

# REINTRODUCING INDONESIA

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## The Indonesian Archipelago



- a country of 220 million (as of 2003),
- an archipelago strung 5000 kilometers along the equator.
- more than 13,000 islands, 5,000 are inhabited.
- more than 200 ethnic groups and 350 languages and dialects.
- 85 to 90% are Muslims.

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## Introduction

- ❑ Although Indonesia has not been on “the road to democracy,” for long, there is much that has been achieved for which many citizens may be proud.
- ❑ The constitutional amendment process having been completed, citizens may observe a “software upgrade” in the difficult system that is their government.
- ❑ Relative economic and social stability has been maintained and the country has completed general elections in 2004, the first under the amended constitution.

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## Introduction . . .

- ❑ In the post-transition period the Indonesian polity has to grapple with two key issues in consolidating its nascent democracy:
  - how best to strengthen the political culture, deepen democracy, and enhance political institutionalization
  - how to improve the performance of the newly established democratic regime

## Introduction . . .

- ❑ The SBY government has been off to a good start, albeit the tough challenges it faced in its early days, such as the tsunami in Aceh and the shock to the economy caused by the steep hike in the oil price. Both these hurdles have been overcome, but Indonesia still faces enormous challenges that need to be overcome, especially under the leadership of the new democratically elected government.
- ❑ The failure in meeting the challenges may result in the disenchantment and reversal in legitimacy of the democratic system of government, or at the least the nation struggling with the negative effects of a low quality democracy.

## Summary of Indonesia's Political History (1)

PRESIDENT	PERIOD	CONSTITUTION	GOVERNMENT SYSTEM	THE WAY	
				ELECTED	EXIT
SUKARNO	1945-1950	1945	PRESIDENTIAL / PARLIAMENTARY	INDEPENDENCE COMMITTEE	
	1950	FEDERAL	PARLIAMENTARY		
	1950-1959	PROVISIONAL	PARLIAMENTARY		
	1959-1966	1945	PRESIDENTIAL		DEPOSED / IMPEACHED
SUHARTO	1966-1998	1945	PRESIDENTIAL	MPRS	RESIGNED

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## Summary of Indonesia's Political History (2)

PRESIDENT	PERIOD	CONSTITUTION	GOVERNMENT SYSTEM	THE WAY	
				ELECTED	EXIT
HABIBIE	1998-1999	1945	PRESIDENTIAL	MPR	- ACCOUNTABILITY SPEECH NOT ACCEPTED BY THE MPR - DECIDED NOT TO RUN AGAIN
WAHID	1999-2000	1945	PRESIDENTIAL	MPR	IMPEACHED
MEGAWATI	2001-2004	1945	PRESIDENTIAL	MPR	LOST IN GENERAL ELECTION
SBY	2004-(2009)	1945	PRESIDENTIAL	DIRECTLY ELECTED	

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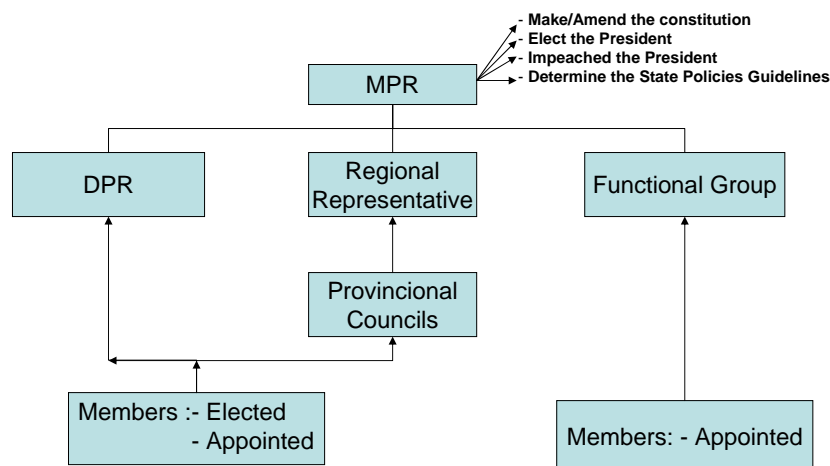
## Constitutional Reform

- ❑ The democratization process in Indonesia, although triggered by the 1997/1998 economic crisis, has been undertaken relatively peacefully in conjunction with the reform of the constitution
- ❑ Among the amendments to the Constitution several stand out as most significant:
  - the direct election of the President (and Vice-President),
  - stronger checks and balances mechanism among the various branches of government
  - the power of the executive has been restrained and the power of the parliament has been very much increased
  - the establishment of a bicameral system of the legislative branch of government.
  - 20% of budget for education

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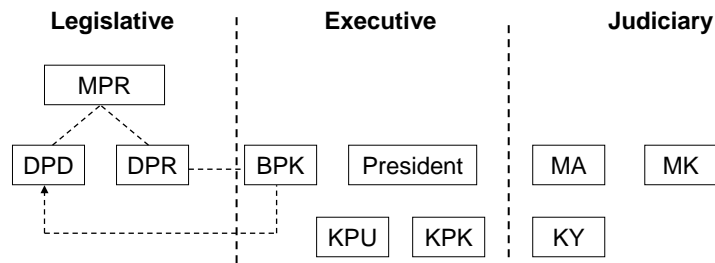
## State Institutions under the (original) 1945 Constitution



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## State Institutions Under the Amended Constitution



MPR	: Majelis Permusyawaratan Rakyat	People's Consultative Assembly	<b>Authority of the MPR :</b> <ul style="list-style-type: none"> <li>● Amend the constitution</li> <li>● Impeach the President : <ul style="list-style-type: none"> <li>- Initiated by the parliament based on disability or criminal conduct</li> <li>- The charges are reviewed by the Constitutional Court</li> </ul> </li> </ul>
DPR	: Dewan Perwakilan Rakyat	Lower House	
DPD	: Dewan Perwakilan Daerah	Upper House	
BPK	: Badan Pemeriksa Keuangan	Supreme Audit Board	
MA	: Mahkamah Agung	Supreme Court	
MK	: Mahkamah Konstitusi	Constitutional Court	
KPU	: Komisi Pemilihan Umum	General Election Commission	
KPK	: Komisi Pemberantasan Korupsi	Corruption Eradication Commission	
KY	: Komisi Yudisial	Judicial Commission	

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## Remaking the political institutions

### DPR

- ❑ All members of DPR are elected
- ❑ The DPR elections are based on the proportional system with open lists of candidates submitted by the participating political parties.
- ❑ A candidate has to be a certified member of the participating political party and at least 30 percent of the candidates from each political party must be women.
- ❑ The number of members of DPR is 550 person distributed among the province in proportion to the population

## Remaking the political institutions

### DPD

- ❑ Members of DPD equally represent provinces, 4 members for each provinces. Total  $32 \times 4 = 128$  members.
- ❑ The candidates in the election of DPD are individuals
- ❑ To become a candidate one has to collect the signatures of a minimum number of eligible voters, the number depending on the number of voters in each province.
- ❑ A candidate for the DPD may not have served as board member of any political party for four years prior to becoming a candidate.
- ❑ The constitution requires certain legislations to be reviewed by the DPD, but it does not give the DPD the veto power on legislation
- ❑ Ironically, although the DPD has a stronger political legitimacy because of the way they are elected, it has much less power than the DPR

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## Remaking the political institutions...

- ❑ The President and Vice-President are directly elected on one ticket
- ❑ Only a party or a coalition of parties that holds at least 15 percent of the seats in DPR or receives 20 percent of popular votes in the election of DPR can nominate candidates for president and Vice-President.
- ❑ For the 2004 presidential election the threshold is lowered to 3 percent of the seats in DPR or 5 percent of popular votes.
- ❑ The election is implemented and supervised by the Commission for General Election.

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## ❑ DPR election

- ❑ The results of the legislative election for members of the DPR was unforeseen and changed significantly the configuration of the political map.
- ❑ The Golkar Party regained a plurality with a 24.5 million votes (21.6%), with PDI-P as the first runner-up with approximately 21 million votes (18.5%).

## ❑ DPR election

- ❑ DPR membership is divided into the following factions:
  1. The Golkar Party Faction, 127 seats;
  2. PDI-P Faction, 109 seats;
  3. The United Development Party (PPP) Faction, 57 seats;
  4. The Democratic Party (PD) Faction, 57 seats;
  5. The National Mandate Party (PAN) Faction, 53 seats;
  6. The National Awakening Party (PKB) Faction, 52 seats;
  7. The Prosperous Justice Party (PKS) Faction, 45 seats;
  8. The Democratic Pioneer Star (BPD) Faction, 20 seats;
  9. The Reform Star Party (PBR) Faction, 14 seats; and
  10. The Prosperous Peace Party (PDS) Faction, 13 seats.

# Presidential Election

## ❑ Nomination of the candidates

❑ In the run-up to the presidential election, six tickets of presidential and vice-presidential candidates emerged:

1. Megawati – Hasyim Muzadi, nominated by PDI-P.
2. Wiranto – Salahuddin Wahid, proposed by the Golkar Party.
3. Amien Rais – Siswono Yudho Husodo, backed by PAN.
4. Susilo Bambang Yudhoyono – M. Jusuf Kalla, representing the Democratic Party.
5. Hamzah Haz – Agum Gumelar, proposed by PPP.
6. Abdurrahman Wahid – Marwah Daud, nominated by PKB.

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## ❑ First round presidential election

❑ The first round of the presidential election took place on July 5, 2004.

❑ Susilo Bambang Yudhoyono and Jusuf Kalla received a plurality of the vote. The official results are as follows:

1. Susilo Bambang Yudhoyono-Jusuf Kalla gained 39,838,184 votes (33.574%),
2. Megawati Soekarnoputri-Hasyim Muzadi obtained 31,569,104 votes (26.605%),
3. Wiranto-Salahuddin Wahid gained 26,286,788 votes (22.154%),
4. Amien Rais- Siswono Yudo Husodo received 17,392,931 votes (14.658%),
5. Hamzah Haz-Agum Gumelar won 3,569,861 votes (3.009%).

❑ From the above vote tally, none of the tickets surpassed the designated threshold of fifty percent of the total votes. The two top-presidential and vice presidential tickets proceeded to the runoff election.

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## ❑ Runoff election

- ❑ The second round election was held on September 20, 2004. Susilo Bambang Yudhoyono and Jusuf Kalla won the election with a final tally of 69,266,350 votes.
- ❑ This figure far exceeded Megawati Soekarnoputri-Hasyim Muzadi's total of 44,990,704 votes.
- ❑ The official KPU tally of 114,257,054 votes in the presidential runoff election reflected a 60.62% majority for Susilo Bambang Yudhoyono and Jusuf Kalla, while Megawati Soekarnoputri-Hasyim Muzadi received the support of 39.38% of the electorate.

## Direct Regional Election

- ❑ Indonesia embraced direct regional elections for governor and district chief/mayors in 2005, which promises to deepen and institutionalize democratic traditions at the grassroots level.
- ❑ The regional elections will hopefully bring a more democratic rule to the local level and lead to the rise of local leaders who are more accountable and qualified, and able to carry out the wishes of the people.

## Direct Regional Election...

- ❑ There were also some surprises in the elections. Golkar Party, which had been widely tipped to win most of the seats in the elections, and announced its goal of winning 60 percent of the seats in the regional elections, did not do as well as expected.
- ❑ After the regional elections, a new pattern of relationship between the local and central governments will emerge. The locally elected leader will consider himself to be more independent and more predisposed to oppose the central government if its policies are considered to be against the interests of his community.

## The SBY Administration

- ❑ Although Indonesia follows the presidential system of government, due to much stronger power of parliament in the legislative, foresight and confirmation (of appointment) functions, the President needed to form a "coalition" with political parties represented in the parliament
- ❑ The first step was to get Yusuf Kalla, the Vice President, elected as chairman of Golkar thus strengthening the political base of the government in the parliament. Almost all major factions are represented in to the Cabinet except the PDIP (Megawati's party) which chose to stay out as the opposition party
- ❑ The SBY Government enjoys high popularity among the public and wide support among the international community
- ❑ Although the majority of parties belong to the government, the parliament has shown that it is not a rubber stamp parliament. In fact the Government has serious problems with the parliament on several issues

## The SBY Administration

The government, although in power for just over a year has been successful in the :

### 1. Economy:

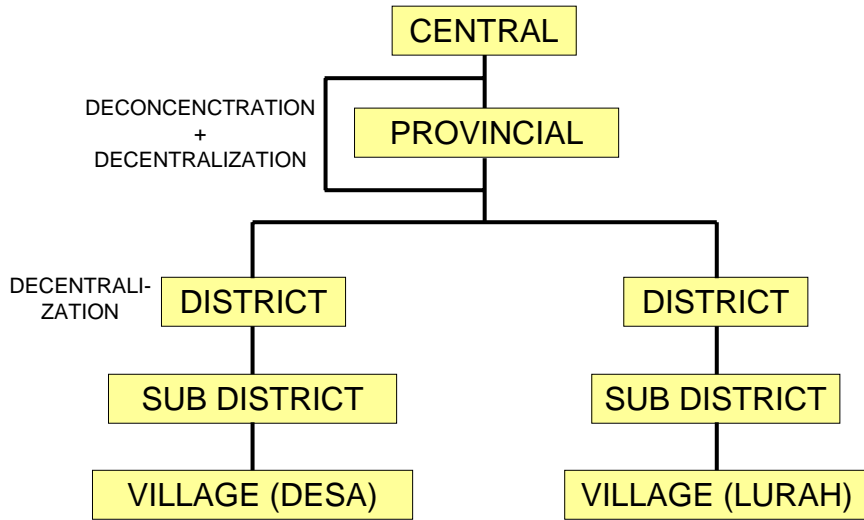
- ✓ overcoming the effect of tsunami in Aceh.
- ✓ overcoming the impact of the sharp increase in the oil price (Indonesia being a net importer of oil).
- ✓ Reducing the budget deficit and fuel subsidy (raising oil prices by more than 100%)
- ✓ Maintaining economic stability.
- ✓ Restarting the real sector.
- ✓ Achieving modest economic growth.

## The SBY Administrationc

### 2. Politics and Governance:

- ✓ Making real effort in fighting corruption
- ✓ Taking tough stance against terrorism
- ✓ Resolving the long-standing Aceh conflict
- ✓ Consistently pursuing decentralization and regional autonomy, by among others successfully implementing regional election

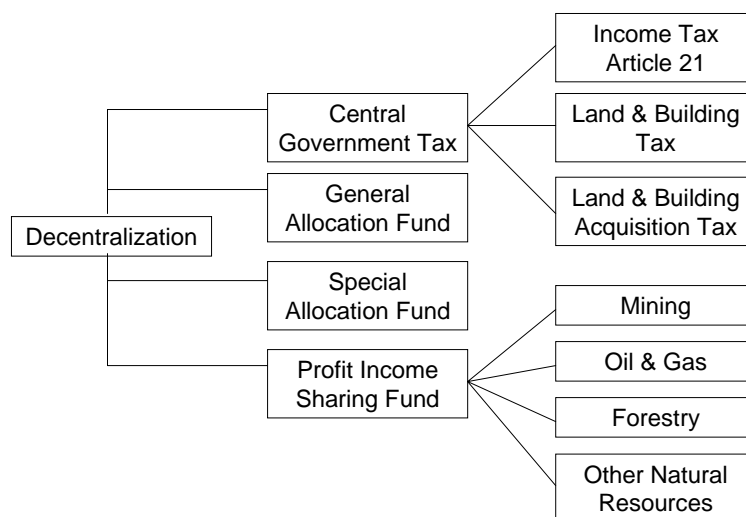
## ✓ Decentralization



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## Decentralization Table



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### **3. International Relation**

- ✓ Strengthening relationship with the international community
- ✓ Restoring relationship with the US

## **Challenges Ahead**

### **1. The Economy:**

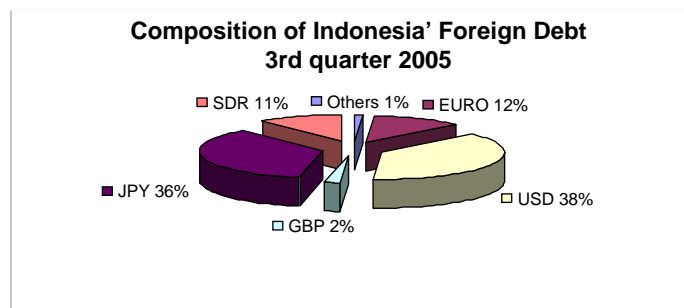
- ✓ Regaining the pace of growth
- ✓ Lagging foreign investment
- ✓ Fiscal sustainability, reforms and decentralization
- ✓ Educational and health programmes

✓ Dealing with debt problems

- ❑ One important aspect in economic recovery is debt management. Due to the collapse of the banking and corporate sector, the Indonesian economy is debt laden, domestic as well as foreign.
- ❑ Debt-service in the budget has become a major expenditure, and imposing a heavy fiscal burden, with between 25% to 30% of the routine budget has to be allocated to debt-payment. In comparison, capital expenditure consists of only 10% of the budget.
- ❑ With domestic debt resulting from bank restructuring which amounts to ±US\$ 60 billion, the debt repayment is close to 35%

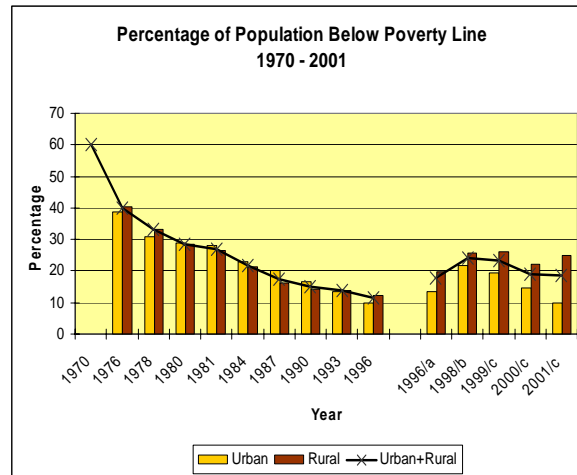
✓ Dealing with debt problems .....

- ❑ There have been some improvement the (sovereign) debt (domestic as well as foreign) to GDP ratio has declined from 83.5% in the year 2000 to around 50% in 2005.
- ❑ With domestic debt the ratio is close to 80% of GDP
- ❑ But the amount of public foreign debt in 2005 is US\$ 78.470 billion, with the composition reflected below :



## ✓ Poverty eradication

Year	Percentage of Population Below the Poverty Line		
	Urban	Rural	Urban +Rural
1970	NA	NA	60
1976	38.8	40.4	40.1
1978	30.8	33.4	33.3
1980	29.0	28.4	28.6
1981	28.1	26.5	26.9
1984	23.1	21.2	21.6
1987	20.1	16.1	17.4
1990	16.8	14.3	15.1
1993	13.5	13.8	13.7
1996	9.7	12.3	11.3
1996/a	13.6	19.9	17.7
1998/b	21.9	25.7	24.2
1999/c	19.5	26.1	23.5
2000/c	14.6	22.1	19.0
2001/c	9.8	25.0	18.4



Source : Central Bureau of Statistics  
/a Using BPS 1998 definition of the poverty line (the "new definition")  
/b Based on Susenas of December 1998  
/c Based on Susenas of February (regular) 1999

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## Challenges Ahead

### 2. Politics and Governance:

- ✓ Dealing with fractious political parties in the government and parliament
- ✓ Resolving the regional conflicts in Papua, and Central Sulawesi (Poso)
- ✓ Maintaining the momentum to establish good governance

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## ✓ Dealing with domestic as well as foreign based terrorism

### ✓ The Role of Islam

- ❑ The threat to the unity and integrity of the country has recently been perceived as not only to come from ethnic or regional separatism but also from fundamental and political Islam.
- ❑ In actuality, however, Indonesian Islam is embedded in a culture of tolerance that can be traced back to the history of Islamization of the archipelago.
- ❑ Islam originally came to Indonesia and religiously “conquered” the people not through war, but through trade, marriage and education.
- ❑ Hence the absorption of Islam by the societies in this vast archipelago was generally peaceful and involved little coercion.
- ❑ It is true that fundamentalist Islamic groups, some of them militant, do exist in Indonesia, but they are marginal and have little popular support.

### ✓ The Role of Islam ...

- ❑ Despite the recurrence of incidents involving some Islamic extremists, for many years, Indonesia, the country with the largest Muslim population in the world, has been well known as a pluralistic society characterized by religious moderation and tolerance.
- ❑ However, the revival of Islamic values in the minds and lives of the population, most importantly among the intelligentsia and the political elite, and the young, may affect attitudes or responses to political issues that involve Islam such as international terrorism.
- ❑ The September 11 act of terrorism against the US was almost unanimously condemned by organized Muslims and by the public in general.
- ❑ The feeling of outrage against terrorism that had taken the lives of innocent people was heightened when Indonesia also became a victim of international terrorism with the bombing in Bali on 12 October 2002, the more recent Marriot bombing in Jakarta on 5 August 2002, and the second Bali Bombing in 2005.
- ❑ For many Indonesian Muslims, terrorism had only succeeded in creating the wrong image of Islam and Islamic values.

### ✓ **The Role of Military**

- ❑ Observers of Indonesia have paid much attention to the role of the military in post-New Order politics and how the military perceives its role in democracy.
- ❑ Events surrounding the fall of Suharto showed that the military had been supportive of political change. Its role was crucial in the peaceful regime transition to real democracy.
- ❑ The military has shown its commitment to democracy when it accepted the consensus of the polity that it should no longer take an active role in politics and therefore no longer hold seats in the elective political institutions.
- ❑ Therefore it is safe to say that the military is not a threat but an asset to Indonesia's democracy
- ❑ The appointment of the Commander of the Armed Forces from the Air Force also signify the changing nature of the Indonesian military

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### **3. International Relations:**

- ✓ Dealing with negative international public opinion on certain issues
- ✓ Establishing the right posture in international and regional relations

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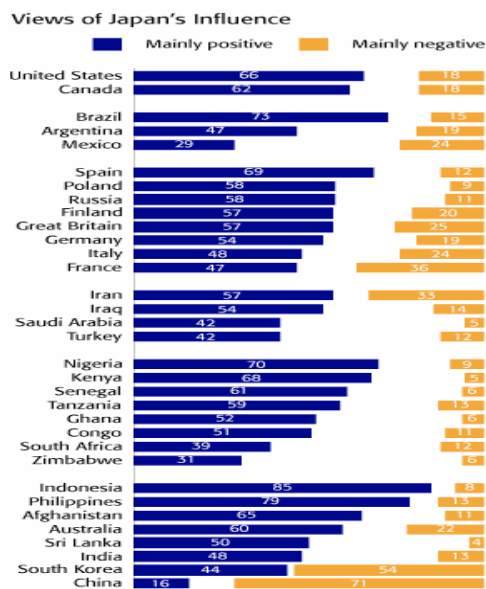
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## Indonesia-Japan Relation

- ❑ Indonesia and Japan has enjoyed good relationship for a long time
- ❑ They mutually support each other in time of needs
- ❑ Indonesia is host to (among) the largest Japanese investment in the world
- ❑ Indonesia is the recipient of the largest Japanese ODA
- ❑ Indonesian people appreciate the Japanese role in Indonesia's past development

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Source : [http://www.globescan.com/news\\_archives/bbcpoll06-3.html](http://www.globescan.com/news_archives/bbcpoll06-3.html)

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## The Challenge

### 1. Political relationship

- ✓ Lack of clarity in Japan's foreign policies
- ✓ How the Japanese see Japan's role in regional and international politics
- ✓ Intensity of contacts among leaders of the two nations

### 2. Economic relationship

- ✓ Declining interest in Indonesia by the Japanese business community
- ✓ Stagnating Japanese investment in Indonesia
- ✓ The slow pace of EPA
- ✓ The Japanese ODA policy

### 3. Cultural relationship

- ✓ The declining number of Indonesian student in Japan
- ✓ Inadequate cultural initiative by Japan in Indonesia

## Conclusion

- ❑ Much has been achieved, but even more remains to be done.
- ❑ The past few years have been extremely eventful for Indonesia.
- ❑ Following the maelstrom of political, economic and social crises, stability has now returned though the economy has not fully recovered
- ❑ To overcome the challenges ahead, whether from political corruption, violent communal strife and terrorism in the name of God or external economic shocks, the new tools of government and democratic governance will face their definitive test.

## Conclusion

- ❑ The continuing support of the international community to Indonesia's development, to make Indonesia, the 3<sup>rd</sup> largest democracy in the world, economically strong, is essential to the democratic world and in particular to peace and security in Asia
- ❑ Especially Japan - Indonesia relationship is at the threshold of a new era and both countries need to work hard to maintain the existing close relationship as in the past

どうもありがとうございました

**Terima Kasih**