
CSS STRATEGIC BACKGROUND PAPER – 19 / 2014

INDONESIA: CONTINUING THE MOVE TO A FULLY FUNCTIONING DEMOCRACY

Since the end of Suharto's Presidency in 1998 and the beginning of its transition to democracy, Indonesia has conducted five presidential elections. In 2014 former governor of Jakarta and establishment outsider Joko Widodo (commonly referred to as Jokowi) was elected President and will take office on 20 October. His election is an opportunity to assess how far Indonesia has come since the military-dominated dictatorship of Suharto. It is also a moment in which we may consider how far Indonesia has to go before it can be considered a sustainable open society in which all citizens can participate fully and without concern about poverty, crime, or corruption, where the rule of law is applied equally and where political accountability is the norm.

This background note is based on and informed by a Chatham House rule roundtable discussion hosted by the Asia New Zealand Foundation on 17 September 2014. It is not a report of that discussion but rather it follows it and expands on it where necessary. This roundtable addressed three themes: the meaning of Jokowi's election for Indonesia and the issues Jokowi will face within Indonesia; Indonesia's future relationship with the region; and Indonesia's bilateral relationship with New Zealand.

The New Government and Indonesian Politics, Economy and Society

Jokowi's win may be seen as a triumph of a candidate who is seen as 'of the people' and represents a modern Indonesia over an establishment candidate Prabowo Subianto, who was seen as 'above the people' and represented Indonesia's past. Jokowi is the first President since independence with previous experience of local politics as an elected politician. Aged 52, Jokowi is a decade younger than his opponent and does not have Prabowo's strong ties to the Indonesia marked by closed processes and little or no political accountability. Nevertheless, Jokowi has many obstacles to confront if he is to lead Indonesia's development towards full transparency in politics, the economy and society.

Jokowi faces a parliament in which opposition parties are dominant. This may change as many Indonesian political parties tend to want to share the privileges of political office, which can be a problem in its own right. Within the Parliament immediately following the election,

the PDI-P (Indonesian Democratic Party of Struggle) coalition led by Jokowi is in a distinct minority, with only 37 percent of the 560 member parliament and he may therefore face considerable difficulty in pursuing his legislative agenda. However, Indonesian politics is well-known for its political manoeuvring and for a preference by most parties to be within the government rather than outside it. These things considered, it is possible that by the time he is installed as President, Jokowi and his supporters will have control of, or be on the way to controlling, Parliament.

There are already distractions and indicators of future problems. Jokowi was unable to ensure a party supporter was elected to the position of Speaker in the parliament. Even to relinquish his position as Governor of Jakarta, Jokowi needed the consent of the city council, which he initially had some trouble getting. Neither of these is an insuperable problem but reflect a complex political environment.

More worryingly, the Parliament, against Jokowi's opposition, has voted to abolish direct elections for lower levels of government. Supporters of the move argue that it will reduce corruption and save on costs. Opponents argue that it will probably increase corruption and reduce democratic involvement. Either way, there are clear battle lines between the Parliament and opposition parties on one side and the President and his supporters on the other. In early October the outgoing President, using constitutional authority, decreed that the removal of direct elections should not happen. This merely delays the issue for the next Parliament and the new President.

Corruption throughout all sections of the government and bureaucracy continues to be a fact of life in Indonesia. This is residual from the Suharto era, but is so entrenched that eradicating it will be a task for a generation. Positively, there are strong moves to address the issue. Prosecutions of corrupt officials at all levels happen almost daily. This is a small but significant step. Changing attitudes and removing the incentives to corruption will need to follow. There is also the continuing problem of human rights abuses. Senior military, police and civilian officials have been known to authorise activities in the name of 'national security' that are clearly abuses of human rights. The Indonesian National Human Rights Commission, Komnas HAM, has recently released a list of names of former senior officials the Commission considers to be tainted by human rights illegalities. The list includes a retired chief of the armed forces, a retired Deputy President and the losing presidential candidate in the recent election, Prabowo Subianto. Naming these men is a start and sends a strong (and positive) signal.

In domestic politics, Jokowi will continue the process initiated by his predecessor Susilo Bambang Yudhoyono. President Yudhoyono began to reform the bureaucracy, to develop Indonesia's infrastructure, especially its transport linkages both by land and through the

archipelagic seas, and to give more support to weaker provinces (especially Papua where an incipient separatist movement could, at best, be distracting and, at worst, lead to similar events as played out in East Timor a decade ago). The maritime environment will be a major focus, not only for transport and defence, but also for its economic benefits.

Indonesia's economy is challenging. It is not fully market-oriented. In part it is based on commodities that are not necessarily sustainable for production and are seen as 'strategic' on the grounds of food sovereignty, and where subsidies distort the market. The internal market is made more problematic because limited transport links do not effectively allow the supply to reach the demand. Developing the market may be a long-term goal for the new government. Without this Indonesia will continue to be subject to all the problems of a centrally-controlled economy.

Moving to market solutions will be difficult. For example, large parts of Indonesia's population depend on subsidies on cooking oils. Removing these subsidies could cause significant hardship and social unrest. Indonesia encountered this unrest following the Asian Monetary Crisis in the late 1990s when subsidies were lifted at the behest of international agencies. This is not an experience Indonesian leaders would want to experience again.

The New Government and the Region

Indonesia is seen by many commentators as a natural leader for the regional organisation the Association of Southeast Asian Nations (ASEAN). Many within Indonesia see that also. Additionally, Indonesia's new leadership may also attempt to position Indonesia internationally as a middle power. There will be much work to be done to achieve that status in the eyes of the wider international community. As a middle power Indonesia may well expect to be consulted and listened to about issues of the moment. It may position itself as the voice of moderate Islam and seek a low-key mediating role in a range of issues and events, perhaps with a pan-Islamic focus.

Within ASEAN Indonesia will have problems dealing with all the issues surrounding the formal development of 'community', especially of the ASEAN Economic Community (AEC), which is due to be formally in place by the end of 2015. Indonesia has much work to do to meet the goals and standards set for the AEC. The ASEAN Secretariat is based in Jakarta and we can expect Indonesia to support any moves to strengthen it.

Indonesia has many maritime border issues. It is likely to attempt to settle these by diplomacy and mediation rather than through any use of force. Recently, for example, Indonesia settled a long-running border dispute with the Philippines. Diplomatic processes around disputed borders will continue. Disputes that cannot be resolved through diplomacy and mediation are likely to be put to one side rather than aggressively pursued. This is the ASEAN way, which is

sometimes honoured more in the breach than the observance but in this case is probably the way ahead for Indonesia.

Because of Indonesia's maritime geography the navy will play a greater role than it did in the past. The army is used to having the lion's share of resources within the armed forces, but with the ending of much of the army's internal security role that will probably change, although not without some resistance. Indonesia, with its ASEAN neighbours, already plays a prominent role in anti-piracy patrols in the Malacca Straits. Ultimately, the navy is likely to almost double in size in the next decade, with an emphasis on patrol craft and light frigates suitable for patrolling and maritime protection duties in the archipelago. Their role will include, but not be limited to, anti-piracy and anti-illegal fishing activities, and greater anti-submarine capabilities to take account of the increasing size and capabilities of regional submarine fleets. Indonesia itself will maintain a submarine capability with the purchase of three new boats from South Korea. Most in the region will welcome a more outward-looking Indonesian navy focused on tasks of benefit not only to Indonesia but also to the wider region. The South China Sea is currently considered by many analysts as a regional flashpoint and as an indicator that China will act aggressively to assert its own interests, even at the expense of some of the norms of international conduct. Indonesia has peripheral issues with China but, again, is likely to prefer diplomacy to confrontation.

Indonesia and New Zealand

Jokowi's election may be an opportunity to reset a relationship that is warm but not strong. New Zealanders tend to see Indonesia through either an 'East Timor' or a Bali 'tourist' lens, each giving only a partial view of the country. New Zealand should be working to ensure the relationship is balanced and growing across all of the political, economic and social sectors. The political relationship between the two countries has waxed and waned, New Zealand could strengthen its political relationship with Indonesia through building up the Jakarta embassy and expanding existing links with the Indonesian Police and the armed forces. Person-to-person and institution-to-institution links are also an important component of international relations, especially in this region.

Indonesia is not one of New Zealand's major trading partners, although there is political ambition (by New Zealand) to grow trade between the two countries. As Indonesia is party to the free trade agreement between ASEAN, Australia and New Zealand, in force since 2012, the trade relationship could change. (But this FTA is not due to be completely implemented until 2020, although even then there will be some goods still subject to duty charges). New Zealand and Indonesia complement, rather than compete, in the range of their products. This should mean that there is scope to work with each other for mutual benefit, towards which growing familiarity on both sides should help. In short, there is much scope for a closer economic relationship between the two countries.

The lack of knowledge held by New Zealand of Indonesia is shown in the indicator that in 2012 no secondary school student was learning *Bahasa Indonesia* through the school system. This remains the case. Given Indonesia's place in the region, its size and its potential, this is a significant gap with potential long-term effects on New Zealand. To some extent, this issue is being addressed with ambitions to increase the numbers of Indonesian students in New Zealand from a paltry 500-600 at the moment to around 4000. This may increase Indonesia's understanding of New Zealand; by itself, though, it will only partly contribute to New Zealanders' better understanding of Indonesia.

Conclusion

A new government is always an opportunity for reflection on the future course of a bilateral relationship. The election of President Widodo allows for this on a number of levels. It is likely that Indonesia will be a major regional actor. Indonesia's friends will want its activities to be consistent with regional rules and norms and open in its politics, economy and society. There is no reason to doubt either of these propositions. As this comes to pass we will be able to confidently define Indonesia as a stable and sustainable democracy. Given that, it should be each country's aim to make the bilateral relationship as productive for both countries as possible.

For the future it will be important that New Zealand politics and industry seize the opportunities that exist across the full spectrum of this bilateral relationship, develop new opportunities and treat the country as it is while it develops, rather than as we wish it were.

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9 October 2014