The Key Determinants of Indonesia's Political Future

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About the Speaker

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THE KEY DETERMINANTS OF INDONESIA'S POLITICAL FUTURE

My focus today will be on the domestic socio-political determinants that are likely to influence Indonesia's political future. Of course major international developments will also have an impact on Indonesia. If the world economy were to collapse — or just the major economies of countries such as the United States, Japan or China — the reverberations would naturally be felt in Indonesia along with all other countries. Or, if major wars were to break out — China and Taiwan, the Korean Peninsula or an American attack on Iraq — Indonesia, like everyone else, would be affected. But I will leave such issues to others and concentrate on socio-political factors arising from within Indonesia itself.

Indonesia's political future will also be greatly affected by its economic performance in the coming years. Economic performance is, of course, also affected by international conditions as well as domestic economic factors. Economists, however, have not been all that successful in predicting the economic future of Southeast Asia during the last decade, so non-economists like myself have become a little wary about relying on their prognostications. While acknowledging the importance of economic factors on future political scenarios, I will limit myself to discussion of factors arising from the social and political environment in Indonesia.

I will discuss six broad issues. Three of which focus on influences arising from Indonesian society itself — pressures toward disintegration, the rise of militant Islam and communal conflict — while the other three have more to do with the institutions of government — the 'weak state', the military and decentralisation. In practice, all these factors interact with each other.

1. Pressures toward Disintegration

In popular discussion of Indonesia's future — especially by observers outside Indonesia — the issue of 'Balkanisation' always looms large. Many people seem to believe that Indonesia is on the verge of national disintegration and that the most relevant models for the future are those of the ex-Soviet Union and ex-Yugoslavia. If this assumption were valid, then it would be sufficient for me to discuss this issue alone because the other issues would become very secondary, if not simply irrelevant — in that context.

Disintegration is of course possible — but in my view not especially likely. An armed separatist movement is currently very active in Aceh and in recent years, armed separatists have been active — although far less effectively organised — in Papua. But the separatist threat needs to be seen in perspective. In no other province has an armed separatist movement been active since the early 1960s. That is, armed separatists are not active in 28 of Indonesia's 30 provinces. Those provinces contain around 97% of Indonesia's population.

Moreover, Aceh and Papua have special features that help to explain why separatism is stronger there compared to other regions. Armed separatism is not new to these provinces. A separatist revolt broke out in Aceh during the 1950s. A new separatist challenge appeared in the 1970s and became a serious threat in the late 1980s and early 1990s. This movement, the Free Aceh Movement (GAM), was revived as an even more powerful force after the fall of Soeharto in 1998 and continues to be active today. In the case of Papua, armed resistance to rule from Jakarta began shortly after the transfer of the territory to Indonesia in the 1960s and has continued sporadically ever since. One consequence of long-term armed resistance is the presence in both provinces of military and police contingents brought in from other parts of Indonesia. These troops have been ethnically distinct, poorly paid, poorly trained and poorly disciplined and have often behaved as an occupying army, which treats Acehnese and Papuans as 'the enemy'. Contrary to the military's own self-perception that the military is the 'glue' that holds Indonesia together, the presence of these troops, often behaving in brutal ways, has done much to ensure that separatist sentiment remains strong among ordinary people in these provinces.

Separatist sentiment is also fuelled by the presence of large numbers of transmigrants — both official and spontaneous — in the two provinces. In Papua, non-Papuans now make up about one third of the population and constitute the majority in many towns. Both provinces have attracted huge investments in petroleum and other mining, making them Indonesia's four most wealthy provinces but in neither have local people experienced much economic benefit. As people say, 'the province is wealthy but the people are poor'. The sense of being exploited by outsiders is very strong in both provinces. In Papua, this resentment is compounded by the tendency for other Indonesians to look down on Papuans as 'primitive' and 'backward'.

One unintended consequence of foreign investment in natural-resource industries is that both Aceh and Papua are among the few provinces that could stand alone economically if independence were attained. On the other hand, precisely because they are rich in natural resources, Jakarta is strongly committed to retaining them under its control.

Certainly there are occasional voices calling for independence in other provinces but there are no signs of armed separatism. Indeed separatist demands in other provinces are usually bargaining ploys designed to win a better deal from Jakarta rather than serious moves toward independence.

If one or other of Aceh or Papua did succeed in winning independence, this could stimulate new demands from other regions. But it is hard to imagine Aceh or Papua gaining independence without a total Moscow-like collapse in Jakarta. If that happened, some sort of domino effect could follow — as in the old USSR. But the likelihood of this happening is still quite low.

It should also be borne in mind that most regions would not benefit economically from disintegration. Certainly four provinces have sufficient natural resources to make independence attractive — East Kalimantan and Riau, in addition to Aceh and Papua. As one economist noted, if Indonesia broke up, there would be four oil-rich Bruneis but he also noted that there would be a dozen or so Bangladeshes while the other provinces would just get by. Of course, economic considerations are by no means the only factors fueling separatist movements but would-be separatists need to make the economic calculations. Twenty-six provinces do not have strong economic

incentives to leave Indonesia; as such, these 26 provinces have strong economic incentives to prevent the other four provinces from leaving.

2. Rise of Militant Islam

The second concern that is often raised by outside observers of Indonesia relates to the rise of militant Islam. Indonesia has the world's largest Muslim population — 87% of its 210 million people are Muslims. The dominance of Muslims in Indonesian politics, of course, is no more surprising than Chinese being prominent in the politics of Singapore.

Observers have noted the rise of militant Islamic movements since the fall of Soeharto's military-backed regime in 1998. It needs to be understood, however, that there have always been radical Muslim movements in Indonesia that have occasionally turned to violence. But the impact of these movements has been limited and they have never been anywhere near to winning control of the government. During the New Order period, fringe Muslim groups occasionally turned to violence, including church burnings and attacks on temples (e.g. Borobodur[1]). From time to time, Muslims were also involved in anti-Chinese violence although non-Muslims were also sometimes involved. The origins of such conflict however, lay more in socio-economic differences than in religion.

Since the fall of Soeharto, sporadic outbreaks of low-level terrorism of this type have continued. It is sometimes claimed that the Indonesian government is too worried about the political strength of radical Islam to take action against Muslim terrorists but in fact several high-profile trials of Muslims have resulted in convictions and long jail sentences — although not all culprits have been caught. It is nevertheless true that the Indonesian security forces have failed to take firm and consistent action against groups that have been involved in violence — both Muslim and non-Muslim — but this relates to the general weakness of the Indonesian state more than the alleged dependence of the government on radical Islamic support. It should be remembered that members of radical Islamic movements involved in violence probably do not even number as many as one hundred thousand.

Much international attention has been focussed recently on a tiny Islamic group known as Jemaah Islamiyah which appears to have co-operated with Al Qaeda and

aspires to establish an Islamic community stretching through much of Southeast Asia. There is little to suggest that other radical groups in Indonesia have strong ties to Al Qaeda; in fact one of the most prominent group, the Laskar Jihad, is openly hostile to Osama bin Laden whom it accuses of rebelling against the government of Saudi Arabia which implements Islamic law.

Apart from radical Muslim groups involved in violence, there are many non-violent Muslim organisations, which also pursue radical Islamic agendas. But mass support for these organisations, while much stronger than support for the violent groups, is still quite limited. Muslim parties promoting some form of Islamic state or the implementation of *syariah* law won only 14% of the votes in the 1999 election. These parties, however, are not involved in terrorist violence and are generally committed to constitutional and non violent means. In most respects, they behave like normal political parties anywhere. Their goals are certainly not limited to the establishment of an Islamic state and in any case, they do not believe that that goal is achievable under present circumstances. Most of their activities are directed toward gaining positions in government and ensuring that their supporters enjoy a slice of the pie. The fact is that most Indonesian Muslims supported the so-called 'open' parties in the 1999 election and I believe, this pattern is likely to be repeated in 2004. The members of 'open' or secular parties — such as PDI-P (Indonesian Democracy Party–Struggle) and Golkar — are not limited to any particular religion.

In my view, there is no possibility of radical Islamic parties winning power in Indonesia in the foreseeable future. However, in Indonesia's democratic system in which governments are likely to be coalitions, it is always possible that minor concessions will be given by competing parties representing the moderate and secular majority in order to secure radical Muslim support. More seriously, the sporadic violence perpetrated by fringe Muslim groups that has often occurred in the past, is likely to continue to be an irritant — often a very serious irritant — but really no more than an irritant in the future.

3. Communal Violence

Rather than national disintegration, many Indonesians are more worried about social disintegration — not the breaking apart of the whole nation, but the breaking apart of

communities within the nation. Since the fall of the New Order, outbreaks of communal violence have been common although such violence was by no means totally absent under Soeharto. Among the reasons are:

- the decline in the capacity and morale of the military and police
- frustration arising from the economic collapse
- internal migration that sometimes resulted in resentment on the part of original inhabitants who felt that they are swamped by migrants and that their welfare are threatened by the presence of outsiders.
- party rivalries arising from democratic competition for votes.

In many cases, what is often seen as conflict involving radical Islam is really ethnic conflict disguised in religious clothing. The so-called religious conflict usually involves migrants of one religion moving into regions inhabited by people of another religion. In these cases, ethnic conflicts are accentuated by religious differences. This was clearly the case in the violence at Poso in Central Sulawesi during the last four years and it was a major factor triggering the violence in Maluku. Both Poso and Maluku have sometimes been erroneously portrayed in the international press as cases of radical Muslims murdering Christians but in fact, many of the victims in both regions have been Muslims killed by Christians. Muslim migrants have been the victims of communal violence in other regions, such as the Madurese in Kalimantan and Javanese transmigrants in Papua. In some cases, Muslims have been both perpetrators and victims when Muslim migrants clash with Muslim indigenous communities in, for example, Aceh and, to some extent, Kalimantan.

Despite the seriousness of ethnic and religious violence, we need to keep such communal violence in perspective. Indonesia is not engulfed in the flames of ethnic conflict. The regions most severely affected make up only a small part of the Indonesian population — Maluku (1%), Kalimantan (2%), Papua (1%), Aceh (2%). Of course, there have been many more relatively limited conflicts in other regions but the overall spread is not as wide as sometimes imagined. Ethnic conflict is always tragic and devastating for those involved but it does not mean that the whole society is on the verge of collapse.

Nevertheless, the Indonesian government has made little progress in dealing with the underlying causes of such conflict. The government seems unable to take the

political, economic and social measures needed to ameliorate conditions that have given rise to communal violence. This is partly because Indonesia simply lacks the economic resources necessary to raise the living standards of aggrieved communities. But it is also due to general government failure (which will be discussed later under the heading of the 'weak state'). Undisciplined and underpaid soldiers and police are poor state instruments for dealing with such conflict — and indeed often exacerbate it. At times members of the security forces have become combatants in support of one side or the other while others use disturbed conditions to seek supplements to their low incomes. Corrupt or timid courts are unable to provide a sense of justice for victims of violence. And political parties often seem uninterested and at times, even exploit communal tensions so as to win political support.

In one area, however, ethnic conflict has declined sharply since 1998. The fall of the Soeharto regime followed a series of anti-Chinese riots that culminated in the massive upheaval of May 1998. In the months before the 1998 rioting, some elements in the military were encouraging anti-Chinese violence but since then, it seems that military leaders have realised that the flight of Chinese businesspeople and their money not only harms the national economy but also reduces the economic opportunities for military and police officers themselves. Since 1998, there has been no major outbreak of anti-Chinese violence. However, the underlying causes of such violence are still present.

I conclude therefore that communal violence — both ethnic and religious — will continue to be serious threats to the stability of the Indonesian government in the future but I am not convinced that it will rise to a point where it threatens the very existence of the Indonesian nation.

4. The 'Weak State'

Indonesia needs a strong and effective government to deal with the challenges posed by separatism, radical Islam and communal conflict and to create conditions conducive to economic development. One of the most worrying aspects of contemporary Indonesia, however, is that it lacks effective government. Indonesia does not fall into the category of the 'failed state' where government hardly exists at all but it fits the model of the

'weak state' where the government declares policies but lacks the capacity to implement them effectively.

Indonesia's democratisation has been very rapid after more than four decades of authoritarian rule. The crucial challenge is how to create democratic institutions that can support strong and effective government. Their experience so far, however, is not especially encouraging. A free and transparent election was held in 1999 but that election failed to produce effective government. No party obtained an absolute majority. As a result, post-Soeharto Indonesian governments have been coalitions between more or less incompatible parties. Two presidents have been replaced since 1998 and the third remains in power only because no new candidate can muster sufficient support to challenge her. The government has been too divided to formulate clear policies and lacks sufficient political support to carry our reform-oriented policies, for example in such fields as banking, debt reduction, corruption, the judicial system and the police and military. Money politics has become ubiquitous. The result is that many of those who had been in the forefront of the struggle for democracy are now very disillusioned.

The Indonesian political system clearly needs to be reformed but the capacity of the system itself to carry out such reforms is still limited. Much attention has been given to constitutional and electoral reforms. So far three packages of constitution amendments have been adopted by the People's Consultative Assembly (MPR) but the results have been almost farcical. Instead of a thorough overhaul, the constitution has been amended bit by bit but these piecemeal amendments have sometimes contradicted other parts of the constitution. A new round of constitutional amendments will be debated at the forthcoming session of the MPR that opens the following week. Recent understandings between the two largest parties, PDI-P and Golkar, seem to have averted a potential constitutional deadlock on the crucial question of how the president should be elected. Other important issues remain to be settled including amendment of sections of the constitution dealing with the composition and role of the MPR. Meanwhile the parliament is considering new election laws but is unable to complete its work because it does not know what exactly needs to be elected! If the MPR fails to complete the constitutional amendments in time for the electoral laws reforms in the forthcoming months, the election due in 2004 might not have a legal foundation.

Indonesians are very good at improvisation, so I am reasonably hopeful that the MPR will manage to find its way around this immediate challenge next month but the process of constitutional and electoral reform so far does not make me confident that serious overall reform could be achieved. It is evident here that one of the characteristics of a 'weak state' is that it is too weak to reform itself.

So far no one has come up with a convincing vision of how the political system can work better. Political parties are a crucial element in making democratic institutions work. But Indonesia's parties are still collections of local leaders linked to national leaders only by patronage and expected electoral advantages. Money politics is rife among Indonesia's parties. What is needed are parties with real roots in society which can establish durable coalition arrangements with other parties. But so far, such parties have not developed. On the contrary major divisions have appeared within all the major parties and in several cases, have resulted in party splits and the formation of new parties.

Of course, the evolution of an effective democratic system will inevitably take time. It is also true, as the experience of many countries illustrates, that ineffective and corrupt governments can often last quite a long time. But there are growing doubts that the present system can in fact last without substantial reforms. Without significant reforms, we cannot assume that the current democratic system will still be in place in 10-20 years' time.

It is not only the Indonesian political system that is not working well but also the judicial system. The courts are almost totally corrupt. Judges are routinely bribed, prosecutors are often induced to prepare weak cases and the police force is corrupt. This results in effective impunity for well-connected and wealthy groups — corrupt bankers and officials, military abusers of human rights and so on. The lack of effective institutions to uphold the rule of law is a huge deterrent to economic growth and is one of the reasons why investors — both domestic and foreign — are reluctant to invest. Recently, a number of extraordinary cases have underlined this perception — indeed some of these cases are so harmful that even the weak government has been forced to act. In one case, the damage to Indonesia's international reputation was so great that the Supreme Court quickly reversed the decision of the lower court and now the judges of the lower court are under investigation.[2] But such quick action is very rare.

The poor performance of the security forces in upholding law and order is another characteristic of the weak state. Looting is common while factories and commercial enterprises routinely pay 'protection money' to military and police personnel. The failure of the security forces to act quickly and effectively against rioting has sometimes permitted small clashes between individuals to grow into large-scale communal massacres. Even after mass killings, the arrest and prosecution of perpetrators — let alone instigators — is extremely rare. Lack of confidence in the police and courts regularly results in petty thieves being killed by local residents (who decided to take the law into their hands) rather than handed over to the authorities. Prosecutions almost never follow such blatant murders.

The reform of political and judicial institutions should be high on the agenda of Indonesia's government leaders. I am convinced it is high on the agendas of a few individual leaders but the government as a whole seems to be preoccupied with other things. It is hard to see how this situation can be overcome within the next decade. At present, if democracy lasts, it is less because it is meeting popular aspirations than by default in the absence of an effective challenge.

5. Return of the Military?

We increasingly hear people reminiscing about the good old days under Soeharto when politics were stable and the economy was growing. But in fact many of today's problems had their origins in the authoritarian period. For example, the weakness of parties and democratic institutions; massive corruption; and a legacy of ethnic and religious violence originated during the Soeharto years. And one must remember that the economic collapse began in 1997 when Soeharto was still president, not under the present democratic governments.

The military was a key component of the Soeharto regime and is still identified by many with the repression and corruption of that era. At present, the military is simply not in a position to come back to power. Popular memory of military domination is too recent. If the military attempted to restore its power at present, it would be met by massive demonstrations in all the main cities — which would make the government unworkable. In any case, military officers no longer retain their old confidence that they have all the answers in a globalised world.

Nevertheless, the Indonesian military is still a significant political force. It is organised in such a way that it inevitably has political influence through its territorial system and its control over domestic intelligence. Under the territorial system, army units are spread throughout the entire country from provincial capitals down to small townships and even villages. It was through this system and its control of domestic intelligence that the military made an essential contribution to the longevity of the Soeharto regime. An attempt by several military reformers to reduce the role of the territorial network in the aftermath of the fall of the New Order eventually failed.

The immediate abolition of the territorial system, in which about ⅔ of the army is placed, is in any case impossible. The national government's budget provides only about 30% of the military's needs which means that local commanders and their troops have no choice but to raise their own funds to finance operations and supplement quite inadequate salaries. The means range from legal to semi-legal and illegal such as extortion, illegal logging and mining, protection rackets and involvement in gambling and prostitution. Through the territorial system military personnel are provided with a convenient means to supplement their salaries. Without these means, it is hard to see how the military could finance itself without massive demobilisation. A major drawback, as military leaders often point out, is that it is impossible to create a truly professional force in these circumstances.

The lack of military (and police) professionalism is seen most blatantly in disturbed regions such as Aceh, Papua and Maluku. When large numbers of underpaid soldiers and police are sent to such regions, it is inevitable that they will seek to supplement their quite inadequate incomes in ways that alienate the people whose 'hearts and minds' they are ostensibly seeking to win. Human rights abuses often take place and it has been common for the security forces to follow the Dutch colonial practice of burning the homes of villagers thought to be linked to rebels. The recent rhetoric of the military leadership in Aceh suggests that the military is no longer seriously pursuing 'hearts and minds' but is now simply determined to 'exterminate' the enemy.

Although the military is not in a position to regain power in the short run, it continues to wield influence at the local level. It has the capacity to intervene in local politics and, at the very least, can exercise a veto power on reforms at that level. In the

long run, of course, if democratic civilian government is seen by many to have failed, it is not impossible that the military could expand its role in national politics and even restore its old power.

6. Decentralisation

There is one area, however, where substantial reform has already taken place. Ironically, this reform was not the work of a strong government but one that was very weak. Government under Soeharto was absurdly overcentralised as part of the authoritarian regime's control over society. Provincial governors and district heads were in effect appointed by Jakarta despite the formality of 'elections' while most regional bureaucrats were officials of central departments rather than local governments. Central government laws and regulations applied throughout the nation, taking little account of regional variations. Soeharto treated each province the same way — whether it was on Java or Kalimantan or Irian Jaya. One size was supposed to fit all.

In response to massive regional frustration, the Habibie government introduced radical decentralisation laws in 1999, which began to be implemented in 2001. These laws were drafted hastily and were not accompanied by adequate implementing regulations — another characteristic of a 'weak state'. The result was much confusion and dissatisfaction as officials were often unsure of exactly which powers had been transferred.

Regional autonomy will inevitably be followed by regional inequalities. In wealthy regions, the removal of central controls has been a boon. In regions that are resource-rich or already more developed, governors and especially district heads are now simply ignoring rules made in Jakarta and getting on with their jobs. No longer dependent on permission from Jakarta, new local industries are being established.

On the other hand, the more backward regions are likely to experience a fall in subsidies from the centre. This will widen the gap between regions and could easily sharpen regional antagonisms. Unequal development is likely to encourage inter-regional migration but this could lead to further social tensions. There are already indications of growing ethnocentrism in some regions. Local ethnic groups are

demanding preference in employment and 'migrants' have been made to feel unwelcome.

Critics of regional autonomy argue that many local governments lack the human resources needed to administer their new responsibilities effectively while access to huge amounts of new funds has only resulted in increased corruption among local officials. It is feared that resource depletion will continue unchecked as local governments, in their search for funds, issue logging and other licences without consideration for environmental concerns. In response, supporters of regional autonomy point out that corruption was hardly unknown in the old centralised system while the record of central management of forests shows massive depletion during the last three decades.

Although the Megawati government plans to amend the regional autonomy laws, it will be impossible to reverse the movement toward decentralisation. Despite the problems of implementation, we have no grounds to assume they will be unmanageable. In the long run — assuming that current problems are ameliorated, if not resolved — history might look back on President Habibie not just as a temporary hangover from the Soeharto regime but as Indonesia's great reformer largely because of his radical decentralisation program.

Concluding Guess

My working assumption is that something like the present system could easily last for a long time into the future. But the system is very fragile and vulnerable to an unpredictable external shock like the economic collapse that was the pre-condition for Soeharto's fall. As I said at the beginning, my focus has been on factors arising from within Indonesia itself. I have not taken into account external factors that others are more competent to discuss. Nor have I discussed the prospects of economic growth — an issue over which economists themselves are divided. Of course, these factors need to be incorporated into a thorough assessment of the determinants of Indonesia's political future.

Let me conclude with a more optimistic — but still plausible — view. Regional autonomy will provide new incentives throughout the country while removing the exploitative weight of control from Jakarta. While many regional governments will

probably fail to meet the challenges, others will realise that they need to reform themselves in order to attract the investments that are necessary for long-term growth and to win popular support in the new democratic era. Indeed, it will be easier for regional governments to reform themselves compared to the centre. Given a degree of political stability, investors might start investing in Indonesia again and economic growth could take some of the edge off social and political dissatisfaction. Although economists are pessimistic that Indonesia will return to the 6-7% growth rates of the Soeharto years, it is still possible that high growth rates will be achieved in some regions.

NOTES

1. From 1984 to mid 1985, radical Islamic groups explode bombs at a number of targets which included the 9th-century Borobudur Buddhist temple in central Java, which is seen to be the symbol of Java's pre-Islamic traditions. Nine of the temple stupas were destroyed. Husein Ali Al Habsyie, a blind Muslim evangelist, was arrested and jailed for having masterminded these bombings.
2. The case in question is the bankruptcy trial of an insurance company, PT Jiwa Manulife Indonesia, the local unit of Canada's Manulife Financial Corp. The Indonesian commercial court declared the company bankrupt for failing to pay its 1999 dividends even through it was solvent. The decision of the lower court was subsequently repealed by the High Court and the judges involved were charged with corruption.

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