

Challenges to Democratic Governance in Indonesia*

Suzaina Kadir(National University of Singapore)

I. Introduction

Indonesia began its protracted transition to democracy in May 1998 when the thirty-two year reign of General Suharto came to an abrupt end amidst violent demonstrations on the streets of Jakarta. Suharto transferred power to a civilian, B.J. Habibie, who proceeded to lift the existing ban on the number of political parties and announced that general elections would be held within a year. This led to an impressive mushrooming of political parties, from three to one hundred and forty-eight within a matter of a few months. The euphoria in the country was hard to mask as once-banned publications resurfaced while various associations and organizations found new voices in the public arena.

The general elections held a year later was seen by many as a culmination of Indonesia's political transition. There were pronouncements of hope from Indonesian and foreign observers alike that the country was finally on its way to setting up a democratic political system. The Carter Center, tasked with observing the elections, noted that they were the freest and fairest elections in Indonesia since 1955. Others argued that the high voter turn-out on polling day was a clear sign of that ordinary Indonesians had finally emerged to demand

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their rights to a democratic government.

Much of that euphoria and pronouncements of hope are gone today. Since the 1999 election Indonesia has seen two new presidents, numerous cabinet reshuffles, the economy mired in a deepening quagmire and civil society seemingly running *amok*. No single political party emerged with the authority and legitimacy to lead the country towards consolidating the democratic transition. This, coupled with the existing convoluted electoral system, enabled crafty politicians to maneuver for Abdurrahman Wahid to become president in October 1999. The election of Wahid was odd because his party, the Nation Awakening Party (PKB), won only 10% of the overall popular votes cast. The same politicians who had put him in the presidential palace replaced Wahid with Megawati Sukarnoputri in 2001.

Meanwhile, reforms necessary to turn the economy around have remained largely on paper. The *Rupiah* is still five times less of its value in early 1997, unemployment remains high and the number of people living below the poverty line continues to grow. In mid 2000, IMF officials noted that some reforms were being attempted but emphasized their worries that Indonesian politicians were too embroiled in political maneuvers to address economic reforms properly.

For ordinary Indonesians, the democratic transition has raised more questions than it has provided answers. Basic day-to-day living, especially in the urban areas, has become more difficult. Law and order, the quintessential feature of the Suharto era, seemed to have disappeared overnight. Instead many resort increasingly to vigilantism in lieu of a police force they do not trust, and whom they know is quite incapable of ensuring their protection. Worse still, there is now evidence that radical groups are resorting to violent means to enforce their code of conduct and their understanding of the just society. A prime example of this are the activities of radical Islamic groups like *Front Pembela Islam* (Islamic Defenders Front) committed to ensuring respect for Islam via burning down gambling and prostitution houses in the major cities of Indonesia.

The challenges to democratic governance in Indonesia are clearly enormous. In many ways, Indonesia represents a classic example of the difficulties faced by countries undergoing democratization. There are no guarantees of a linear, smooth and secure transition process. For example, hostility against the Indonesian military was at an all-time high in 1998, and pro-democracy groups vowed to have civilian rule restored to the country as soon as possible. An important step towards this was achieved a year later when the number of parliamentary seats accorded to the military was reduced.¹⁾ However, barely a year later, careful politicking has enabled the military to retain its existing parliamentary seats until at least 2008. As will be evident later in this article, the continued political presence of the *Tentara Nasional Indonesia* (TNI) or Indonesian National Military raises serious questions about the future of Indonesia's democratization process.

The Indonesian case also points us to the complexities involved in democratic governance. It raises for us the question, quite bluntly, of what constitutes democratic governance. It shows quite clearly that a democratically elected government, a robust civil society and the restoration of basic freedoms are no guarantees that democratic governance can be achieved. Indeed, my paper hopes to show that democratic governance in Indonesia involves both an accountable and functioning state as well as an equally accountable and civic-oriented civil society. The existence of one without the other dooms any attempt at democratic governance to failure. In the final analysis, I would like to suggest that democratic governance can only be achieved if there is both political and social capital from which Indonesia citizens can draw upon.

This paper addresses the challenges to democratic governance in Indonesia. It argues that Indonesia needs both political and social capital in order to consolidate its democratization process. As it stands Indonesia is far from the finish

1) The original number of seats accorded to the military was 79. This was reduced to 39 seats in 1999. The ultimate aim was to remove military involvement in parliament altogether. This reduction of seats would have represented a first step toward professionalization of the TNI.

line. There is a historical legacy of authoritarianism that society must come to grips with. On top of that there is little political capital that can be drawn upon and developed. More problematic for Indonesia is the fact that trust and social compactness (or social capital) has the potential of breaking down as new and old groups maneuver their demands within the suddenly free space erroneously described as “civil society.”

It is important to note that this paper has been written without any data from the Gallup Millennium Survey.²⁾ For a variety of reasons the Gallup Millennium Survey was unable to conduct its poll in Indonesia. As a result the arguments in this paper are based largely on ethnographic data as well as interpretative analysis of various documents and reports already existing on Indonesia. Several polls have been conducted in major Indonesian cities like Jakarta and Surabaya, and are mentioned in later sections of the paper. However, it is important to note that most of these are straw polls conducted on-line for the various Indonesian news magazines. The authenticity and representative-ness of these polls are therefore questionable.

II. Political and Social Capital in Democratic Governance

Takashi Inoguchi defines *democratic governance* as “the mode of relationship between state and society that is characterized as *accountability, participation* and *equality*.”³⁾ This definition presupposes a number of factors. Firstly, it

2) Gallup International conducted a massive survey of 88 countries between year 2000 and 2001 on a variety of issues pertaining to governance, including trust in government, national identity and human rights. This article was supposed to be based on data obtained by Gallup but problems with conducting the survey in major Indonesian cities resulted in little or no survey data on Indonesia.

3) Takashi Inoguchi, “Can Asian Values be the basis of Democratic Governance in the Asia-Pacific Region?”, Paper presented at the International Workshop on “Changing Values and Challenges of Governance in Asia: Agenda for the New Millennium”, November 17-18

assumes the existence of a functioning state and an equally functioning society, connected in a web of interactions. There can be no discussion on democratic governance if there is no state to begin with. There must be a state to maintain basic law and order. Despite the euphoria over civil society in the 1990s, particularly in Eastern Europe, evidence suggests that civil society can never replace the state as the basic framework for governance. It is still the state that provides for basic infrastructure and protection without which society cannot function.⁴⁾

In order for there to be democratic governance there must be a minimum level of political capital. By political capital I mean democratic practices, institutions and processes that ensure accountability, transparency and the rule of law within state borders. Political capital is necessary to ensure a balance between preserving the integrity and power of the state while at the same time ensuring protecting and advancing the rights of the people who live within its borders. Without it, public trust in government and institutions of government will be lost, and state-society relations will be marked by a zero-sum struggle rather than positive-sum interactions.

Inoguchi agrees that “two-way interactions between government and people” are assumed in definitions of democratic governance. The state is not insulated or isolated from society. State-Society relations are balanced between rights and liberties and between duties and responsibilities. It is the embeddedness and connections between state and society that is important to democratic governance. Democratic governance therefore goes far beyond procedural understandings of democracies, which tend to focus on the nature of elections and the party systems per se.

Inoguchi suggests, further, that democratic governance must involve “the rule of law and social capital in running a democracy.”⁵⁾ Here, he goes beyond the

2000, Seoul National University, Seoul, South Korea.

4) For example, it became quite clear in Poland that while civil society groups like *Solidarity* were critical in bringing down the authoritarian regime, they were incapable of replacing basic functions of the state, such as providing for the equal distribution of public goods.

relationship between state and society and includes the level of connectedness within society as well. According to Robert Putnam, the idea of social capital refers to the connections among individuals — “social networks and the norms of reciprocity and trustworthiness that arise from them.”⁶⁾ Democracies therefore require civic engagement, a sense of mutual obligation and responsibility.

Dankwart Rustow made a similar argument earlier when he asserted that consensus among citizens of a state regarding the political community was the only prerequisite for any transition to democracy.⁷⁾ For Rustow, writing in the late 1960s, national unity was crucial for democracy because it ensured a level of trust and mutual engagement within society, but also between society vis-a-vis the state. This, he argued, would allow for citizens to cooperate with each other and with the state to uphold democracy. Without such a consensus, societal groups would be in a zero-sum competition for control of the state. A basic acceptance and understanding of the boundaries of the political community was therefore necessary for there to be democratic governance over the long run.

The challenges to democratic governance in Indonesia are tied essentially to the lack of both political and social capital following the transition in 1998. Public trust in the government and other state apparatuses remain low. Democratic practices, institutions and processes are unfamiliar. This has led to an increasing tendency for society to bypass the state in ensuring law and order in their respective communities. This weak political capital is linked to what I see as Indonesia’s constitutional conundrum. The existing 1945 Constitution lies at the core of authoritarian practices and tendencies, preventing the institutionalization of democratic practices and procedures. Worse still, there appears to

5) Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community*, New York: Simon & Shuster, 2000, p. 5.

6) *Ibid*, p 19.

7) See Dankwart A. Rustow, “Transitions to Democracy: Toward a Dynamic Model,” in Lisa Anderson, ed., *Transitions to Democracy*, (New York: Columbia University Press, 1999)

be a weakening of social capital in Indonesia as groups enter into a zero-sum game for resources vis-à-vis one another. There is also a dangerous trend towards intolerance and religious conservatism in the face of continued economic problems and an inefficient state. More importantly, perhaps, the once assumed consensus regarding the political community in Indonesia is being questioned. Finally Indonesia must deal with a historical legacy of authoritarianism that continues to undermine democratic governance.

III. Constitutionalism and Political Capital in Indonesia

Indonesia's political experience is of a powerful executive, backed by the military, interfacing with a weak and ineffective legislature. The country's only experiment with democracy occurred in the decade immediately following independence. In 1955 the country conducted in general elections, from which four main political parties emerged to form various coalition governments.⁸⁾ However, the failure of the post-independence governments to deliver political and economic stability generated a sense of disillusionment and paved the way for Sukarno's 'Guided Democracy', and subsequently, the military regime of General Suharto.

The Indonesian Constitution was originally drafted as an interim constitution in the context of a protracted struggle against the Dutch for Independence. It was replaced by another constitution that provided for a more powerful role to the legislature and was heavily influenced by the UN Universal Declaration of Human Rights. President Sukarno reverted back to the 1945 Constitution when he proclaimed that Indonesians had their own style of democracy. The 'New

8) The four main parties, the Indonesian Nationalist Party (PNI), the modernist-Islamic *Masyumi*, the traditionalist-Islamic *Nabdhlatul Ulama* (NU) and the Indonesian Communist Party (PKI), generally represented the main ideological strands in Indonesian society.

Order' regime retained the 1945 Constitution, centralizing power further in the hands of an executive, backed by the army.

This constitution remains in place even after Indonesia made the transition to a more democratically elected government in 1999. The retention of the existing constitution continues to subvert any further progress towards democratic governance in Indonesia. The 1945 constitution allows for a strong executive, supported by a weak legislature and includes non-elected members from the military and so-called "functional groups." It reflects, in part, the command/hierarchical culture that prevails in Indonesia but can also be attributed to ambiguities within the Constitution on the roles of the executive and the legislature. Clarifying the division of powers between the two branches of government, and enabling the legislature to play a larger role in checking the executive, would help in balancing democratic control at the state level.

As it stands, the Constitution allows for a unicameral parliamentary system with legislative functions performed by the People's Representative Assembly (DPR). Its members comprise mainly, although not wholly, of elected representatives from the various parties. The full assembly, or the People's Consultative Assembly (MPR), serves as the Electoral College that elects the president, issues guidelines for state policy and ratifies constitutional amendments. The MPR includes members from the DPR as well as appointed members from the military and functional groups. Appointments to the MPR normally come from the president. In Indonesia, although the DPR exists as the representative body, power lies in the hands of the MPR. The close connection between the MPR, the executive and other agencies of the state (the military in particular) allow for power to be centralized in the state.

At the same time, the powers, duties and functions of the executive are not defined clearly. During the New Order period, there was little confusion since executive control was assured via the MPR. After the 1999 elections, democratic governance was undermined as a result of these ambiguities. Hence, the elections allowed for the people to go to the polls and elect their representatives to

the national legislature (DPR) but they had little control over who would be elected as president or over major policy decisions.

The 1999 general elections did not produce a single political party with a clear majority in the DPR. Instead, the seats were distributed between a few political parties: the Indonesian Democratic Party-Struggle (PDI-P) had 31%, Golkar 22%, the United Development Party 12%, the Nation Awakening Party (PKB) 10%, the National Mandate Party (PAN) 7%, and the Moon and Crescent Party (PBB) with 2%. Indirect presidential elections via the MPR enabled the political parties to maneuver for the election of Muslim cleric Abdurrahman Wahid as president in October 1999. They had therefore subverted the election of Megawati Sukarnoputri, leader of the PDI-P, as president despite her party winning 31% of the popular votes cast.

The role of the MPR in Indonesia's political system is problematic because it allows for the subversion of democratic governance since power continues to rest within a body that does not fully represent the people. The role of the military within the MPR remains, albeit in a reduced form. The Indonesian military retains 39 seats in the MPR until 2008. In important matters, and especially when the legislature ends up in conflict with the executive, the military's vote becomes key. For example, in mid 2001, several political parties sought to have Wahid removed as president. Political parties within the MPR together with the military maneuvered to vote in favor of a special session of the Consultative Assembly that would try to impeach the president. It is widely believed that the military's decision to refrain from voting enabled parties like the PDI-P, Golkar and several smaller Islamic parties to push their resolution through. Analysts make the case that the military agreed in the end to side with Megawati Sukarnoputri after they failed to get concessions from Wahid regarding their role in Indonesian politics. The military's continued political role remains a heavy stumbling block to democratic governance in Indonesia.

The existing ambiguities over the division of powers between the legislative and executive played itself out during the Wahid presidency, crippling the push

for democratic governance in Indonesia. Wahid assumed the presidency with promises of national reconciliation and a push for democratic reforms. He, however, failed to internalize the fact that he was brought to office as a result of maneuvering among Islamic parties who opposed Megawati becoming president. He had promised to include politicians from the Islamic parties in his cabinet in return for their support for his presidential bid. However, as early as November 1999, Wahid fired the leader of the Islamic United development Party (PPP), Hamzah Haz for alleged corrupt financial dealings. Eventually, Wahid alienated all the other major political parties and surrounded himself with key loyalists. For example, in April 2000, he sacked Minister for Investment and State Industries, Laksamana Sukardi and a leading politician in Megawati's PDI-P. The cabinet firings and reshuffles sparked a storm of protest from party and legislative leaders.

Party leaders and legislators made use of existing ambiguities in the Constitution to push for a special session of the Consultative Assembly. This special session would require the president to account for his actions for parliament. Wahid initially insisted that the special session was unconstitutional and that the executive had the right to veto it. On July 21st 2001, he appeared before the DPR but refused to answer any questions and issued a statement that he had no further responsibilities to the legislature. At the annual session of the MPR, in August 2001, legislators tried again to question Wahid on his cabinet reshuffles. At that juncture, however, they were still hesitant on pushing for Wahid's dismissal. Instead they maneuvered to pressure the president to hand over more power to his vice-president, Megawati Sukarnoputri. Wahid appeared to initially agree to the division of power between himself and the vice-president. Within days, however, he announced another cabinet reshuffle, again with very little party representation. Among the large parties, Golkar and PPP received one position each, while PDI-P and PAN were shut off completely.

Wahid's erratic leadership style and his refusal to include the other political

parties in the cabinet spurred the party leaders to make use of existing constitutional loopholes against him. Legislators became convinced that Wahid had to be removed from power. They voted to start investigations into alleged financial improprieties including the diversion of US\$4 million from the state agricultural procurement agency (Bulog) and a possibly illegal US\$2 million gift from the Sultan of Brunei. As investigations progressed, legislators began the push to impeach the president. This would require a vote in favor of holding a special session of the MPR. Relations between the president and the MPR grew increasingly tense in 2001, as it became clear that neither side wanted to compromise. In May 2001 Wahid threatened to declare a state of emergency and dissolve parliament. However, the military refused to act and insisted that the matter had to be solved in the MPR. At the special session, the MPR voted to replace Wahid with Megawati Sukarnoputri. Wahid initially refused to leave the presidential palace but finally handed power over to Megawati in August 2001.

The ambiguities in the Indonesian constitution, compounded by a complicated electoral system, have undermined democratic governance in so far as it allows for backhanded politicking between players who are hardly accountable to the people. Except for the 500 DPR legislators, others within the MPR are appointed. The DPR has little power over appointments of senior public officials or over the performance of the executive. Yet, the DPR can make deals with the military to maneuver against the president when necessary. This enables the military to play a key role in the country's political life and undermines democratic practices that ensure accountability and transparency of governing bodies to the people.

The existing Constitution is also unclear on the impeachment process. For example, the guidelines state that impeachment against a president can be carried out if there is "gross misconduct, abuse of office, theft, treason or corruption." In the investigations against Wahid, it was not clear from the evidence that he was guilty of any of the charges. Instead the evidence showed that the people around him were involved. However, the vagueness of the wording

enabled legislators to vote on the issue and push for the impeachment proceedings nonetheless. At the end of the day, the impeachment process reinforced opinion among ordinary Indonesians that both politicians and the political system do not serve them. Many Indonesians were shocked at allegations of corruption against a religious leader, and grew increasingly disillusioned by the crass politicking among legislators, party leaders and the military alike. At the end of the day trust in government becomes seriously undermined.

IV. The Rule of Law in Strengthening Political Capital in Indonesia

Political capital is necessary for democratic governance. This involves the strengthening of democratic institutions, processes and practices so that the relationship between the state and society is built on accountability, participation and trust. Beyond this, there must also be the rule of law. It is a necessary condition for economic and political stability critical in bringing about democratic governance. The need to strengthen the rule of law is integral for democratic governance in Indonesia. This includes strong constitutional provisions for a Bill of Rights and an independent judiciary so that people will regain confidence in the state.

As it currently stands, Indonesia does not have an independent judiciary. The president appoints judges and during the Suharto period executive interference in judicial matters was an ordinary occurrence. Judges are not accountable to the public and there is no recourse against inappropriate judicial conduct. This has led to a total distrust of the judicial system even to this day. Observers are quick to point to recent examples of prosecutions against the Suharto family, where the cases have often been thrown out of court by judges believed to have been bribed. In the one case against Tommy Suharto for alleged misuse of state funds, the presiding judge was assassinated before he could make his

ruling. Currently, Tommy Suharto is on trial for the assassination of the judge.

Indonesians are distrustful of the state's ability to protect them. Their experience in the past has been with state agencies, which instead of protecting them, have in fact worked against them. Without a Bill of Rights, many ordinary Indonesians have experienced the strong arm of the state. Many were arrested and imprisoned without trial during the Suharto period. For example a group of Muslim lawyers were imprisoned in the 1980s for questioning the military's involvement in clashes with Muslim youths in the port town of Tanjung Priok. Others can recall incidences when they have lost land to businesses when corrupt judges were bribed to rule in favor of conglomerates or the Suharto family.⁹⁾

More recently, Indonesians have become more convinced that the state cannot in fact protect them. Following the democratic transition in Indonesia, reforms were introduced to separate the police from the military. This was an important step towards the professionalization of the Indonesian military. However, after the constitutional separation of powers between the two agencies, it became very clear that the police force was ill prepared to maintain internal law and order. In several incidences the police were unable to quell small outbreaks of rioting and looting. For example, the US ambassador has complained repeatedly against police inaction against rowdy protesters outside the US embassy. In another incident a group of young men marched into the office of a major East Java newspaper and smashed their equipment. They were protesting against a news story that they deemed was insulting to their leader, Abdurrahman Wahid. The police was unable to do anything. Indeed police inaction has become so commonplace that many Indonesians now resort to vigilantism and often take the law into their own hands.

9) In a recent example, a group of farmers in the Bogor-Puncak area petitioned against a 1985 court ruling, which handed their farmland to the Suharto family. This farmland was later converted into a farm for President Suharto. The farmers insisted that they had no signed away their rights but had in fact had their land taken away from them.

More and more incidences of mob justice have sprung up in major Indonesian cities like Jakarta, Surabaya and Semarang. This is an unhealthy precedent and serves only to undermine democratic governance in the long run. In fact, many analysts now argue that the increasing absence of the rule of law subverts Indonesian democratic transition even before it truly begins.

V. Regional Autonomy and Democratic Governance in Indonesia

Democratic governance implies a government that is responsive to its citizen's needs. In a country as populous and diverse as Indonesia this suggests the need to strengthen the existing second and third tiers of government to ensure greater interaction and accountability between public officials and the people. This would require a framework for the appropriate allocation of powers and duties to each tier and a framework for integrating public administration within national objectives. The officials at the lower levels of government must be accountable and have the powers to bring improvements to the conditions of life of people in all regional of Indonesia.

As yet Indonesia does not have an effective or efficient way to manage the various regions and provinces. Since independence, the country is governed as a unitary state with power centralized in Jakarta. This framework emerged from within the historical context of struggles against the Dutch. Nationalist leaders believed that the Dutch plan for a federal structure was aimed at recolonizing a disintegrated country. However, the insistence on such a highly centralized structure, coupled with specific policies introduced by the military regime of President Suharto, have led to demands for secession from several important provinces in Indonesia, including Aceh and Irian Jaya.¹⁰⁾

10) Several of the more controversial policies introduced by the New Order regime included

It is not the intention of this paper to look specifically at the reasons for why these restive provinces have upped their demands to secede from Indonesia. Suffice it to say that the central government's history of central control, economic extraction and often-violent repression of political groups in these regions has led to demands to secede from Indonesia. The Free Aceh (GAM) and Free Papua (OPM) Movement in Aceh and Irian Jaya respectively insist that their earlier efforts to negotiate with the Indonesian military resulted only in more brutal killings. Hence, they insist that the only way out is to secede.

Since the ouster of Suharto, Indonesian leaders have reaffirmed their commitment to a unitary Indonesia but also add that they want to address the problems in the regions. President Habibie began the process by allowing for a referendum in East Timor, which eventually led to East Timor's violent departure from Indonesia. Abdurrahman Wahid promised to find a solution to the situations in Aceh and Irian Jaya. A draft law on regional autonomy was drawn up in early 2000. The law sought to decentralize governance of Indonesia to the district level and reduce the economic extraction from the regions to the center. Under the new law Aceh would have retained about 80% of its economic resources, while the remaining 20% would go to the center. This law came into effect on the 1st of January 2001. However, there are already concerns that most districts are ill prepared to govern themselves. There are also worries that decentralization would lead to increased rivalry between ethnically defined districts.

More recently, the administration of Megawati Sukarnoputri, has announced the state's intention to revive military operations in Aceh as a means to "restore law and order" to the area. This has raised worries that bloody "sweeping" campaigns against civilians on the ground would resume, intensifying the determination of Acehnese to secede from Indonesia.¹¹⁾ For as long as the

transferring population from the more populated areas of Java to the less-populated and less developed regions, economic extraction of resources to the center and military campaigns to weed out suspected rebels.

Indonesian government does not address the question of the restive provinces and come up with viable solutions for regional autonomy; democratic governance will be still-born. As it stands people in such provinces like Aceh and Irian Jaya have little trust for the central government.

VI. The Religious Question for Democratic Governance in Indonesia

Indonesia has often been held as an example of religious pluralism successfully implemented in a state in which one religion, Islam, represents a large majority of the population.¹²⁾ Examples abound of Christians and Muslims co-existing and working together harmoniously for decades, whilst elsewhere, religious differences have resulted in strife and bloodshed. This legendary harmony started to unravel in the latter years of the New Order. Since Suharto's ouster, Indonesia has witnessed a level of religious violence and tensions unheard before. In 1998 Chinese Indonesians were hunted down and attacked in Jakarta in the worst anti-Chinese rioting the city has ever witnessed. Since 1999, thousands have been killed in clashes between Christians and Muslims in Maluku. Similar ethnic clashes occurred in Kalimantan between *Dayaks* and *Madurese* transmigrants in the same year. Church burnings are common now and radical Islamic groups have become a loud voice and presence in the country. These developments raise serious questions about the future of demo-

11) In mid-1970s the Indonesian military began their sweeping campaigns against rebels in the Free Aceh Movement (GAM). These campaigns are described as "sweeping" because the military conducts sweeping searches of villages to try and flush out rebels. In the process many civilians are killed or tortured. GAM insists that tens of thousands of Acehnese have been killed as a result of these campaigns.

12) Indonesia's population is about 87% Muslim. The other religious groups are divided between Catholics, Protestants, Hindus and Buddhists.

cratic governance in Indonesia. Without a minimum level of tolerance and pluralism, there is little social capital with which to build democratic governance.

The question of ethnic and religious pluralism is not new to Indonesia. From as early as 1945, nationalist and religious leaders grappled with the question of Islam's position in the new nation-state. The original agreement was to have Islamic law made mandatory for Muslims. Known as the Jakarta Charter, the Preamble to the 1945 Constitution was to include seven words making *Syariah* law applicable to all Muslims in the country. Sukarno omitted the Jakarta Charter from the Constitution leading to accusations of betrayal from Islamic groups. Several revolts occurred in the 1950s as part and parcel of some states to set up an Islamic state.

When Suharto took over, the ethnic and religious question was dealt in several ways. Firstly, the regime made it clear that there was a distinction between "political" and "spiritual" Islam. Political Islam was outlawed while spiritual/cultural Islam was encouraged. Secondly, Suharto used state institutions to carefully control political Islam and redefine religious identity to the one acceptable by the state. The Ministry of Religion was given the power to limit the number of religions allowed in Indonesia to five, excluding Judaism. The MPR also tried to outlaw polygamy and allow for inter-religious marriages in 1974. This failed when Muslim politicians walked out. The government also set up the Islamic Religious Council (MUI) to watch over Islamic practice. State Islamic Educational Institutes were also established as a means to manage Islamic teaching. Suharto also agreed to the establishment of the Indonesian Muslim Intellectuals Association (ICMI) in 1990. Finally, Suharto instituted the state ideology, *Pancasila*, which stipulated the fundamental belief in one God but did not specify a religious identification to the notion. When *Pancasila* was made mandatory for all socio-political organizations in Indonesia, it effectively removed the religious identities of political and social groups in the state. There was a kind of state homogenization of identity around loyalty to the regime above all else.

During the 'New Order' period, Christians found what they saw as a "safe haven." The Muslims, on the other hand, felt that they were being marginalized. There was a sense that their role was not proportional to their numerical strength vis-à-vis the non-Muslim groups. This has led to a lot of resentment against Christians and non-Muslim communities, seen as among the economic and political elite during the New Order. Christian proselytizing among Muslims caused further animosity. The reaction among Muslims has been a growth of resentment, manifested in hard-line groups pushing for "proportional representation" for Muslims and the revival of the *Jakarta Charter*.

After Suharto's fall from power, religious organizations burst into a kind of euphoric political activity. Of the 143 political parties that emerged, over 40 were based on Islam. Islamic and Muslim-based political parties did not do well in the 1999 elections but were able to maneuver into temporary alliances to push their candidates into key positions within the MPR. For example, immediately following the general elections, a group of Islamic and Muslim-based political parties joined forces, calling themselves the "central axis", and pushed successfully for the election of Amien Rais, leader of PAN and former leader of Indonesia's second largest Islamic organization — *Mubammadiyah* — as Speaker of the House. The Central Axis was also critical to Abdurrahman Wahid's election as president. Christian activists and leaders also formed parties and entered the political arena. But because Muslims dominate numerically, the politicization of Islam has dominated the public discourse.

For Indonesia to make the right step towards democratic governance it must now confront the formidable task of building a democratic, pluralist society. There are indicators that there is some level of social capital in place that offers hope for Indonesia to transcend the current state of religious and ethnic conflict. One of the indicators is the way *Pancasila* has evolved in the public discourse. There is evidence that *Pancasila* has taken on a meaning for Indonesian people that make it more than just an instrument of the state. After Suharto's fall there was a fair amount of discussion in the Indonesian media

and the public sphere about Pancasila, specifically about the need to retain the state ideology. What emerged from these discussions seemed to be an affirmation that Pancasila was the most appropriate philosophical foundation for the state. Major Muslim organizations, like NU and Muhammadiyah, opted to change their organizational foundation from *Pancasila* to Islam but retained *Pancasila* as their national foundation. Others argued that *Pancasila* represented an ideology of tolerance and was what Indonesia needed.

The second indicator can be gleaned from the performance of Islamic political parties during the 1999 general elections. Although there were a large number of parties linked to Islam and Muslims, a distinction can be drawn between parties which list Islam as their ideology and those which are secular-nationalist in orientation but whose constituency is largely Muslim. For example, parties like the United Development Party (PPP) and the Moon and Crescent Party (PBB) are Islamic parties because their membership is exclusive and their ideology Islam. The Nation Awakening Party (PKB) and the National Mandate Party (PAN) are Muslim-based parties in that their constituencies are Muslims but their constitutions invite membership from all Indonesians. The 1999 general elections show us that of the Islamic parties, only one, that is the PPP, won more than 10% of the votes. All other Islamic parties performed poorly in the elections. The Muslim-based parties did slightly better with PKB getting 10% and PAN obtaining 6% of the votes cast. Overall it was the secular-nationalist parties, like the PDI-P and Golkar, which outperformed the rest. Hence, even with a combined vote, the "Islamic voice" was far less than what was anticipated.

Nevertheless, Indonesia must address the religious question before it can guarantee democratic governance. This is because the instances of religious conservatism and intolerance have been on the rise. The emergence and heightened activities of radical Islamic groups should be a source of concern. Although still in the minority, these groups are loud and have managed to infiltrate and start to influence public discourse. Their appeal must be seen in the

light of the lack of economic and political stability in the years after Suharto fell from power. The inability of mainstream politics and moderate religious organizations to provide both practical and spiritual answers may encourage once moderate Indonesian Muslims to turn to the radical groups. These radical groups insist that life's answers are in the heavens and that what Muslims are witnessing stem from the evilness of a secular world. This leads them to reject conventional politics and instead pursue a higher good of setting up an Islamic utopia. Indonesia can ill-afford such endeavors.

VII. Economic Dynamics in Ensuring Democratic Governance in Indonesia

Several scholars argue that Indonesia is facing a series of political crises as a result of its inability to reform its economy. The increasing loud voice of Islamic radicalism has been traced to the economic plight of the majority Muslim population in Indonesia. While one can debate the extent to which economic conditions, as opposed to ideology, are to blame for the religious radicalism, one cannot deny the fact that economic recovery and reform are fundamental to ensuring democratic governance in Indonesia for the long run.

Although there are signs that the economic situation in the region is recovering, the economic outlook for Indonesia remains unclear. After the financial crisis hit in 1997, the real GDP growth rate in Indonesia declined from 7.8% to negative 0.1% in 1998.¹³⁾ Poverty levels rose substantially and unemployment numbers jumped. The cost of basic food stuffs tripled and almost overnight middle-class Indonesians found themselves struggling on a day-to-day basis. At the same time, there is little in the way of evidence that the Indonesian govern-

13) International Labor Office. *The Social Impact of the Asian Financial Crisis*. Geneva, ILO, 1999.

ment is committed to institute the necessary economic reforms. During the Wahid administration, for example, the government was often caught in a complex tussle between instituting IMF recommended reforms and a possible backlash from ordinary Indonesians.¹⁴⁾ The Megawati administration's economic team displays a more determined posture but disagreements between the Finance and Economics Minister have undermined any conscious effort at restructuring the banking sector.

One can easily argue that the economic crisis has created an environment conducive for zero-sum struggles between communities for basic resources. The problem has of course been compounded by the fact that only select groups of elites benefited from the remarkable economic growth during the New Order regime. This has produced a situation where groups are resentful of wealth accrued by a select few cronies tied to the President Suharto and his family. In the face of perceived evils from corruption, radical Islamic groups have rallied, suggesting religion as the appropriate antidote.

By the late 1990s, KKN, the acronym for collusion, corruption and nepotism, had become a key word to characterize many of the ills of the New Order regime. It referred to the malign influence of excessive payments of money, wither to win concessions or simply to survive in business. It also referred to the personalized nature of conducting business in Indonesia, where connections to political elites alone ensured success. These practices have had a very negative impact on the market, allowing for privileged but often inefficient businesses to prosper. It has impeded the development of an entrepreneurial class and created a distorted middle-class tied to political elites for their continued survival.

Indonesia ranks among the most corrupt countries in Transparency

14) IMF recommended reforms include lifting subsidies for basic goods and services, which if implemented would have increased the price of rice and fuel. Officials were worried that riots would break out if subsidies were lifted. Interview with palace officials, September 2001.

International Corruption Perception Index (CPI). The level of corruption remains high and has continuously served to undermine democratic institutions of government such as the bureaucracy, legislative, judiciary and even the executive. It is critical that Indonesia introduce the necessary changes such that the economic system can be cleansed of such market distortions. Nevertheless, the prospects are bleak. Each successive government after President Suharto has been linked to corrupt practices. Even Abdurrahman Wahid, a Muslim cleric, was ultimately exposed for siphoning money from the state agency, *Bulog*, and for using money intended to help alleviate problems in Aceh.

The seriousness of economic problems in Indonesia will continue to absorb much of the government's attention. This will inevitably shift the administration's attention away from what it may perceive as secondary issues, including ethnic and religious problems within the archipelago. In many ways, it is a Catch 22 situation since the economic and political crises are so intrinsically tied together. Economic reforms are necessary to turn the economy around and therefore provide the resources to address many of the political problems. Yet, the political problems, including institutionalized corruption that persists in subverting the democratic process and institutionalization, prevent the proper implementation of much needed economic reforms.

VIII. The Historical Legacy of Authoritarianism

Indonesia's nationalist leaders were committed to democratic governance at the time the state became independent. The Preamble to the 1945 Constitution, described the Indonesian state as a pluralistic and democratic polity committed to the values of social justice, public welfare and a just humanity. However, Indonesia's experience with democratic governance was short-lived. The failures of post-independence governments to deliver political and economic stability generated a sense of disillusionment and paved the way for Sukarno's

“Indonesian” version of democratic governance. Termed “Guided Democracy”, Sukarno insisted those relations between state and society should be family-like, involving hierarchical and patriarchal state control over its citizens.

The “New Order” came into being in 1965 after a botched coup attempt. Subsequently power was centralized in the hands of the military. President Suharto governed Indonesia for thirty-two years, within which the state emerged as a powerful actor while society appeared acquiescent. Indeed, the political experience of Indonesia during the New Order was of a powerful executive, backed by the military, interfacing with a weak and ineffective legislature. The state penetrative capacities reached all the way down to the local village levels as Indonesian citizens found their autonomous space increasingly circumscribed. In return Indonesia enjoyed impressive economic growth and a period of prolonged political stability.

Suharto focused on building a strong state at the expense of concerns and sensitivities of ethnic and religious groups. Many groups suffered from a lack of development, and where there were protests, they were often met with violence. In some areas the history of human rights abuses has generated demands for secession. The Suharto era brought with it rapid economic development, earning for Indonesia respect at home and abroad. However, the economic growth was not stable. When the economy unraveled during the Asian financial crisis, the weak foundations of Indonesia’s economic development, the depth of the country’s indebtedness and the extent of corruption that pervaded the system were revealed. As there was no transparency in the government or mechanisms for public accountability, dubious business practices continued unabated and accumulated debts compounded over time. Under all this pressure the economy caved inwards in 1998.

The *reformasi* movement, which toppled President Suharto and the New Order, created an opportunity for Indonesia to break away from its authoritarian past. Once again Indonesia was faced with the chance to try and institute democratic governance within its borders. However, it is difficult for a country

to move without coming to terms with its past. Many want justice for past abuses and public accounting for the corruption and abuse of power that had brought the country to near ruin. This has led several politicians to emphasize the need to publicly address these injustices such that the country could move forward. Not surprisingly, following the democratic elections in 1999, politicians have tried to uncover the money trail linked to the Suharto family. There have also been attempts to set up a truth and reconciliation committee to try generals for human rights abuses during the New Order period.

Ariel Heryanto argues that for as long as Indonesia does not address the psychosis that has accumulated during the New Order period, the country would not be able to develop the necessary social capital for democratic governance.¹⁵⁾ He was especially concerned about the country's need to address the brutal killings of suspected Communists between 1965 and 1967, as well as the suspicious "disappearing" of political foes throughout the New Order period.¹⁶⁾ He writes "there is no way for Indonesia to move forward without settling the question of the past, and most specifically the 1965/6 bloodbath that gave rise to Suharto's New Order. Public trust towards the state, as well as trust among all Indonesian citizens would not congeal without a necessary revisiting of such past atrocities. Abdurrahman Wahid attempted some reconciliation when he suggested lifting the ban on Communism and a removal of the practice of labeling those who had been imprisoned for suspected Communist activities. This suggestion did not go far in the face of string objections of Islamic groups and the military.

15) Ariel Heryanto, "The Debris of Post-Authoritarianism." Unpublished paper presented at the Center for the Study of Democracy, Queen's University, August 2000.

16) Following the attempted coup in 1965, both state and non-state agents hunted for Communists believed to have been responsible for the kidnapping and killing of 6 army generals. The witch-hunt lasted slightly over a year, during which at least half a million Indonesians were rounded up and either killed or imprisoned. The killings have never been addressed publicly in Indonesia.

In addition, Ariel Heryanto also points out that Indonesia's historical legacy goes far beyond the dealing with the remnants of a corrupt "strong state." He maintains that the highly militarized New Order has created a violent political culture in Indonesia. While the state resorted to outright violence to maintain its grip on power, violence-inclined groups outside the state were nurtured. These agents, consisting of paramilitary groups, thugs, vigilantes and militias, emerged from close alliances with the military and served as important proxies for state agencies. These militarized agents did not go away when Suharto departed. These groups continue to subvert basic rule of law.

At the end of the day, Heryanto reminds us that among the biggest challenges to democratic governance in Indonesia is the residual power of the New Order state, beyond the weakened environment of Indonesia's political capital. For him this historical legacy is a serious one because it undermines the basic efforts already underway to push forward Indonesia's democratization process. Reform to government institutions and processes can go only so far without a proper understanding of the legacies of authoritarianism. The remnants of the New Order have to be completely removed without Indonesia can make progress towards democratic governance.

IX. Conclusion

The challenges to democratic governance in Indonesia are many. Unlike existing democracies in the Asia-Pacific region, Indonesia is undergoing a democratic transition. This is an extremely difficult process and there is no guarantee that it would be a linear progression towards the ultimate consolidation of a democratic government. One can argue that Indonesia is only at the beginning of its democratic transition and far from reaching consolidation phase. When we look at Indonesia from the angle of democratic governance, the situation becomes even more problematic, if not pessimistic. As defined

earlier, democratic governance assumes state-society relations based on accountability, participation and equality. This would include what I have labeled as political capital, namely the democratic institutions, practices and processes that ensure political and civil rights for citizens. It assumed, of course, a functioning state. On top of that democratic governance also requires social capital, a sense of social compactness among the citizens of the state, as well as between the state and society.

In Indonesia, both political and social capital are weak. Democratic elections were held in 1999 but constitutional ambiguities continue to undermine the institutionalization of democratic practices and processes. Indonesia also has serious problems with instituting the rule of law and in maintaining law and order. This raises serious questions about the basic capacity of the state. Civil-military relations have been left unresolved. The military remains a key player in the country's politics, and for as long as this remains the case, Indonesia can make no further progress towards democratic governance.

In addition, regional autonomy laws, allowing for decentralization, have only just been introduced while Aceh and Irian Jaya continue to insist on independence. The recent decision to revert back to military-style management of restive provinces does not bode well for instituting democratic governance. Pro-democracy activists have come out strongly against such a move arguing that this would only result in more violence. More worrying, perhaps, is the level religious intolerance and ethnic conflicts throughout the archipelago. These developments indicate that Indonesia is far from attaining a level of social capital necessary for democratic governance.

Indonesia is also faced with the legacy of authoritarianism that indirectly undermines efforts at instituting democratic governance. The culture of violence that has taken root since the New Order regime has the potential to undermine any effort that building both political and social capital in Indonesia.

There is also an economy in ruins. Indeed the country is still struggling to create a rule-based economic system in place of the discretionary, corrupt-ridden

den, patrimonial system that operated over the past three decades. In some sense economic recovery must be a priority for Indonesia. It is with economic stability that perhaps Indonesia can shift its focus on building the much-needed political and social capital for democratic governance. The challenge here is on whether Indonesia can begin the recovery process at the same time as she pushes towards instituting democratic governance.