golkar reportage, without giving a single minute to other parties (PPP and PDI). RCTI gave 9.29 minutes for Golkar and only allocated three minutes for two other parties. TVRI provided one hour for Golkar and five minutes for two other parties (Alliance of Independent Journalists, Monitoring Television for the General Elections, May 1997 (cited in Sen and Hill, 2001, 147–148).

[3] In the 1999 elections, ISAI monitored electronic media coverage on the political campaigning process. The monitoring was carried out during the official campaigning period of 19 May-4 June 1999, as well as the recess period composed of several days prior to the elections. The monitoring aimed at all private television stations: RCTI, SCTV, Indosiar, TPI, ANTV, as well as TVRI and RRI.

[4] Article 18 of Law on Broadcasting No. 32/2002 (Government of Indonesia 2002) stated that "Centralisation of ownership and control over Private Broadcasting Agency by one individual or legal entity, either in one or more broadcasting areas is restricted." Article 34 section 4 says that "Broadcasting licenses are prohibited from being transferred to other parties."

[5] Articles 1, 2 and 3 of Journalistic Code of Ethics by the Press Council (Dewan Pers 2008) state that "Indonesian journalists must act independently, producing accurate, impartial news without prejudice." It further mentions that journalists should behave professionally by verifying any information, not to confuse facts and opinions, and that they should work on the basis of the presumption of innocence. In addition, article 36 (4) of the Broadcasting Act 2002 states that "television broadcasting content must maintain its neutrality and should not advance the interests of particular groups."

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