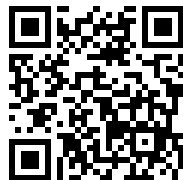

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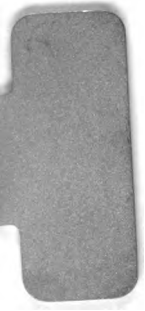
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Indonesia Assessment 1992

*Political Perspectives
on the 1990s*

**Harold Crouch and Hal Hill
editors**

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Political Perspectives
on the 1990s

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Indonesia Project, Department of Economics and
Department of Political and Social Change
Research School of Pacific Studies
ANU

Harold Crouch and Hal Hill
editors

Department of Political and Social Change
Research School of Pacific Studies
Australian National University
Canberra, 1992

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1

Introduction

Harold Crouch and Hal Hill

Political discussion in Indonesia during the past few years has been dominated by the question of presidential succession. In March 1993 the *Majelis Permusyawaratan Rakyat* (MPR) will meet and, according to most expectations, re-elect President Soeharto for his fifth term in office. The re-election of Soeharto, however, will not resolve the succession issue but merely postpone it. With Soeharto's re-election virtually a foregone conclusion, the main focus of attention will be on the vice-presidency. Will the armed forces stand united behind its own candidate and will President Soeharto accept that candidate? How would the armed forces react if the President follows past precedent and nominates his own man? In the past, the vice-presidency was not a post of vital importance because it was generally assumed that its incumbent would not succeed to the presidency. But, bearing in mind that President Soeharto is now more than 70 years old, it cannot be assumed that fate — in the form of illness or worse — will not intervene and that he will be able to serve the full term.

Indonesia has experienced only one presidential succession. That succession, in the tumultuous circumstances of 1965-68, was accompanied by civil conflict on an enormous scale in which up to half-a-million people lost their lives, hundreds of thousands more were imprisoned and rival units of the armed forces confronted each other in angry stand-offs.

The past, however, is not necessarily a guide to the future. The New Order regime's program of depoliticization narrowed the permissible boundaries of ideological conflict while political parties and mass organizations were in effect deprived of their mass bases. At the same time, the economic decline of the later years of Sukarno's rule was reversed by the rapid growth and

industrialization achieved under Soeharto. Although the majority of Indonesians are still very poor, significant improvements were experienced by most sections of the population, while a new educated middle class appeared in the cities and towns. Consisting of businessmen (and women), managers, professionals and other white-collar workers, the new middle class has a strong stake in the evolution of a stable and orderly political system.

As the Soeharto era draws to its inevitable close, Indonesia seems to be approaching a kind of political crossroads. The last few years have witnessed important trends which may or may not continue in the post-Soeharto era. The role of the military in government has declined gradually but steadily while there has been some progress toward political *keterbukaan* (openness). A widening range of political issues has been debated in the press and specific proposals have been put forward, for example, to limit the terms of office of future presidents and to reduce armed forces representation in the legislatures. These trends have been accompanied by much speculation about the values and aspirations of the new middle class and their impact on political development. Will the trend to democratization continue in the post-Soeharto era or will the military reassert its domination over the government?

In the 1992 Indonesia Update conference held at the Australian National University on 28 August 1992 the focus was on 'Political Perspectives on the 1990s'. The papers presented at that conference (plus one paper not presented) constitute the chapters in this book. Part One consists of surveys of recent economic and political developments written respectively by the editors and an analysis by Herb Feith of the East Timor issue. In Part Two, six prominent Indonesians put forward their own perspectives on how Indonesian politics might develop in the 1990s. The conference was opened by Senator Chris Schacht, the Chairman of the Australian Parliament's Joint Committee on Foreign Affairs, Defence and Trade.

The six Indonesians have different backgrounds and offered a range of different political perspectives. Lieutenant-General Hasnan Habib is a retired general and former ambassador; Jusuf Wanandi heads the influential Jakarta think-tank, the Center for Strategic and International Studies; Marzuki Darusman was, until the recent election, a 'vocal' member of the *Golkar* faction in parliament; Abdurrachman Wahid is the leader of Indonesia's largest Muslim organization, the *Nahdatul Ulama*; Mulya Lubis is a prominent lawyer and human rights advocate; and Arief Budiman

is a well-known academic and social critic. The six Indonesians were in agreement that significant political changes had taken place during the 1980s. In particular it was agreed that some sort of democratization process had begun although it was not clear how far it would go. According to Marzuki Darusman, the original New Order system was based on what he called 'technocratic developmentalism' which 'forecloses real public participation and thereby manifests inherent authoritarian principles'. But in recent years, there has been 'a consistent but extremely graduated process of democratization'. For example, the parliament has been more assertive and it is expected that the special security powers exercised by the President since 1966 will be withdrawn in 1993. Marzuki envisages that eventually the parliament would enjoy 'a more balanced and supervisory relationship with the executive as provided in the constitution'.

Jusuf Wanandi regards the democratization process as a response to the emergence of the new middle class which has expanded as a result of economic development during the New Order era. Although many members of this new class are more interested in economic advancement than in politics, they also want more opportunities for political participation. The new middle class, says Mulya Lubis, has an interest in 'the guarantee of the rule of law as opposed to the rule of the ruler, favoritism, or primordialism', while Arief Budiman notes that they were alienated by 'nepotistic monopolism', over-regulation of the economy, limits on freedom of expression and disregard of the rule of law. One sign of increased middle-class political participation is what Marzuki calls the 'phenomenal growth in the last five years of a significant number of non-governmental organizations' although he feels that democratic pressures are still quite 'feeble' at this stage.

Marzuki also raises the question of the possible link between democratization and economic deregulation. While he concedes that 'it would be difficult to specifically correlate economic deregulation with political democratization at this point', he believes that in the long run 'it is inevitable that further deregulation will eventually require democratization'. In similar vein, Mulya Lubis sees a link between economic development and respect for human rights. According to him, 'maintaining the pace of economic development will require, among other things, certainty of law and human rights guarantees'.

While agreeing that economic development has brought about substantial structural change in society, Arief is of the opinion that the process is still far from sufficiently advanced to provide a social basis for an enduring democracy in which the power of the state is balanced by forces rooted in society. The new middle class is still divided along racial and religious lines and it feels threatened by the possibility of 'unexpected eruptions from below'. While the middle class wants increased participation, Arief believes that, for them, change 'has to be done in an orderly way, through the existing political institutions' and without social upheaval. The democratization of the last few years, therefore, is less a result of middle class pressure than a by-product of rivalries within the military elite. As long as the elite is divided, 'People can criticize one faction of the "powers that be" because they are protected by other factions. But if elite rivalry were to subside, Arief fears that the democratic space would become narrower.

General Hasnan Habib portrays the armed forces (ABRI) as committed to a mission to defend, protect and uphold the unitary republic, the 1945 constitution and *Pancasila*. It was only when these principles were endangered by the ineffectiveness and mismanagement of civilian governments, he asserts, that ABRI felt compelled to intervene in the political process. But with the defeat of communism and the entrenchment of *Pancasila*, there is now less need for the military to play the dominant role. According to General Hasnan, the concept of *Dwifungsi* does not imply permanent military domination of the government and he notes a gradual retrenchment of the military's political role during the last five years. He concludes that, while ABRI will continue to participate in politics, it should 'not dictate'. Jusuf Wanandi, however, put his finger on the dilemma faced by military officers in the process of democratization. Jusuf characterized the old generation of military officers as 'very concerned and even rather obsessed with political stability and national unity' and therefore reluctant to relinquish power to civilians. Increasing openness and civilian participation, on the other hand, will require a 'readiness on their part to implement decisions and ideas that will reduce their political power in relative terms'.

The success of civilianization, said General Hasnan, will depend on the performance of the civilians themselves. According to Jusuf Wanandi, 'The problem for the future is how to promote political participation in accordance with people's expectations

without endangering the unity of the nation and the stability of the country'. Thus, in pushing for a larger civilian role, Jusuf advises civilians to be patient and to exercise self-restraint. He warns that from time to time the government would be bound to implement unpopular measures that could lead to popular opposition. In addition, there would always be some civilians who would be impatient with gradual change. The leaders of *Golkar* and other parties and organizations would have to control their supporters in order to avoid pushing ABRI into a corner from which it might respond in ways that could upset the whole process. In particular it will not be easy to extend the scope for civilian participation in a way that does not undermine political stability and national unity in a country that is still vulnerable to conflict based on 'ethnic, religious and even regional animosities'. While the new middle class wants to extend opportunities for political participation, Arief points out that it also fears social conflict and upheaval and therefore wants to preserve the strong state that, it seems to many of them, only the military can provide.

Abdurrachman Wahid is particularly concerned that Indonesia might be returning to what he calls 'the old politics' when Islamic groups were in constant conflict with the *abangan* (nominal Muslim) and Christian communities. Recent developments, such as the persistence of old loyalties in the recent election and President Soeharto's wooing of Islamic groups, leads Wahid to ask whether 'the political strategy of de-ideologising Indonesian politics is still feasible'. He fears that the present trend might culminate in the re-emergence of Muslim 'firebrands' with 'anti-this-and-anti-that' attitudes. As a consequence 'the effort to de-ideologize politics in Indonesia will be difficult to sustain any longer without resorting to undemocratic ways'. The 'grave challenge' facing Indonesia, therefore, is how to de-confessionalize politics 'without resorting to unconstitutional instruments'.

During the 1990s, the political process in Indonesia will also be subject to international pressures, especially on human rights and democratization issues. Both Arief and Mulya expect international pressures to have a positive impact but both, at least in the long run, regard pressures arising from domestic developments as decisive. In his opening remarks, Senator Schacht firmly rejected the idea that basic human rights varied from culture to culture. As he put it, 'I have yet to come across anyone who likes to be summarily executed,

or taken off and tortured, or have their kids conscripted into the army, or be beaten up without recourse to the law'.

In regard to East Timor, Herb Feith believes that the international reaction to the shooting of 'mourner-demonstrators' in Dili on 12 November 1991 has led to increased public awareness of the situation in Dili. He portrays Indonesia's East Timor policy in 1992 as 'an uncertain and occasionally contradictory combination of repression and sealing off on the one hand and sensitivity to international opinion on the other'. Feith believes that in these circumstances international pressures are still vital and that Australia and Indonesia have a common interest in the adoption of new guidelines for resolving claims for self-determination which break 'the nexus between self-determination and secession'.

The contributors to this book do not anticipate drastic changes in the Indonesian political order during the 1990s, although Abdurrahman Wahid warned of the possible revival of conflict over the place of Islam in Indonesia's political life. Despite detecting 'a whisper for change' in the 1992 election result, Arief Budiman remained pessimistic and predicted that 'Politics in the 1990s will still be pretty much the same as in the 1980s'. The other Indonesian contributors, however, expect change in the direction of democratization but they all think that the process will be gradual and could be reversed if accompanied by signs of social conflict and political upheaval.

Opening Address: Indonesia Update 1992

Senator Chris Schacht

**Chairman, Joint Committee on Foreign Affairs, Defence and Trade
Australian Parliament**

The 1992 Indonesia Update is of particular significance for a number of reasons. Firstly, this is the tenth Indonesia Update conference. It has been described by Hal Hill and Terry Hull as 'an important element in developing a more sophisticated understanding of Indonesia among Australian policy makers, academics and business people'. That alone makes it an important contributor to Australian-Indonesian relations. Secondly, the theme of this Conference is Political Perspectives on the 1990s. In this year, an election for the People's Consultative Assembly has been held. The selection of the President will be undertaken by that body in 1993. This is certainly a most relevant time to examine likely political developments in Indonesia. We are therefore indeed fortunate to have attracted such an eminent panel of speakers to discuss the subject today. Finally, this conference is being held at a time when the Committee of which I am chair, the Parliament's Joint Committee on Foreign Affairs, Defence and Trade, is holding an inquiry into Australia's relations with Indonesia.

If I may, I would like to mention a few things about this inquiry. To date, it has held ten public hearings: in Melbourne, Canberra, Sydney, Darwin and Broome. Two further days of hearings are scheduled for Perth next week, with another four days of hearings in Canberra and Melbourne likely. Seven volumes of submissions, about 150 in all, have been published. While we would like to table our report in 1992, this may not be possible.

This inquiry by the Joint Committee is the third in a series about our region. This series began with an inquiry into Australia's foreign relations with the island states of the South Pacific. A report on this subject was tabled in April 1989. The Committee then examined our relations with Papua New Guinea and a report on relations with our closest northern neighbour was tabled in the Parliament in December 1991.

Our inquiry has uncovered a great deal of information about Australian-Indonesian relations. You will all have to wait until it is tabled to find out our conclusions and recommendations.

Some of the issues which have come up in submissions and at public hearings include legal and illegal fishing off the north and north-western coast, exchanges of teachers between our countries, sister city and state/province relationships, the sale of educational services to Indonesia, defence aspects of the relationship and the work of the Australia-Indonesia Institute. These areas and others will be dealt with in our report.

It has been pointed out by a number of people that our two countries are about as unlike as neighbours can be. They sometimes refer to 'periods of difficulty' in the relationship. Those who have made this sort of statement often follow it up by adding that it does seem to have acquired a depth and maturity over the past few years. This is probably true, as can perhaps be demonstrated by thinking back to the reaction to an article in *The Sydney Morning Herald* by David Jenkins in 1986. This article dealt with the business dealings of the Soeharto family. Similar, perhaps more pointed, stories have been published in 1992, with few if any of the problems to the overall relationship which were seen in 1986.

However, it is also true that a number of witnesses have drawn attention to the small amount of knowledge each country has of the other. One of the minor but interesting things to have come out of the Joint Committee's inquiry has been some information on the teaching of Indonesian language and culture in Australia. The decline in the study of this language was mentioned in a number of submissions and at several public hearings. The Committee has also been told that education is central to the relationship between Indonesia and Australia. The same witness went on to say that there is a need to spend more money on the education of Australians in the Indonesian language and culture. Another witness told us that language is fundamental to understanding another society, another culture. A representative of one of the Commonwealth Departments observed

that Australia's overall educational relationship with Indonesia is somewhat fragmented. That statement clearly supports other evidence we have received.

I should also mention that not all the submissions, nor the evidence at public hearings, have concentrated on East Timor or human rights issues. We have in fact received a wide range of quite mixed comments on many aspects of the Indonesian-Australian relationship. The range of this material has been one of the most heartening aspects of the inquiry.

It would be pointless to deny that one of the difficulties in the Indonesian-Australian relationship is that of human rights. Notwithstanding the difficulties which will occur from time to time, the relationship will develop further. As our Indonesian neighbours expect us to adjust to the things that are different in their culture, so they too must understand that a concern about human rights is part of Australia's values. This concern is, of course, not solely focussed on Indonesia. Some would say that 'cultural relativism' demands we ignore abuses of human rights in Indonesia. Despite these claims from the users of such wonderful phrases, the Australian cultural and political system means we must raise our concerns about human rights with other nations. It follows, incidentally, that we too must accept criticism of abuses of human rights in our own country.

As human rights issues have been raised, there are a couple of comments I would like to make, not only as Chair of the Joint Committee on Foreign Affairs, Defence and Trade, but also as Chair of the Human Rights Sub-Committee. I do not accept the argument of cultural relativism. I have had an opportunity in the last five years to visit countries like South Africa, Burma, China, Indonesia, Ethiopia, the Sudan and I have yet to come across anyone who likes to be summarily executed, or taken off and tortured, or have their kids conscripted into the army, or be beaten up without recourse to the law. No matter which culture you come from, I have yet to discover anyone who thinks cultural relativism is a good idea if it allows you to do that to your own people. I take a very strong view that you don't have to be well-educated or conversant with the International Covenant on Civil and Political Rights to understand what human rights are about.

Human rights are about the right to live without being abused, killed, tortured, or locked up. It is a very simple human right and I think even the most ill-educated peasant understands the difference

between happiness and pain. I don't think there is any doubt that we should not be backward as a country in arguing that cultural relativism is an excuse to abuse human rights, and it should not be used as a defence, because the ordinary people of the third world, or the developing world, appreciate human rights as much as we in the western world.

On the question of individualism versus collectivism, it is often implied that individualism is a western concept while other cultures have a collective view. However, I do not think you can get decent collective human rights unless you guarantee individual human rights. I do not think you can achieve collective human rights if at the same time, you are abusing your own people. When it gets to the bottom line in any country, I would have thought the right of an individual to stand against the majority view without being abused or locked up is very, very important. Once that is established, you then can have an argument about what are the collective human rights such as delivering social, economic and other services to make sure that people get a decent standard of living.

I would also like to comment on the observation that people in Jakarta, who may be reformers or progressives or democrats often do not have a particular view about East Timor. This is not unusual. For example, when I was in China last year leading the Australian parliamentary human rights delegation, I spoke privately to many of the reformers who want change in China, yet when I raised Tibet with them, there was silence. Even though they are reformers and want democracy in China, the idea that Tibet could be independent and sovereign was not in their thinking at all. Tibet for them was part of China and all their comments were very similar to those of the Government — that a lot of money was spent in Tibet raising the standard of living and they should be grateful that so much money had been spent. It reminded me of some of the remarks made by rednecks in Australia about all the money spent on Aborigines and that they should be more grateful. I suspect that perception is not unusual in many countries.

With respect to negotiations about East Timor, we have had a lot of submissions to the inquiry into Australia's relations with Indonesia. Many of them just give factual details of eye-witness accounts of what happened, but no one has really tried to address in a realistic way how to conduct a dialogue with Indonesia to improve the human rights situation in East Timor. I think in the long run the

differences and the difficulties in East Timor will be resolved as Indonesia becomes more democratic. If the civilization continues apace with the economic development, many members of the Indonesian elite in Jakarta, both in and outside the military, will want Indonesia to have a role in the world commensurate with its size and its population, and its role in ASEAN. It is very difficult to play that role when every few years there may be a massacre in East Timor that gets headlines all round the world and results in a whole range of countries carrying resolutions condemning you for human rights abuse. If a country like Indonesia is going to play an important role, which it surely will do, I think many more people in Indonesia will realise that you can't go on having this sore irregularly erupting in East Timor. I suspect that in the longer run, other developing countries will come to a similar conclusion. Maybe even China in dealing with Tibet will realise that it cannot develop a major role in the world when every few years there's a major scandal or problem in Tibet.

I think that if you are concerned about East Timor in human rights terms, the main point is to talk to Indonesia generally about political developments and hope that the economic developments which are taking place will go hand in hand with those political developments. One thing is quite clear in Southeast Asia. As people become more prosperous and start to get a decent standard of living and the so-called middle class develops, they then start asking the obvious question, why can't we have more of a say about the way we run our country? Why can't we have a say in getting rid of governments we dislike? Why can't we have a say in getting rid of corruption, which affects our lifestyles and the running of our lives?

When I was in Thailand in July, one of the Thai ministers told me that a survey of the people who demonstrated against the Suchinda Government in May showed that, of those hundreds of thousands of people on the street, only 15 per cent were university students while 20 per cent were small business people and 45 per cent were middle-class income-earners. The majority of the people lying in the streets were fed up with corruption and the dominance of the military because they had access to income and a good standard of living. When I asked him how the organization took place, he said it was through the technological revolution. He said many people had mobile telephones — when they were on the streets lying down in front of the tanks, they could ring friends at the back of the demonstrations and tell them the tanks were coming. I even heard

from our Australian Embassy officials that people on the streets being shot at were using mobile telephones to ring the Australian Embassy to tell them what was going on. It is clear that the technological revolution is breaking down the ability of governments to control access to information and may well destroy the ability of countries — all countries — to control programming. If it means that more people get access to information and put pressure on, or even overthrow one-party governments, I think that the technological revolution ought to be supported.

I think that in the context of a forum such as this, which has such a range of people with expertise on relationships between Australia and Indonesia, the East Timor debate is about general human rights. It should be a debate put in that broader context, because that is part of our culture, and we cannot ignore it. I think the way East Timor will be resolved will be through wider economic and then political development in the broader Indonesian community.

It is an incorrect notion to suggest we would break off relations with another country simply because of human rights abuses, however important the concept may be to us. For the future, therefore, the only thing we can predict with certainty about our relations with Indonesia is that we will continue to raise human rights issues, whether specifically or in general terms.

On a positive note, I would like to remind you of a statement made by our Prime Minister in Jakarta, during his visit to Indonesia in April of this year:

In establishing political stability and economic progress in Indonesia, your Government has contributed to stability and prosperity in the wider Southeast Asian region. Australia is among the beneficiaries. We gain commercially, of course, but just as importantly, our national security benefits from a benign environment where not so many years ago there was great uncertainty and volatility.

It is clear that, in spite of occasional differences on human rights, the level of cooperation between our two countries is significant in many areas. For example, at the regional level, we reached agreement on the Timor Gap Treaty. At the international level, the Indonesian role in the complex and sophisticated Cambodian peace settlement was significant. Cooperation in these areas may well be the start of a constructive relationship in a range of other regional matters. The Indonesian role in the Non-Aligned

Movement gives it considerable influence with many nations around the world. Its leadership in that organization is quite significant and must be recognized. Indonesia is a major supporter of the Cairns Group; it is engaging in constructive dialogue in matters relating to Asia Pacific Economic Cooperation (or APEC). It is also clear that it has welcomed Australia's increased emphasis on becoming part of Asia.

These are not the actions of a jealous, inward-looking neighbour. They should give us all heart for the future of the relationship. I have already referred to concerns about the lack of knowledge each country has of the other and that may well be one of the greatest problems facing both countries.

It would be remiss of me, given our venue today, not to mention the significant contribution made to Indonesian studies by this university. While this knowledge is recognized in the academic community and by those with particular, specialized needs or interests, it is not generally widely known or available to the general community. Without the scholarship of individuals at the ANU, and the work of the Indonesia Project, it is possible that our relationship with Indonesia would have been more difficult than it has sometimes been. As was said to the Committee at a public hearing in April, the institutional memory here at ANU goes back to the 1950s. There are a number and quality of experts gathered here in a range of disciplines. This means that a perspective is available which is quite different from the '30 second grab' and can place current events in the invaluable context of what has happened in the past.

If such knowledge is used at all, it is usually used badly. The Australian-Indonesian relationship is important and the better for the holding of conferences such as this. That it is an annual review, albeit with a different theme each year, makes it the more valuable and relevant. That does not mean everyone will be comfortable with everything which will be said here today, as Australia is also being examined in many ways.

I would like to thank Hal Hill and his team for doing me the honour of inviting me here today to speak to you. You have a fascinating program in front of you and I am glad I will be able to listen to some of the speakers with you. In opening this important conference, I wish all participants well and look forward to seeing the results in published form in due course.

Part I:

Recent Economic and Political Developments

The Economy, 1991/92¹

Hal Hill

Introduction

The years 1991/92 have posed major challenges for Indonesia's economic managers and the economy in mid-1992 presents a very mixed picture. On the positive side of the ledger, activity remains buoyant, much more so than most observers had expected. In 1991 real GDP grew at 6.6 per cent. This is a creditable performance in view of the sluggish global economy, a serious drought which resulted in a poor rice harvest for the second successive year, and the government's tight money policy as reflected in continuing high interest rates. The government appears to have been able to control the potentially serious inflationary problem of 1990-91 while avoiding a 'hard landing'. The 1991 figure is explained in part by a one-off expansion in the mining sector. But, in addition, industrial export growth has been most impressive. Manufactured exports increased by almost 25 per cent in 1991, boosted especially by the performance in a range of labour-intensive industries, and reversing decisively the poor growth record of 1990. That Indonesia registers such expansion in a year of low global economic and trade growth is testimony to its growing, broad-based industrial competence, and its capacity to achieve export growth through increased market share. This export performance also contributed to a much smaller current account deficit for 1991/92 than many forecasters had projected and the government had feared.

¹ This chapter draws particularly on my August 1992 'Survey of Recent Developments' in the *Bulletin of Indonesian Economic Studies* (Hill, 1992), together with the two preceding Surveys (Manning, 1992; Muir, 1991) and a preliminary version of the December 1992 Survey (Tomich, 1992).

Nevertheless, the government is still grappling with a range of daunting short and long-run economic policy challenges. Inflationary pressures are waning, but they have not disappeared altogether. To slow down an over-heated economy the government has arguably relied too heavily on monetary policy and not enough on fiscal policy. Lending rates in the formal banking sector have been stubbornly high, in the range 25-30 per cent, prompting many observers to wonder why there have been so few reported corporate collapses, especially among firms oriented primarily towards the domestic market. The country's external indebtedness, of some \$75 billion, is cause for concern, especially as a number of international banks and development agencies appear to be reluctant to increase their exposure in Indonesia. Cronyism, politically-sanctioned business monopolies, and the business affairs of several powerful individuals have all become the subject of increasingly vociferous private — and, at a more restrained pitch, public — comment and debate. Perhaps inevitably, supply-side constraints to growth in the area of physical and social infrastructure are not being removed quickly enough. It is partly for this reason that Indonesia has registered growth rates of 'only' around 7 per cent in the recent past, in contrast to the double-digit performances of some of its neighbours.

The following section examines major macroeconomic developments, including economic growth, the balance of payments, fiscal performance, and inflation. In Section 3, the policy environment is assessed, including a number of recent government initiatives, and the debate over business monopolies. The final section investigates a number of broader issues, among them Indonesia's role in ASEAN and East Asia, socio-economic development in the lagging regions of Eastern Indonesia, and the new institutional arrangements for international aid to Indonesia.

Macroeconomic Survey

Economic Growth and Structural Change. The 1991 national accounts indicate that the economy grew much faster than most observers expected. The officially estimated growth rate, 6.6 per cent, was not significantly below the strong expansion recorded in the two previous years (Table 1). Three features of the accounts are particularly notable. First, for the first time since 1985, the oil sector (oil, LNG and refining) grew faster than the non-oil economy. The oil growth reflects volume effects — high prices and a relaxation of OPEC quotas induced a temporary, one-off production increase. Secondly, the

effects of the 1991 drought are clearly evident: food crop production, dominated by rice, declined, and this followed only a marginal increase in 1990.

Table 1: Economic Growth, 1989 -91^a
(per cent)

	1989	1990	1991
Agriculture	3.32	2.00	1.34
Food crops	3.97	0.52	-0.58
small-holders	1.16	3.93	4.92
plantations	9.34	9.07	5.73
livestock	1.45	3.74	4.85
forestry	-3.87	2.97	-1.02
fishery	6.78	4.95	5.01
Mining	4.85	4.95	9.26
Industry	9.20	12.19	9.81
non-oil	11.57	12.97	10.56
oil refining	0.90	10.07	3.13
natural gas	2.52	9.56	8.39
Utilities	12.15	17.89	16.14
Construction	11.77	13.52	10.95
Trade, Hotels & Restaurant	10.74	7.07	5.35
Transport & Communications	11.51	9.57	7.04
Financial Services	14.35	14.06	12.74
Accommodation	4.18	4.21	4.03
Government and Defence	5.86	4.60	2.81
Other Services	6.19	5.01	5.30
GDP	7.46	7.14	6.60
excluding oil & gas	8.25	7.53	6.24

^agrowth rates based on constant 1983 prices

Source : BPS

A third important feature of the 1991 national accounts is that for the first time in the nation's history manufacturing output exceeded that of agriculture. This is an historic turning point in Indonesian

economic development. Although the event was hastened by the poor rice harvests, its fundamental origins lie in the impressive, export-oriented industrial growth which has occurred since 1986. The speed of the structural change in the last quarter century is revealed in the fact that over the period 1966-91 the share of manufacturing in GDP has risen from 8 per cent to 22 per cent, while that of agriculture has declined from 51 per cent to 19 per cent.

Structural change has of course been a good deal slower as measured by shifts in employment shares.² The 1990 Population Census revealed that, for the first time, agriculture's share of employment dipped (very marginally) below 50 per cent, declining from 56.3 per cent recorded in the 1980 Census. The manufacturing share rose (9.1 per cent to 11.6 per cent), but there are still more than four times as many people who derive their primary livelihood from agriculture as compared to manufacturing. Indeed, a surprising feature of the 1990 Census results is the fact that agricultural growth *accelerated* in the 1980s, increasing at an annual rate of 2.5 per cent compared to 1.2 per cent in the 1970s. At a national level, agriculture provided one-third of the new jobs in the 1980s, much higher than the incremented share of manufacturing (of 18 per cent). Nevertheless, the rapid pace of industrialization in Java is clearly evident: manufacturing provided the largest net addition to employment (24.9 per cent), marginally ahead of trade, restaurants, and hotels (24.1 per cent) and agriculture (19.2 per cent).

The fortunes of the key economic sectors varied considerably. In food crops, as noted, the performance was very poor. It was somewhat better for the other agricultural sub-sectors, except forestry where export bans and the exhaustion of easily accessible stands of timber explain the stagnant picture. Among cash crops, both small-holders and plantations, the record has been better, in spite of generally low international commodity prices. Palm oil and cocoa, in particular, continue to register impressive output growth.

The mining sector grew strongly in 1991, by almost 9 per cent in the case of oil and gas and 10 per cent for non-oil mining. Supported by strong prices in the first half of the year, the relaxation of OPEC quotas, and a generally conducive (though fiscally tough) commercial environment, oil and gas activities were at record levels. The total number of active contracts let by Pertamina is the highest in Indonesia's history, and exploration and development expenditures

² This paragraph draws on Manning (1992, pp 28-30).

rose threefold between 1987 and 1991. Following the relaxation of quotas, crude oil export volumes rose by some 20 per cent above the annual average output of recent years, while LNG volumes continued to grow strongly. This growth has also been facilitated by the extension of a number of long-term agreements between Pertamina and the oil companies. The most recent of these was the announcement in March that Pertamina and Caltex had agreed in principle to a 20-year extension using a 90:10 profit division in favour of Pertamina. In September the government introduced an additional package of fiscal incentives which allows contractors to retain a larger share of production in any new gas fields they develop, and to keep a bigger share of oil produced in remote and difficult locations. Accelerated depreciation allowances were also provided for, and the pricing formula for compulsory local sales made more favourable.

In spite of these positive developments, there is still some concern that Indonesia's oil investment climate is insufficiently attractive, especially compared to terms on offer by other oil producers. Moreover, the contribution of the oil sector to the economy will fall sharply in 1992. In January the government announced it will be cutting oil production in accord with the OPEC response to a softening international oil market; the decline is likely to be from 1.45 to 1.425 million barrels per day. Indonesia's minas crude sold for an average price of \$17.75 during the first four months of 1992, about half the peak price of October 1990, but marginally above the 1992/93 budget estimate. There is some prospect of price recovery, but the rise is likely to be modest in view of increased production in the Middle East and sluggish demand growth in the OECD.

The major development in non-oil mining is the rapid expansion of the coal sector. Over the period 1988-91, the volume of coal production and exports has risen by about 300 per cent and 500 per cent respectively. Coal has emerged as another of Indonesia's significant non-oil exports, and the prospects for further expansion are considered excellent, especially as the coal is generally low in sulphur content. The Minister of Mining and Energy has recently forecast that coal production by the end of the century would be about 80 million metric tons (mt), of which at least 20 million mt would be for export. These figures represent a six- and threefold increase respectively on the 1991 levels, and would make Indonesia a very significant player in the regional coal trade. The spectacular increase in output is explained by the decisions through the 1980s to

open the industry to the private sector, and by big investments in associated infrastructure development, especially port facilities.

Manufacturing output continues to expand quickly, the non-oil sector at double-digit rates. Export growth rebounded strongly and output increased rapidly in 1991. Particularly impressive gains were recorded in the area of labour-intensive export growth, which are likely to spearhead Indonesia's export expansion in the 1990s. However, industries oriented towards the domestic market and dependent on high levels of protection have experienced slow growth or even decline, and a number of firms are in financial difficulty.

The most spectacular export growth continues to be recorded in *textiles, clothing and footwear*. Textile and clothing exports doubled between 1989 and 1991 (Table 2), an astonishing performance in view of declining OECD growth rates and tightening MFA quotas. They have now become Indonesia's major manufactured export, accounting for about one-third of the total, and easily surpassing plywood, the dominant export item of the 1980s. The growth of footwear exports has been faster still, rising from \$1 million to almost \$1 billion in a little over a decade, and quadrupling between 1989 and 1991.

The immediate prospects for continued strong growth, albeit at a slower pace, are encouraging for at least three reasons. First, textile and footwear machinery imports rose by one-third in 1991, after more than doubling the previous year. Secondly, footwear exports have never been quota-restrained while, paradoxically, after encountering serious quota restrictions in the late 1980s, textile and garment exporters are likely to face few quota problems in the large US market in the next few years. Finally, the export quota allocation system is now functioning more smoothly — though the problems are by no means resolved — and the debilitating dispute among rival producer associations within the industry has subsided, at least in its most public manifestations.

Other labour-intensive export industries are also performing well. For much of the 1980s Indonesia missed out on the massive globalization of the electronics industry. The multinational corporations which dominate the industry were deterred by the country's still restrictive foreign investment climate, and by physical and regulatory obstacles to international trade. However, the reforms of the late 1980s are making Indonesia a more attractive location for these export-oriented, assembly-type operations. Thus in each of the past two years electronic exports have doubled (Table 2), and among manufactures they now rank behind only textiles and garments,

Table 2. Major Manufactured Exports, 1980-91^a
(\$ million)

	1980	1985	1989	1990	1991
Labour-Intensive	297	807	3,073	4,634	6,814
(per cent of total)	(59)	(39)	(44)	(51)	(58)
Clothing (84)	98	339	1,170	1,646	2,265
Fabrics (652-9)	43	227	727	1,132	1,552
Yarn (651)	3	13	112	109	204
Footwear (85)	1	8	220	570	994
Electronics (76-77)	97	81	123	204	403
Furniture (82)	3	7	167	286	385
Toys & sporting goods (894)	n	n	21	57	142
Glass & products (664-5)	3	8	77	80	91
Oils & perfumes (551)	21	23	32	60	94
Resource-Intensive	119	992	2,838	3,324	3,488
(per cent of total)	(24)	(49)	(40)	(37)	(30)
Plywood (634)	68	941	2,414	2,791	3,034
Cement & products (661)	26	22	133	100	48
Leather (611)	6	8	69	64	46
Capital-Intensive	85	245	1,107	1,083	1,514
(per cent of total)	(17)	(12)	(16)	(12)	(13)
Fertiliser (562)	35	80	164	193	297
Paper & products (64)	5	21	166	154	266
Steel products (672-9)	8	28	343	188	249
Rubber tyres (625)	n	7	65	66	58
Total	501	2,044	7,018	9,041	11,816

^aThe 'narrow' definition of manufactures is employed here. Numbers in parentheses refer to SITC codes. The following definitions (in terms of SITC codes) are used for the major groups:

Labour-intensive: SITC 54, 55, 65, 664-666, 695-697, 76-77, 793, 8 (excl. 86-88).

Resource-intensive: SITC 61, 63, 66 (excl. 664-666), 671.

Capital-intensive: SITC 5 (excl. 54-5), 62, 64, 672-9, 69 (excl. 695-7), 7 (excl. 76-77), 86-88.

Source: BPS, *Ekspor*, various

plywood and footwear in value. Exports of a range of miscellaneous light manufactures are also growing rapidly, spurred on by the same factors behind the garments success story. Notable in this new group is toys, exports of which rose from \$2.3 million to \$62 million 1988-91. Prospects for rapid expansion are considered excellent, partly as the regional industry diversifies its production base away from China.

By contrast, the *automotive* industry is facing difficulties at least as serious as those during the recession years of 1985-86 and 1982-83. Production rose sharply in 1988-90, from 156,000 to 272,000 units, but fell in 1991 to 255,000 and is likely to slump further this year to as low as 200,000. Output of light commercial vehicles such as colts and the *kijang* continued to increase through to 1991; by contrast, sharp cuts have been experienced in sedans, and buses and trucks. All major automotive producers are reported to be in some financial difficulty, and unsold stocks are estimated to exceed 40,000 units. The main cause of the problem is high interest rates and tight consumer finance (14 per cent of consumer bad debts are said to involve automobiles). The introduction of a luxury tax in January 1991 may have also deterred some consumers. More generally, the industry is facing the limits of import substitution. Exports are small, about \$50 million. Being almost wholly domestic-market oriented, it is inevitable that the industry experiences such sharply fluctuating fortunes. There is now a greater appreciation within the industry that government intervention is a two-edged sword: generous import protection balanced by ever-increasing local content requirements and high input prices, notably for steel.

What of the prospects for 1992? It is premature to make firm predictions, but the general consensus is that growth will be somewhat lower, perhaps around 5.5-6 per cent. Oil sector growth is expected to decline sharply; domestic-market oriented manufacturing and service activities will also be affected by the government's tight fiscal and monetary policies. On the other hand, owing to a good rainy season, food crop production has rebounded strongly, and rice production will most likely increase by over 3 per cent in 1992. A good deal will depend on whether non-oil exports can sustain the growth momentum.

Inflation and interest rates. It is now clear that the government has successfully curbed the serious inflationary pressures which emerged in 1990 and 1991. In both these years, Indonesia missed out narrowly on the double-digit 'threshold', although alternative estimates based on a basket of goods consumed by higher income groups would

almost certainly show a higher rate of increase. For the first eight months of 1992 the increase was 3.42 per cent, less than half that over the corresponding period of 1991, and suggesting that the figure for the whole year may even be less than 6 per cent (Table 3). The figures for the first two quarters include the traditional jump in prices which occurs during and immediately after the fasting month. It is testimony to the government's political resolve to bear down on inflation that the tight monetary and fiscal policy stance was maintained despite sometimes vociferous business protests, especially in the context of an election year.

Table 3: Inflation, 1990-92
(per cent increase each quarter, 27-city index)

	Q1	Q2	Q3	Q4	January-August
1990	1.51	3.29	3.31	1.42	
1991	1.09	2.51	3.91	2.01	7.39
1992	1.35	1.68	0.39 ^a		3.42

^a July and August only

Source: Bank Indonesia and press reports.

The cost of this monetary tightness has of course been very high interest rates. This is hardly a new phenomenon in Indonesia, nor necessarily a damaging one in a high return economy whose actors have a very short time horizon. Official data on deposit and lending rates suggest the peak has passed, a point emphasised on several occasions over recent months by the Central Bank Governor. However, many in the business community believe that the Bank Indonesia data understate the seriousness of the position — that lending rates are stuck at around 27 per cent and that very little new credit is available in any case. The monetary authorities are clearly in a very difficult position: on the one hand they are under considerable business and political pressure to loosen monetary policy — which perhaps explains the Governor's attempt to 'jaw-bone' interest rates down in an April meeting with bankers — while also facing up to the economic imperative of controlling inflation. In addition, interest rates

are being held up by the new prudential requirements imposed on the banks.

A puzzling feature of the economy is why these high interest rates and the economic slow-down have not resulted in a spate of corporate crashes and a hard economic landing. The most important corporate news over this period was the major restructuring which occurred in the country's second largest conglomerate, Astra, precipitated by the huge losses incurred by Bank Summa. In mounting a rescue operation for the Bank, which was controlled by one of the sons of Astra's founder, William Soeryadjaya, the Astra group has undergone significant changes in corporate structure and personnel.

An assessment of the impact of the tight money policy and high interest rates is hindered by the fact that there are no reliable and timely statistics on corporate profitability. The stock market is not yet an accurate indicator of business profitability, partly because it is still adjusting to the spectacular boom of 1989-90, and the equally spectacular crash of 1991. In addition, high interest rates have rendered the stock market a much less attractive vehicle for short and medium term investments. Another indicator, investment approvals by the government's Capital Investment Coordinating Board (BKPM), has shown a sharp decline. Domestic investments in 1991/92 were half those of 1990/91, although the figures for the first four months of 1992/93 suggest the decline may have been arrested (Table 4). By contrast, foreign investment approvals held up well in 1991/92, but appear to have fallen away sharply in 1992/93. It needs to be emphasised, however, that these figures are most imperfect indicators of business conditions. The investments tend to be 'lumpy' in nature and they refer only to approved projects, not realised figures. Moreover, the figures in 1990 were at record levels in historical perspective, and some decline was inevitable. It is therefore not clear whether Indonesia is out of the woods yet. Part of the explanation for the absence of widespread corporate crashes is that the export sector, particularly manufactures, has performed well.

Another explanation has to do with the fact that Indonesian firms have long been accustomed to periods of high interest rates. Of more concern, however, are widespread reports within the business community that many firms are simply rolling over loans, paying neither interest nor principal commitments. According to this argument, if several serious crashes occur then the whole 'pack of cards' may collapse, particularly given the interconnected nature of many financial and business empires. As inflation and interest rates

decline, the prospects of such a scenario occurring recede. But it will not be until well into 1993 that we can be confident that the business sector has survived this difficult period without a major shake-out. Meanwhile, the lesson from this episode is clear : the costs of monetary laxness in 1989-90 have been very severe, and similar experiences need to be avoided at all costs.

Table 4: Investment Approvals, 1990-92

	1990/91	1991/92	1992/93 ^a
<u>Domestic</u>			
projects	1,711	884	215
\$billion	64.1	32.4	10.8
<u>Foreign</u>			
projects	608	476	117
\$billion	9.7	8.6	1.8

^arefers to period April 1 - August 15, 1992

Source : *Jakarta Post*, September 8, 1992

Fiscal Policy and the Budget : There have been a number of important developments in the area of fiscal and budgetary policy. First, fiscal policy has generally been tight. In both 1991/92 and 1992/93 the government has in effect departed from its balanced budget rule by putting aside 'surpluses' totalling Rp 3.5 trillion. This decision was stimulated in part by the sudden, and very short-lived, windfall gains in the wake of the Middle East dispute in 1990-91. The generally uncertain international economic outlook and the possibility of donor 'aid fatigue' was another factor. A second development is that the general budgetary situation has become rather more comfortable in the last few years (Table 5). In 1991/92 domestic revenues actually rose by Rp 2 trillion, despite a Rp 2.7 trillion decline in oil revenue, owing to strong growth in non-oil domestic revenue (NODR). Foreign aid also held up well. On the expenditure side, the government has had a good deal more room to manoeuvre as debt service payments have levelled off and subsidies (the main reason for the decline in the 'other' category) have been trimmed. Most of the expansion on the expenditure side has gone into domestic funding of

the development budget, which fell away sharply during the difficult period after 1985.

Table 5 : The Budget 1990/91 - 1991/92
(Rp billion)

	1990/91	1991/92
Revenue	49,451	51,994
Domestic	39,546	41,585
oil & gas	17,712	15,039
non-oil	21,834	26,546
Foreign	9,905	10,409
program	1,397	1,563
project	8,508	8,846
Expenditure	49,451	51,994
Routine	29,998	30,228
personnel	7,054	8,103
material	1,830	2,373
regional subsidies	4,237	4,834
debt service	13,394	13,434
other	3,483	1,484
Development	19,453	21,764
rupiah	10,944	12,918
project	8,508	8,846

Source: Department of Finance

Thirdly, to focus on the NODR component, the performance here has been particularly commendable. Neglected during the oil boom period, these revenues have risen sharply following the tax reforms of 1984 and thereafter, and as enforcement has been tightened. NODR as a percentage of non-oil GDP more than doubled from 1984/85 (6.8 per cent) to 1991/92 (14.3 per cent)³; speaking in September at the 1992

³ NODR as a percentage of non-oil GDP has risen as follows :

Year	84/85	85/86	86/87	87/88	88/89	89/90	90/91	92/93
%	6.8	8.3	8.7	8.4	9.8	10.8	12.0	14.3

Source : *Kompas*, September 11, 1992. The figure for 1992/93 is a forecast.

Conference of the Indonesian Economics Association, the Director-General of Taxation stated that the target percentage by the end of the decade was 20 per cent. The economic and political implications of this expansion are profoundly important : the former owing to the projected stagnation or even decline in oil revenues, and uncertainty about foreign aid; the latter because higher government exactions will almost certainly lead to demands for more accountability and transparency in the government's expenditure program.

The Balance of Payments. There is an evident sense of relief and satisfaction in official circles at the 1991/92 balance of payments, and in particular the current account deficit of \$4.4 billion (Table 6). During 1991 there were various worst-case scenarios pointing to the possibility of a deficit as large as \$7-8 billion, a prospect which motivated the government to regulate state borrowings abroad (Muir 1991). Although net oil exports fell, by some 18 per cent, non-oil exports rebounded strongly, rising by 21 per cent and outpacing non-oil imports (up by 11 per cent). Official capital inflows remained strong, as did foreign investments.

In the short run, Indonesia's external position is relatively comfortable. By mid year, foreign reserves were equivalent to about five months of imports. There is some prospect of international oil prices picking up. The exchange rate is still being managed very effectively. Machinery imports have continued to rise strongly, providing the base for sustained expansion in the 1990s. The prospect of a number of very large and uneconomic projects precipitating a sharp deterioration in the current account deficit has been removed, at least temporarily. Finally, the measures introduced by Bank Indonesia during 1991 to tighten the use of foreign exchange 'swap' facilities appear to be working well, and have removed one source of monetary instability (on which see Nasution 1991). Particularly important was the decision in November to limit the swaps to investment credits (defined as a minimum maturity of two years), or otherwise at the authority of the Bank.

Nevertheless, the deficit, and Indonesia's total external indebtedness, provide no grounds for complacency. On the current account, and barring unforeseen circumstances, there is little prospect of a boost through improved terms of trade. Despite the excellent performance of non-oil exports in 1991, there is concern that low economic growth rates in the OECD bloc will depress export growth and raise trade barriers.

Table 6: The Balance of Payments, 1990/91 and 1991/92^a
 (\$ billion)

	1990/91	1991/92
Exports	28.1	29.3
Oil	12.8	10.6
Non-oil	15.4	18.7
Imports	-23.0	-24.7
Oil	-3.6	-3.1
Non-oil	-19.4	-21.6
Services (net)	-8.9	-0.0
Current account	-3.7	-4.4
Official capital (net)	0.9	0.9
Disbursement	5.0	5.3
Amortization	-4.1	-4.4
Other capital (net) ^b	6.1	4.4
Use of reserves	-3.3	-1.0

^aMinor discrepancies within categories are due to rounding errors.

^bIncludes errors and omissions.

Source: Department of Finance.

On the capital account, while the termination of Dutch aid will have little short-run effect, it is apparent that both international banks and development organizations do not wish to increase their Indonesia exposure significantly. One indication of this phenomenon is that in recent loans to Indonesia the margin above Libor has extended to 2-2.5 per cent, about double that of a year ago. This reflects in part a world-wide increase (though the rise for Indonesia has been greater), and in turn fears of a growing capital 'shortage' on a global scale. It was partly with these considerations in mind that in September 1992 the former Coordinating Economics Minister, Professor Ali Wardhana, publicly suggested that the Foreign Commercial Loans Team (Tim PKLN) be established on a permanent basis. Set up in late 1991, the Team was originally seen as a short-term, *ad hoc* solution to the rapidly rising overseas borrowings at that time.

Recent Policy Initiatives

Public debate of economic policy issues, and the political economy of policy reform more generally, has been lively and uninhibited. Important new legislation has been passed on banking (on which see McLeod, forthcoming), social security, and transport. For over a year, the possibility of trade reform affecting the automotive and steel industries has been aired. Initiatives are also underway covering small industry and regional finance. In April 1992 the government again permitted full foreign ownership in a number of sectors, while some relatively minor deregulatory reforms were introduced over May-July.

100 Per cent Foreign Ownership : The April announcement concerning foreign ownership was a historic one. Discussion of this issue within the government had been under way since at least mid-1991. Local partners have been required for all investment projects since early 1974.⁴ But there has been mounting concern that, as more and more countries offer liberal investment codes, Indonesia would miss out on some foreign investments, especially in internationally oligopolistic industries such as electronics, where investors appear to favour such arrangements. On several occasions during the 1980s, as the investment code was liberalised, Indonesia came close to adopting this decision, but each time local business pressure and fear of a nationalist backlash proved to be decisive stumbling blocks. Under the decision (PP [Government Decree] 17), projects of at least \$50 million and those located in less developed (but unspecified) regions may be 100 per cent foreign owned. In addition, foreign firms with as little capital as \$250,000 may be established with up to 95 per cent foreign ownership if they are 'labour intensive' (employ at least 50 staff) and are export oriented (export at least 50 per cent of their output). In other circumstances, the current limitations apply, namely a minimum investment of \$1 million and at least 20 per cent Indonesian shareholding; the current localization requirement — 51 per cent local shareholding within 20 years — also continues to apply. As before, foreign investments in the oil and finance sectors will be administered separately. The government has also foreshadowed further simplifications in the licensing regime, including a shorter *Daftar Negatif* (Negative List, of sectors closed to foreign investment).

⁴ The exception in recent years has been the Batam Island group, whose investment regime is administered separately from the BKPM.

At the same time, the government announced that the controversial Chandra Asri Olefin project planned for Cilegon, West Java could proceed. In an extraordinary sequence of events, the \$1.6 billion petrochemicals project is to proceed as a fully foreign enterprise. It was deferred in October 1991 when the government announced its restrictions on foreign borrowings for state-related projects. It has now been resurrected, with a budget mysteriously reduced from the original \$2.5 billion figure, as a joint venture between the original Japanese partners and three powerful Indonesian entrepreneurs (Prayogo Pangestu, Henry Pribadi and Bambang Tri Hatmodjo) in the form of a foreign holding company. The nature of the new financial and managerial arrangements, the extent of likely government support for the project, and the reasons behind the decision to allow Chandra Asri to proceed, are still unclear. However, it is thought that in addition to the political clout of the three key individuals and pressure from certain Japanese commercial interests, a key factor in the decision was the revelation that the state-owned Bank Bumi Daya had issued an irrevocable letter of credit for the project to the value of \$550 million. In the circumstances, the investment was unstoppable, on both commercial and political grounds.

Minor Policy Packages : In late May and early June the government announced a relaxation of its prohibition on timber exports. The first set of decrees imposed extremely high taxes on the export of timber, rattan and leather, ranging from \$500 to \$4,800 per cubic metre for timber and \$10-15 per kg for rattan. These decrees were followed by a formal lifting of the export bans. The decision is intended to maintain the incentive for downstream processing while raising government revenue. It is thought the decision was also taken to strengthen Indonesia's position in the GATT, where the bans had undermined the country's bargaining power in international trade negotiations. Welcome as the new policy is, it still leaves untouched the massive rent dissipation which is known to occur in the timber industry. If the government's hands were not tied by politically powerful timber interests, the first-best solution would have been to introduce a fiscal regime which appropriates timber rents directly for the government.

On 6 July, shortly before the CGI meeting, the government announced another set of reform measures. These comprised five main elements: foreign joint ventures in plantations may now lease land for up to 30 years, with the possibility of renewals; some steel and engine products can now be imported directly, rather than solely

through Krakatau Steel as has been the case; the *daftar negatif* (list of industries closed to foreign investment) was reduced slightly; more items were transferred from non-tariff to tariff protection; and the procedures for expatriates to obtain work permits have been simplified. However, the reforms were much less comprehensive than economists had hoped, and did not include agriculture, the automotive industry and (apart from marginal changes) steel. Indeed, they were seen by many prominent commentators as an exercise in 'window-dressing', designed more to convince the CGI consortium that the reform momentum was being maintained than to achieve fundamental policy change.

Privilege and Monopoly. The period since 1987 has witnessed the emergence of a large and diversified (domestic) private business sector. Yet none seems to have prospered more than a number of well-connected individuals, whose reach seemingly extends into all major sectors of the economy (Schwarz 1992). Close government-business ties have been a feature of most East Asian economies, and the extraordinarily rapid growth of these *pribumi* (indigenous) businesses in Indonesia might be expected to be politically popular. However, there is concern, discreetly though quite directly expressed in the press, that the manner of this business expansion clouds the commercial environment and is now discouraging new investment.

The most infamous example of business intervention continues to be the clove marketing monopoly (BPPC) directed by the President's youngest son Hutomo Mandala Putra (Borsuk 1992; Sjahrir 1992). Established in December 1990, the Board announced it would increase the incomes of clove farmers, which it argued had been suppressed by the *kretek* cigarette companies and clove traders. It immediately offered farmers about double their current price. However, through 1991, as the demand from *kretek* companies waned and clove production responded, the Board's clove stocks rose dramatically, to about 170,000 metric tons by March 1992, equivalent to two year's supply. These purchases were funded by state bank credit estimated to total approximately Rp 800 billion, more than half of Bank Indonesia's Rp 1.5 trillion of liquidity (priority) credits extended over this period; it is believed that BPPC is not paying interest on these loans. The issue came to a head in February 1992 when Mr Hutomo declared that clove production would have to be cut, and publicly suggested that farmers burn 40-50 per cent of their crop and cut down 30 per cent of their trees. The ensuing public outcry, including criticism by the House Speaker and also the Secretary-General of

Golkar, resulted in Presidential intervention. In April, following a meeting between the President and eight Ministers, it was announced that BPPC's buying price would be cut from over Rp 7,000 per kilogram to Rp 4,000, and that agricultural cooperatives would be employed to assist the Board in its activities. These measures can hardly be expected to resolve the problem. Meanwhile BPPC is reported to be selling cloves to the *kretek* companies at about Rp 12,700 per kilogram, and paying farmers in the range Rp 3,000-5,000.

There have been other allegations of nepotism in 1992. In addition to the olefin plant already referred to, much press attention has focused on an exclusive arrangement for the marketing of West Kalimantan oranges (*jeruk Kalimantan*), for the import of 1,000 luxury cars for the September non-aligned summit to be chaired by Indonesia (both awarded to the Bimantara group, controlled by the President's second son), and for the collection of television licence fees.

It is important to keep these developments in perspective. Suggestions that this cronyism rivals that of the late Marcos era, for example, are far-fetched. Indonesia's non-oil export growth continues to be impressive, its macroeconomic management tight, and the press discussion of these issues reassuringly vigorous. Nevertheless, it would be foolish to dismiss the phenomenon as unimportant. There is considerable disaffection among 'non-favoured' groups, some businesses have deferred expansion plans for fear that size and prominence runs the risk of a takeover, and the publicity has impaired Indonesia's reputation among foreign investors. It would be tragic if all the hard-won and impressive achievements of the post-1986 reform era were to be dissipated by this brazen rent-seeking behaviour.

Other Major Development

IGGI becomes CGI. One of the most durable and best-known building blocks of the New Order regime, IGGI (the Inter-Governmental Group on Indonesia), disappeared with the stroke of a pen on 25 March. That evening, at a press conference attended by the five key Ministers, it was announced that Indonesia would, with immediate effect, suspend its aid relationship with the Netherlands. All existing Dutch aid was to be terminated, no new aid would be received, and Indonesia announced that it wished to establish a new donor consortium which excluded the Netherlands. Exactly one month later, the Home Affairs Minister extended the ban, announcing that non-

governmental organizations (NGOs) would no longer be permitted to receive Dutch aid.

Although there was very little public forewarning of the decision, it was undoubtedly popular in many Indonesian circles. There was a widespread view in the country that the Dutch Minister of Development Assistance, J.P. Pronk, had stepped over diplomatic boundaries in his sometimes blunt and intrusive comments on Indonesian affairs. Long known for his strongly-held views on human rights, the Minister angered many people during 1991 with his statement that economic deregulation had gone too far.

The immediate ramifications of the decision have been very limited. Dutch aid has been about \$100 million in recent years, less than 2 per cent of the annual IGGI total. The aid relationship with other donors has been preserved; indeed a few small donors have been added to the new consortium, the Consultative Group on Indonesia (CGI). Chaired by the World Bank, at its inaugural meeting in Paris in mid-July the group pledged some \$4.95 billion, \$200 million more than the 1991 pledges and actually \$150 million more than the Bank had recommended. The Indonesian government has moved quickly to preserve a number of Dutch aid projects which were considered particularly important, either through its own funding or by transferring them to other donors. The commercial relationship between the two countries has also been kept intact. The respective trade Ministers met shortly after the decision and were quick to emphasise that there would be no disruption to trade and investment ties.

Nevertheless, the decision to cancel Dutch aid was not a costless one for Indonesia. The aid was almost entirely in the form of grants, so in aid-equivalent terms the program was far more important than the aggregate total suggests, perhaps equivalent to that of the large World Bank activities, which now contain only a small concessional finance element. The Dutch program also had a strong social orientation, in contrast to the more commercially-oriented approach of some other donors. About 15 per cent of the total is estimated to have gone to NGOs, some of whom were very hard-hit by the decision. In some quarters, also, there has been muted concern over the enhanced role of the World Bank as Chair of the new CGI. According to this view, Indonesia is now more vulnerable to the US Congress's intrusion in its domestic affairs. (This concern was heightened by a Congressional vote in late June to abolish a \$2 million military training aid program for Indonesia in protest over human

rights issues.) Whatever the case, most observers expect there to be some form of reconciliation between the two countries in the next few years, motivated by a desire on the Dutch side to maintain its presence in Southeast Asia, and on the Indonesian side to tap all available aid resources in the face of an increasingly tight capital account.

East Asia and AFTA : Indonesia continues to enjoy intense trade relations with the East Asia region, which in the 'post-oil' era has absorbed about 65 per cent of the country's merchandise exports (Table 7). The Northeast Asian developing countries have been by far the fastest growing export market for Indonesia; their share has more than doubled in just five years, and now exceeds that of the US, EC and ASEAN (still mainly Singapore) by a large margin. Strong growth in these economies, the normalization of relations between China and Indonesia, an underlying complementarity in natural resource endowments, and burgeoning investment and technology links all explain this rapid expansion. The share of the slower growth US economy has declined sharply over this period. Perhaps surprisingly in view of discussion over the impact of European union, the EC share has continued to expand and has now overtaken that of the US. Japan remains as Indonesia's dominant export market, with oil and gas comprising at least two-thirds of the sales. The decline in Indonesian exports to Japan in 1991 has been the subject of some discussion in the Indonesian press, but it needs to be emphasised that it occurred wholly on the oil and gas account; non-oil exports expanded quite strongly (by 19 per cent), albeit more slowly than the total for all countries (of 25 per cent).

Indonesia's response to the fourth ASEAN Summit in January has surprised many observers. Prior to the Summit, Indonesia was known to have some reservations about regional trade liberalization, and in negotiations throughout 1991 officials had been proposing that capital goods and small-scale industry be added to agriculture and services among the excluded sectors. These exemptions would have dampened the impact of the Summit's agreement, and in any case the request relating to small-scale industry would have been unworkable administratively. In the event, Indonesia dropped its requests and signed the AFTA (ASEAN Free Trade Area) agreement, which envisages an ASEAN common market by January 2008.

It is known that Indonesia still has reservations in the above areas, and progress will depend on the detailed negotiations now getting

Table 7 : Regional Composition of Indonesia's Exports, 1986-91
 (\$million or per cent)

	1986	1987	1988	1989	1990	1991
Japan	6,644	7,393	8,018	9,321	10,923	10,767
per cent	45	43	42	48	43	37
N.E.Asia ^a	1,156	1,910	2,365	2,615	3,665	4,898
per cent	8	11	12	14	14	17
ASEAN	1,515	1,703	2,079	2,429	2,515	3,197
per cent	10	10	11	13	10	11
of which:						
Singapore	1,239	1,449	1,653	1,818	1,902	2,410
per cent	8	8	9	9	7	8
USA	2,902	3,349	3,074	3,497	3,365	3,509
per cent	20	20	16	18	13	12
EC	1,340	1,541	2,152	2,338	3,029	3,748
per cent	9	9	11	12	12	13
Other	1,248	1,240	1,531	1,959	2,178	3,023
per cent	8	7	8	10	8	10
Total	14,805	17,136	19,219	22,159	25,675	29,142

Source: BPS, Ekspor, various issues

^a (South) Korea, Taiwan, Hong Kong, China

under way. But the response to AFTA from various business and official quarters has been quite positive, and reflects Indonesia's growing confidence about its role in the regional and global economy. Especially in labour-intensive industries, business groups have been quick to point out that they have nothing to fear from open competition within ASEAN. The evident success of the Batam-Singapore-Johore commercial nexus (on which see Lee [ed] 1992), and the popularization of the concept of growth 'triangles' and 'poles', has strengthened domestic support for the ASEAN initiative. Nevertheless, many issues have to be resolved if the AFTA is to proceed effectively. An important motive is the political desire to demonstrate to the rest of the world that ASEAN is a strong and durable economic association which takes itself seriously. To be balanced against the trade creation gains of AFTA are the costs of trade diversification. In Indonesia's case, given that ASEAN currently absorbs just 11 per cent of its exports (Table 7), these costs cannot be

dismissed lightly, and a complex set of economic and political issues needs to be balanced as negotiations continue.

Eastern Indonesia : The lagging provinces of Eastern Indonesia (*Indonesia Bagian Timur, IBT*), generally defined as Sulawesi, the Nusa Tenggara provinces (including East Timor), Maluku and Irian Jaya, continue to be a major topic of public discussion and government concern. They have always been among the poorest of Indonesia's regions, but two developments since the mid 1980s have accentuated this concern. First, the government, through its spending and infrastructure programs, has been a major engine of growth in these economies. However, since the decline in oil prices in the mid 1980s, Jakarta's constrained fiscal circumstances have resulted in significant budget cuts in regions where alternative sources of growth are very limited. Secondly, the major and successful policy reforms since 1985 have stimulated economic growth primarily in Western Indonesia, particularly Java. Most of the new footloose, labour-intensive industries are located on the island, and the impact of financial reforms has had its most visible impact there. Unlike the Eastern region, these provinces are less dependent on public sector expenditure, and they have been able to grow quickly in spite of the sharp budgetary pruning.

Table 8 identifies some of the key socio-economic features of the Eastern provinces, in comparison with national figures and those of two large and diversified economies, East Java and North Sumatra (both of which, it needs to be emphasised, are outside the 'favoured' Greater Jakarta region). The regional economies are very small (column 1) : in sum they are less than half that of East Java, and excluding South Sulawesi they are a good deal smaller than North Sumatra. Their per capita incomes are also well below those of the national average and the two larger provinces (column 2), with the exception of Irian Jaya where enclave mining boosts the figure. Moreover, the gap appears to be widening, as evidenced by the generally slower growth in gross regional product (GRP) per capita (column 3). These economies remain predominantly agrarian in character, as indicated by the fact that the share of manufacturing in GRP is in a majority of cases less than one-fifth of the national average (column 4). In the principal exception, Maluku, manufacturing is virtually 'mono-industry' in structure, being dominated by plywood.

Investor interest in the provinces is also less than other regions (columns 5-6), although the disparities are not as evident apart from the three very poor Nusa Tenggara provinces. Here also, large mining

investments explain the high figures for Irian Jaya. The low level of commercialization in most provinces is illustrated by the proportion of credit outstanding to GRP (column 11), while physical infrastructure limitations are underlined by the limited size of the transport fleet (columns 12-13). These provinces are generally not strongly oriented towards the international economy (column 7) with the exception of Irian Jaya (mining) and Maluku (plywood), although poor port facilities and government export regulations limit direct exports in some instances. The latter two provinces generate very sizeable export surpluses (column 8), a source of much dissatisfaction in Irian Jaya. By contrast, the three Nusa Tenggara provinces, especially East Nusa Tenggara and East Timor, receive very large subsidies from the rest of the country. A large government economic role is a feature of most of these provinces, where in a number of instances it is more than double the national share (column 9). Large central government subsidies are necessitated in part by the fact that the local revenue base is weak in some cases (column 10).

Finally, these economic indicators are matched by equally poor social indicators, as demonstrated by above average poverty incidence and infant mortality (columns 14-15). A major exception to this generalization is the socially advanced and generally prosperous province of North Sulawesi.

The region has received national attention especially since the 1990 budget speech of the President, who stressed the importance of fostering balanced regional development (Soesastro, 1990). It was also in the limelight in November 1991, when the Indonesian Economics Association (ISEI) held its annual conference in Ujung Pandang — which aspires to be the 'capital' of the region — with its theme the development of the eastern provinces. Four Ministers spoke at the Seminar; the Minister for Research and Technology, Professor Habibie, attracted the most attention with his bold call for infrastructure investment to promote the region. Since the President's speech there are reported to have been some 80 major seminars devoted to this topic. Perhaps it was this fact which prompted one provincial governor from the region to state that it was now time for 'action not seminars'.

The policy challenge is how a fiscally constrained government can promote development in an isolated and dispersed region lacking basic physical, social and commercial infrastructure and (with a few exceptions) natural resources. There are clearly no simple solutions, but the broad approach will presumably need to encompass at least

Table 6 : Eastern Indonesia - Indicators of Socio-Economic Development

GRP 1990 Rp billion	GRP capita 1990 Rp '000	GRP capita, real growth 1983-90	Manufac- turing as % of GRP, 1990 ^a	Investment Approvals/capita		Exports/ capita, 1991 ^b	Net Exports as % of GRP, 1989 ^c	
				Domestic, 1988-91 Rp '000	Foreign, 1987-91 \$			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Indonesia	197,721	1,103	3.8	15.3	1,033	264	100	2.5
East Java	28,853	885	5.0	21.0	507	103	70	2.8
North Sumatra	10,833	964	5.8	17.7	430	345	168	10.3
North Sulawesi	1,507	593	3.3	5.7	654	127	24	-6.6
Central Sulawesi	983	581	2.1	5.8	709	19	8	9.2
South Sulawesi	4,241	610	5.0	6.9	249	190	64	3.9
Southeast Sulawesi	821	616	4.7	2.3	538	29	36	4.7
West Nusa Tenggara	1,290	383	4.2	2.9	274	18	n	-5.8
East Nusa Tenggara	737	361	3.4	2.3	160	8	2	-16.5
East Timor	289	384	4.7	1.7	32	0	n	-14.4
Maluku	1,463	809	5.7	13.9	953	60	193	33.3
Irian Jaya	2,047	1,247	0.8	2.6	2,223	624	352	52.5

^anon-oil manufacturing as a percentage of non-oil GRP.

^bnon-oil exports per capita.

^cnet exports of goods and services as a percentage of GRP.

Table 8 (continued) : Eastern Indonesia - Indicators of Socio-Economic Development

	Govt. as % of GRP, 1989 ^d	Local Receipts as % of GRP, 1980 ^e	Outstanding Bank Credit as % of GRP, 1990 ^f	Motor Vehicles/ 1,000 persons, 1989 ^g		% of Population in Poverty, 1990 ^h	Infant Mortality Rate, 1985 ⁱ
				Motor Vehicles (12)	Buses (13)		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Indonesia	9.4		43	33	2.5	15	67
East Java	10.2	0.9	38	36	3.1	18	69
North Sumatra	8.2	1.0	49	47	3.3	14	63
North Sulawesi	16.2	1.6	40	16	3.6	14	66
Central Sulawesi	14.1	0.9	25	24	1.0	n.a.	94
South Sulawesi	13.9	1.2	30	33	1.3	11	68
Southeast Sulawesi	20.5	0.7	11	15	0.5	n.a.	74
West Nusa Tenggara	15.3	1.1	22	14	0.4	23	115
East Nusa Tenggara	18.9	1.5	22	8	0.9	24	80
East Timor	23.9	0.9	12	22	1.4	n.a.	98
Mahuku	11.4	0.9	53	9	0.5	n.a.	85
Irian Jaya	7.0	0.6	12	19	1.5	n.a.	82

^d government current expenditure as a percentage of GRP.
^e local (provincial) government receipts (Pendapatan Asli Daerah Tingkat D) as a percentage of GRP.
^f outstanding rupiah loans from the formal banking sector as a percentage of GRP.
^g n.a. indicates data sample too small to present estimates for these provinces. The percentage of the population in poverty for nine provinces (Jambi, Bengkulu, East Timor, East Kalimantan, Central Kalimantan, Central Sulawesi, Maluku, and Irian Jaya) averaged 17%.
^h deaths before age 1 year per 1,000 live births.
ⁱ vehicles registered per 1,000 persons.

Sources: BPS, *Statistik Indonesia 1990*; BPS, *Kemiskinan dan Pemerataan Pendapatan di Indonesia 1976-90*; *Nota Keuangan 1992/93*; BPS, *Buletin Ringkas*; Bank Indonesia, *Laporan Mingguan*; and unpublished statistics kindly made available by staff from BPS and Badan Koordinasi Penanaman Modal.

the following features. First, as regional autonomy proceeds — an inevitable and desirable development — it will be important to devise national minimum standards in a number of areas, such as health, education and sanitation. Whereas the western provinces may be able to achieve these standards independently, special government initiatives and targeted programs will almost certainly be required for these poorer provinces.

Secondly, obvious as it may seem, it is important to remove or ameliorate any measures which discriminate against these provinces. While the deregulation measures since the mid 1980s have been effective, obvious problems remain, such as the controversial regulations relating to cloves (discussed above), rattan, coconuts, and other crops important in the eastern economies. Thirdly, there is great scope for building on latent comparative advantage in the region, by coordinating private commercial interest and the provision of public infrastructure. There are a number of sectors with good potential in these provinces, ranging from cocoa and other cash crops, to fishing, livestock and tourism, where such an approach will be necessary to overcome these major bottlenecks.

Finally, the diversity of the region needs to be recognized. As underlined in Table 8, there are distinctive features of virtually all the provinces : the poverty and poor agricultural resource base of East Nusa Tenggara, the special challenges in East Timor associated with its tragic history and neglect, the enclave nature of developments in Irian Jaya, the isolation of North Sulawesi, the alarmingly high infant mortality rates of West Nusa Tenggara, and the under-developed state of physical infrastructure in much of Sulawesi and Maluku.⁵ The challenge for Jakarta will be to fashion a development strategy which is both sensitive to this extraordinary diversity and yet still entails a strong central government presence.

⁵ For more detailed case studies of the regional economies, see the various chapters in Hill (ed) (1989). For an illuminating analysis of the economy of East Nusa Tenggara, see Barlow, Bellis and Andrews (eds) (1991).

An Ageing President, An Ageing Regime

Harold Crouch*

When President Soeharto completes his present term in March 1993 he will have served as President of Indonesia for a quarter of a century. If re-elected, he will be 76 years old when his sixth five-year term comes to an end in 1998. So far he has not made his intentions clear, claiming — rather disingenuously — that it is not his choice but that of the people's representatives in the People's Consultative Assembly (MPR).

Although there is little open opposition to Soeharto's seeking a further term, the feeling is growing in elite circles that a quarter century is enough and that Soeharto should retire gracefully. It is feared that the President has reached an age where he will become less able to perform his duties effectively and there is concern that he might fall seriously ill or even die without having made proper plans for the succession. As one *Golkar* member of the parliament (DPR) put it, 'It is not just a question of like or dislike. He is, after all, now over seventy'.¹

Disenchantment with Soeharto has also been fuelled by the burgeoning business empires of his children who seem to have first option on all big government contracts and many small-ones as well (Schwarz 1992). As one observer put it, 'Soeharto minus the family' still enjoys considerable popularity but there is widespread dismay

* This is an expanded and updated version of two articles which first appeared in the February 1992 issue of *The Independent Monthly* (Sydney). I am grateful to Max Suich, the editor of *The Independent Monthly*, for his permission to use material from those articles.

1 This and other unattributed quotations are taken from interviews conducted in Jakarta in November-December 1991.

at what a pro-government journalist called the 'unbridled greed' of the President's children. Concern about 'the family' is not limited to civilians but extends into the military itself. One retired general mentioned how this question was regularly brought up whenever he met young serving officers.

Nevertheless, it is now almost universally accepted in Jakarta that Soeharto will stand again and be re-elected. As a prominent Muslim activist asked during a round of similar speculation before Soeharto's re-election in 1988, 'Whoever heard of a Javanese Sultan retiring?' It is commonly believed that Soeharto has no choice but to stay in the presidency in order to protect his family's business interests. The extraordinary success of the President's children in business is not likely to continue when their father is no longer President and it is not improbable that investigations would be launched to find out how they acquired their enormous wealth.

Not all Indonesians, however, are disturbed by the expanding wealth of the President's children and, on a smaller scale, those of other senior members of the government. In a country where the small Chinese minority still owns many of the nation's largest corporations and resentment against Chinese is strong, some point out that the children of Soeharto and other senior officials are at least indigenous Indonesians. It is better, so they say, that some of the big projects go to the children of indigenous officials than to the Chinese. Soeharto, whose personal wealth is derived in part from his long association with a Chinese businessman, Liem Sioe Liong, has tried to divert anti-Chinese sentiment by proposing in early 1990 that Chinese businessmen invest some of their funds in indigenous co-operatives.

Soeharto has always been the undisputed presidential candidate of the armed forces (ABRI) in the past and it is hard to imagine that the military would stand in his way if he decides to remain in office after 1993. There are, nevertheless, senior officers, led by the Minister for Defence and Security, General Benny Murdani, who believe that Soeharto should step down. But the extent of support for this view in the armed forces as a whole is still far from clear. While many officers feel that it is time for *Bapak* to go, they do not want to take action that might split the armed forces and there is no discernible talk of a coup to force him out.

The Vice-Presidency

With Soeharto's re-election more or less taken for granted, the focus of attention has turned to the vice-presidency. In the past Soeharto was never willing to groom a successor. On the contrary, he always prevented the emergence of a 'Crown Prince' by balancing off rival generals against each other. Many supporters of the regime, however, are concerned that in the absence of broadly acceptable arrangements for the succession, political instability could reappear in the event of Soeharto either dying in office or becoming incapacitated.

Until 1988, Soeharto had always selected vice presidents who lacked credibility as potential successors. In 1988, however, he proposed a serious contender for the succession, Lt. Gen. Sudharmono, a military officer who had long been involved in government administration. But Sudharmono, who had never been a troop commander, was not well regarded within the military and had been involved in a hard-fought power struggle with General Murdani. In an amazing and unprecedented move, Murdani persuaded the ABRI representatives in the MPR to oppose the President's choice and later an extraordinary military-inspired propaganda campaign was launched to show that Sudharmono was really a communist. (Although Sudharmono was finally elected 'unanimously' as vice-president, the unprecedented indications of military dissatisfaction made it clear that the armed forces would not accept him as Soeharto's successor.

The experience of 1988 showed that Soeharto could no longer count on ABRI to accept automatically his nominee for the vice-presidency and that they would most probably put forward their own nomination in 1993. At present, however, there seems to be a lack of consensus on who should be their candidate. Murdani himself, as a Christian in a predominantly Muslim country, is not regarded as a credible successor although it is widely believed that he aspires to be the kingmaker.

By 1991 it had become clear that Murdani favoured the present Commander of ABRI, General Try Sutrisno, as Soeharto's successor and therefore as the military's candidate for the vice-presidency. Try, who served as the President's adjutant during the 1970s, had been a Soeharto favourite whose rapid rise to the command of ABRI was seen by many as due more to his personal closeness to the President than outstanding ability. Try, however, shared the general sense of dismay in the armed forces over the Sudharmono

appointment and fell increasingly under Murdani's influence. While Try is usually described as a very pleasant and amiable man, he is not regarded as especially capable. His tough line in defence of the military's role in the Dili shooting in November 1991 won him support in some military circles but his credibility suffered a blow when his explanation was in effect rejected by the National Investigation Commission set up to enquire into the incident.

The other leading military candidate for the vice-presidency is the Minister for Home Affairs, retired General Rudini. Rudini was replaced as army chief of staff in 1986, reportedly after differences with Murdani. He has acquired something of a reformist and even populist reputation in his present position with outspoken criticism of corruption, officials who are close to Chinese businessmen, tax evaders, and civil servants who are unresponsive to the needs of ordinary people. He has also said that civil servants are not obliged to vote for *Golkar*. While civilian critics of the government often note a gap between Rudini's rhetoric and practice, he has some civilian support. As one human rights activist said, 'We don't really like any of them, but Rudini is the least bad'.

In the wake of the Dili incident, rivalry between Try and Rudini came into the open. Following Try's hardline defence of the military, Rudini made a public call to abandon what he called 'the security approach which places stability over everything else' (*Kompas*, 10 December 1991), a call that was widely interpreted as an attempt to undermine Try. This was followed the next day by a response from Try who stated that the question of the security approach should not be made a subject of public discussion. 'Don't distort, don't comment, don't set people against each other', Try appealed (*Kompas*, 11 December 1991), implying that Rudini was doing just that.

But it is quite possible that Soeharto will reject the candidate nominated by the armed forces. While some observers believe that military opposition to his vice-presidential candidate in 1988 was a warning to Soeharto to heed the wishes of ABRI in the future, others think that the lesson he has drawn is that he got away with it then and can get away with it again in the future. According to Jakarta speculation, possible Soeharto nominees include the Minister for Tourism, Posts and Telecommunications, Lt. Gen. Soesilo Sudarman, the State Secretary, Maj. Gen. Moerdiono, and the civilian Minister for Research and Technology, Dr. B. J. Habibie. But none of these ministers has a sufficiently strong base in the

armed forces to be considered as a credible successor to the presidency. It is also not impossible that Sudharmono could be re-nominated.

The danger is, according to some, that Soeharto will disregard the armed forces and appoint what one observer called a 'Dan Quayle vice-president' who would not be a viable successor. If the ageing President were then to die or become incapacitated in midstream, the vice-president might be rejected by the military who themselves could well be divided over their own candidate. In the nightmare scenario, as seen from the Jakarta perspective, the result might be confusion and uncertainty in Jakarta accompanied by revived ethnic nationalism in the regions outside Java. The recent experience of the Soviet Union and Yugoslavia hovers in the minds of at least some members of the Jakarta elite. But what might be a nightmare in Jakarta would no doubt be seen as a beacon of hope in Irian Jaya and Aceh as well as some provinces inbetween.

Why should Soeharto risk the wrath of the military by appointing a 'Dan Quayle'? It is argued that Soeharto is aware of the hostility within sections of the armed forces to the favoured treatment received by his children in business and is worried about their fate once he is no longer there to protect them. If he accepts ABRI's nominee for the vice-presidency, the new vice-president will almost certainly be his successor who as president would quickly come under intense pressure to do something about the business empires of Soeharto's sons and his daughter. Soeharto, so the argument runs, has decided to stay on in the presidency in order to buy time for another member of the family, Maj. Gen. Wismoyo Arismunandar, to consolidate his position in the armed forces.

Wismoyo, who is aged fifty-one and married to Mrs Tien Soeharto's sister, was appointed as deputy chief of staff of the army in August 1992. He had already served as army commander in Central Java before leaping over the heads of more senior officers in August 1990 to the command of the army's strategic reserve force, *Kostrad*. His recent appointment as deputy chief of staff was facilitated by the dismissal of one of his main rivals and Murdani protege, Maj. Gen. Sintong Panjaitan, who was held formally responsible for the Dili shooting which took place within his area of command. Many Indonesians have noted that Soeharto himself moved from Central Java to *Kostrad* before taking over the command of the army and then the presidency. It is now widely expected that Wismoyo will eventually replace the army chief of staff, General

Edi Sudradjat, possibly after the MPR session in March 1993. After three years as army chief of staff, Wismoyo would then be in a position to move to the command of ABRI in the middle of Soeharto's next term and then to the presidency in 1998 (see *Tempo*, 1 August 1992). This progression would, of course, be upset if the military succeeded in having Try Sutrisno or Rudini rather than a 'Dan Quayle' appointed as vice-president in 1993. It also assumes that Soeharto will still be around to manage the succession (see Liddle 1992a).

The Soeharto-ABRI Relationship and the Dili Shooting

The struggle over the vice-presidency illustrates the gap that has developed during the last decade between Soeharto and the top leadership of the armed forces. When General Soeharto established his New Order in the mid-1960s there was no question that the military was in control. Soeharto, many of his ministers and senior bureaucrats, and the senior military commanders were all drawn from the 'revolutionary' generation of officers who had fought for independence against the Dutch. Although Soeharto was recognised as the leader, he had to deal with colleagues who often regarded themselves as his equal and were prepared to discuss issues with him. In making appointments and determining policies, Soeharto always had to make sure that he had the support of his fellow officers.

But since the early 1980s the leadership of the armed forces has been taken over by a new generation of academy-trained professionals who had no experience of the revolution against the Dutch and were only captains or lieutenants when General Soeharto took command of the army in 1965. Now aged in their early fifties, the present military leaders are inhibited by traditional Javanese respect for elders from engaging in frank discussion with the *Bapak*. Until the early 1980s Soeharto continued to listen to the views of his brother officers but now several observers have commented that the relationship between Soeharto and his generals is not even like that of a father with his sons but rather a grandfather with his grandchildren. The grandchildren have their own opinions but do not dare to contradict the grandfather to his face.

It is widely believed, for example, that the current military leaders have been unable to bring themselves to raise the topic of the business activities of Soeharto's children with the President, despite the disaffection this has caused in the officer corps as a

whole. The only senior officer who dares to speak frankly to the President, General Benny Murdani, has been ostracised for his pains and is now treated with deep suspicion by Soeharto.

The tension between Soeharto and the army was exacerbated by the massacre at Dili on 12 November 1991. In that incident soldiers fired on an unarmed crowd of mourners at a cemetery where a pro-Independence youth, killed in a clash with pro-Indonesian youths a fortnight earlier, had been buried. Although the military claimed that only 19 people were killed and another 91 wounded, a presidential National Investigation Commission reported seven weeks later that it had 'strong reason to believe that the number of victims who died was around 50 and the injured were more than 91 people'. It also noted that some witnesses believed that up to 100 had been killed and around 90 people were still missing.

The armed forces initially tried to explain the shooting as justifiable self-defence. In a report to the DPR on 27 November, General Try Sutrisno, blamed the 'Peace Disturbance Movement' — the military's code-name for the *Fretilin* resistance movement. According to General Try, troops fired on *Fretilin*-supporting demonstrators who were trying to grab weapons from the soldiers. He claimed that shots had been fired and a grenade (which fortunately did not explode) thrown at the troops by the demonstrators.

General Try dismissed the claim that his troops had fired on peaceful mourners. 'Peaceful demonstration. Bullshit', he said, breaking into English. Earlier, he said, the demonstrators, who were becoming increasing 'wild' and 'brutal', had stabbed the deputy commander of Battalion 700, Major Gerhan Lantara, and another soldier, as Gerhan tried to calm them in front of the district military headquarters, about two kilometres from the cemetery. Try also hinted that 'it is not impossible' that the five foreigners — 'fake journalists', as he called them — at the cemetery 'might have been involved in engineering the incident' (*Kompas*, 28 November 1991).

Try's account differed drastically from eye-witness accounts, both foreign and Timorese. The eye-witnesses claimed that the demonstrators had been peaceful and made no attempt to attack the troops who were armed with M-16 rifles. According to the eye-witnesses, the troops simply appeared and began firing on the 2000 or so people assembled in the cemetery (*The New Yorker*, 9 December 1991, *Jakarta, Jakarta*, 4-10 January 1992, Schwarz 1991).

The video recording made by one of the foreign witnesses, while not conclusive because it did not record the start of the shooting, seemed much more consistent with the eye-witnesses' version than with General Try's.

While the National Investigation Commission followed General Try in blaming the 'provocative ferocity of the masses' organised by *Fretilin*, it refrained from endorsing his explanation of how the shooting started. Although it noted the claim that the demonstrators had attempted to grab weapons from the soldiers, it also accepted the testimony of witnesses who said that the shooting had been carried out by 'highly emotional, uncontrolled troops in irregular formation and not in uniform'. The Commission also found that 'the measures taken by some members of the security forces exceeded proper limits and resulted in casualties — whether killed or wounded by shooting, stabbing or beating' (*Laporan* 1991).

The Commission's report gave credence to an alternative version of the shooting which put the main blame on troops of Battalion 700 who were not assigned to duty at the cemetery. According to this version, it is true that the mourners at the cemetery were peaceful, as attested by the eye-witnesses, but a separate group of about 1,500 angry youths had marched through the town, as described by General Try. It was during this march that Major Gerhan had been stabbed in front of the local military headquarters, about 30-50 minutes before the shooting at the cemetery. It seems that news of the stabbing quickly spread among the troops, some of whom had been guarding the marchers while others were apparently not on duty and were not in full uniform at the time of the shooting. These enraged soldiers were taken in trucks to the cemetery where the shooting began immediately after their arrival. In an interview published in early December in the weekly magazine, *Editor*, an unnamed local government official said he had heard soldiers shouting 'Just shoot. Don't let any get away', as they moved from the military headquarters towards the cemetery after the stabbing of Gerhan (*Editor*, 7 December 1991).

This eye-witness also described the circumstances in which Major Gerhan was stabbed. He said that Gerhan had pushed and punched his way into the crowd in order to pull a *Fretilin* flag from a female demonstrator. The eye-witness said, 'In my opinion, if that man had not started to punch and pull down their flag, I don't think he would have been stabbed'. The local government official's account of the stabbing was supported — also in an interview in

Editor — by an unnamed policeman whose account, in other respects, followed that of Try Sutrisno (*Editor*, 7 December 1991).

A curious aspect of General Try's statement to parliament was his failure to mention Battalion 700 — a battalion from South Sulawesi which was serving in East Timor. Instead, Try announced the withdrawal from East Timor of Battalion 303 — a Siliwangi battalion from West Java assigned to *Kostrad* — to which most of the soldiers on duty at the cemetery belonged. The overall commander for the military region covering East Timor, Maj. Gen. Sintong Panjaitan, also explicitly stated that 'The battalion involved in the incident was Battalion 303' although he praised the battalion and its commanding officer. 'Good work does not always produce good results', he added (*Editor*, 7 December 1991).

Why were Try and Sintong so concerned to identify Battalion 303 as the battalion responsible for the shooting when other evidence pointed to the involvement of Battalion 700 as well? The Commission's report, on the other hand, explicitly mentioned but did not identify 'highly emotional, uncontrolled troops in irregular formation and not in uniform'. Further, in the trial in June 1992 of members of Battalion 303, the lieutenant who commanded them claimed that he had heard shots from behind the demonstrators which he thought may have come from 'wild troops' (*pasukan liar*). In its report which was headed, 'The Mystery of the Shooting by "Wild Troop"', *Tempo* concluded by asking 'Who in fact fired the first shots?' (*Tempo*, 13 June 1992).

The obvious failure of both the army and the Commission to explain the role of members of Battalion 700 has led to a third version of the shooting. According to this version, the whole incident may have been planned by military intelligence officers as a way of eliminating *Fretilin* supporters who had become increasingly bold and assertive in the weeks before the cancellation of a planned visit of a Portuguese parliamentary delegation. Intelligence officers had been informed that *Fretilin* activists would try to turn the commemoration service into a demonstration against Jakarta and had already identified those they considered to be 'ring-leaders' who were to be shot at the cemetery. It is also suggested that these officers were opposed to the relatively soft 'hearts-and-minds' approach of the East Timor commander, Brig. Gen. Warouw. Some, apparently including President Soeharto's son-in-law, Lt. Col. Prabowo Djojhadikusumo, had been sponsoring pro-integration Timorese youths — in what was called the Eagle Unit

but sometimes dubbed the 'Ninjas' — who had been involved in clashes with *Fretilin*-sympathising youths in Dili.²

Whatever the full story behind the massacre, it greatly embarrassed the Indonesian government which suddenly found itself confronted with the possibility that donor countries would cut their aid. In the aftermath of the massacre, the Netherlands, which was also chairman of the international aid-co-ordinating consortium, IGGI, and two smaller donor countries, Canada and Denmark, announced the suspension of aid, 200 members of the Japanese diet called on the Japanese government to stop its aid, while other countries expressed their outrage.³

The sense of outrage and dismay, however, was not limited to the international community but was felt no less strongly, at least in some circles, in Indonesia. The opposition Petition of 50 group stated that 'the government and its security apparatus seem to use firearms too easily and give insufficient consideration to humane means' (*Kelompok Kerja Petisi 50*, 1991) while the Legal Aid Institute published the results of its own investigation which included eyewitness accounts which differed significantly from the military's explanation (*Yayasan Lembaga Bantuan Hukum Indonesia*, 1991). Some sections of the press also published reports which cast doubt on the official interpretation and there were indications that the sentiments of the regime's opponents were shared privately by some regime supporters.⁴

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- 2 In an interview with Reuters in January, the East Timor governor, Mario Carrascalao, blamed Timorese associated with *Apodeti* (a small party sponsored by Indonesian military intelligence officers before the invasion in 1975) for creating conditions that led to the clash in November. 'They created the situation and of course they were working together with some individuals in the army', he said. According to the report, he noted 'widespread speculation that a middle-ranking officer with powerful political connections was involved.' *Canberra Times*, 31 January 1992. The Eagle Unit is discussed in *Tempo*, 7 March 1992.
- 3 Later, in June 1992, the United States Congress cut a symbolic \$2.3 million from the training programme in its military aid budget. *Tempo*, 4 July 1992.
- 4 Such sentiments were expressed many times to the author in interviews conducted in Jakarta in November-December 1991. 'Don't imagine that I feel proud when my country's soldiers fire on unarmed citizens', said one regime insider. 'Why was a crowd of youths treated as if they

In a step unprecedented under the New Order, President Soeharto responded by setting up the National Investigation Commission, headed by a judge of the Supreme Court. Although three of the Commission's seven members, including its chairman, retired Maj.Gen. Djaelani, had military backgrounds, its preliminary report, as we have seen, was strongly critical of the troops involved in the shooting. In response to the report, the President immediately ordered the replacement of Maj. Gen. Sintong Panjaitan, the Udayana regional commander within whose region East Timor is situated, and Brig. Gen. Warouw, the East Timor commander while General Try Sutrisno himself was ordered to ascertain the fate of those described in the report as 'missing'. Soeharto also established a Military Honour Council, headed by Maj. Gen. Feisal Tanjung, which, in addition to action against the two generals, recommended the dismissal of three middle-ranking officers in East Timor from the armed forces and a fourth from his military post. Later ten soldiers, including four junior officers, were tried and found guilty of such offences as failing to control troops, firing without orders and, in one case, torturing a prisoner. They received sentences ranging from eight to eighteen months.⁵

The disciplinary action taken by Soeharto against military officers increased the tension between the President and the military. Many officers seemed to believe that the troops in Dili were only doing their duty in difficult circumstances.⁶ They believed

were an invading army?', asked a retired general. 'Why are so many of our young officers trigger-happy?', he asked again. Regime supporters asked why the army was not equipped with tear gas, rubber bullets and other riot-control equipment. 'Surely the military intelligence knew that there was a possibility of trouble following the cancellation of the Portuguese delegation's visit but why weren't they prepared?' they asked.

- 5 In contrast to these sentences, five participants in the Dili demonstration on 12 November received sentences ranging from 5 1/2 years to life. Five East Timorese protestors in Jakarta received sentences ranging from six months to ten years.
- 6 For example, Major General Mantiri, who replaced Major-General Sintong Panjaitan as the Udayana regional commander, said in an interview with *Editor*, after the dismissals of officers and the courts martial of other soldiers, 'We don't regret anything. What happened

that the real cause of the problem had been the government's policy of opening East Timor in 1989 when it lifted the ban on travel to Dili. Not only had foreigners been permitted to establish contacts with anti-integration groups but the visits of prominent foreign dignitaries such as the Pope in 1989 and the American Ambassador in 1990 had been allowed to become occasions for demonstrations. From the perspective of many officers, Sintong, Warouw and the other dismissed officers had been made scapegoats for the failure of the government's own policies.

The gap between Soeharto and his generals now means that one can hardly speak of Indonesia as being ruled by a military regime. The government is no longer dominated by the military as an institution although the armed forces of course continue to wield substantial influence and remain the regime's principal backer. But the government and the military are now distinct entities in a way that they were not a decade ago. While retired military officers are still prominent in the government, they serve less as representatives of ABRI than as appointees of Soeharto.

Soeharto has not of course abandoned the military as his political base and has ensured that key commands are entrusted to officers with whom he has close ties. Thus, his former adjutant, Maj. Gen. Kentot Harseno, was appointed to the politically crucial Jakarta command⁷ and his relative, Maj. Gen. Wismoyo, has occupied key positions. Another former adjutant was appointed as head of the national police. But, given the apparent unreliability of part of the military, Soeharto has embarked on a strategy to shore up support in the population at large, in particular by strengthening his appeal among Muslims.

was quite proper.... As military, this is so. They were opposing us, demonstrating, even yelling things against the government. To me that is identical with rebellion, so that is why we took firm action'. AAP report in *Canberra Times*, 7 July 1992, citing *Editor* 4 July 1992. I am indebted to Ulf Sundhussen for this reference.

- 7 The President's proteges no doubt feel a sense of *hutang budi* (debt of gratitude) to him. For example, he rewarded Harseno for his loyal service as an adjutant by presenting him with a house in Bogor (*Tempo*, 15 August 1992.)

Wooing the Muslim Community

Since 1988 when the military members of the MPR showed their dissatisfaction with Soeharto's choice for the vice-presidency, the President has been trying to cultivate a new base of support in the Islamic community. Although followers of Islam make up about 85 per cent of the Indonesian people, most adopt a fairly relaxed and tolerant attitude to religious questions. Some, constituting a substantial minority, are however affiliated with Muslim political organizations which want the implementation of Islamic political programs. During the 1970s the military regarded Muslim 'fanaticism' as a major threat and, following a riot at Jakarta's port, Tanjung Priok, and a series of bomb and arson attacks in 1984-85, hundreds of Muslim activists were arrested, some being sentenced to long terms in jail. Since the clampdown of the mid-1980s, however, the government has attempted to reconcile itself with the 'moderate' element in the Islamic community.

A series of 'pro-Muslim' moves has been made in recent years. In 1989 the government adopted a new National Education Act which made it compulsory for all schools — including those run by Christians — to hold classes in Islam for Muslim students. It also adopted the Religious Courts Act which increased the status and authority of Muslim courts. The government then removed a ban on Muslim girls wearing head coverings (considered obligatory by some but not all Muslim scholars) at school. In August 1991 a Soeharto family foundation provided part of the capital needed to establish Indonesia's first Islamic bank and later in the year the government held a month-long Islamic festival at the huge Istiqlal Mosque. And in December Soeharto for the first time attended the heads-of-government meeting of the Organisation of the Islamic Conference.

Soeharto also encouraged the formation of a new Islamic organization — the League of Indonesian Muslim Intellectuals (ICMI) — under the leadership of his protege, the Minister of Research and Technology, Dr Habibie. Muslim graduates in the civil service and universities have been under pressure to participate in ICMI but it has also attracted the support of some who had been suspicious, and indeed strongly critical, of the government in the past. Some seem to have joined ICMI less because of their support for Soeharto than their fear of the Christian Murdani whom they perceive as Soeharto's most powerful rival. That ICMI is not simply an organization for Muslim intellectuals but has a political purpose is suggested by Habibie's goal to recruit 15

million members and his definition of an intellectual as 'anyone who is moved to improve the environment and people of Indonesia' (*Tempo*, 14 December 1991). Critics of the well-funded ICMI refer to the acronym as standing for *Ikatan Calon Menteri Islam* (League of Potential Islamic Ministers) rather than *Ikatan Cendekiawan Muslim Indonesia*.

Capping it all, Soeharto, his wife, members of his family and several senior officials made the pilgrimage to Mecca in June 1991. Although a Muslim, Soeharto himself had always been identified with ancient Javanese religious tradition which has often been at odds with strict Islam while rumours had spread in the Muslim community that his wife was a secret Catholic. By going on the *hajj* pilgrimage, Soeharto seemed to be symbolically demonstrating that he too was a genuine member of the Muslim community.

As one senior Muslim leader said, 'There is no need to doubt Soeharto's sincerity in making the pilgrimage but at the same time he was aware of its political benefits'. On his return from the Holy Land, the President was welcomed with a flurry of declarations of support from Muslim leaders. 'Praise be to God' declared the chairman of the semi-official Islamic Council of South Sumatra, 'now the doubts held by Indonesian Muslims about the Islamic convictions of President Soeharto's family have been wiped out' (*Tempo*, 6 July 1991). Other Muslim clerics called on Soeharto to continue as President and the Muslim-based United Development Party proclaimed that it would be nominating Soeharto for re-election in 1993.

Some observers, however, doubt that the Muslims have really transferred their loyalties to Soeharto. According to the non-ICMI Muslim intellectual, Jalaluddin Rakhmat, the religious leaders realise that their votes won't affect the result of the election but support for Soeharto and the *Golkar* party can mean more funds for mosques and religious schools. As one religious leader quoted by Jalaluddin put it, 'Whenever assistance from Allah comes, a milling crowd of religious teachers turns to *Golkar*' (*Tempo*, 21 September 1991). Certainly the government has built many mosques during the last few years.

Soeharto's strategy to win Muslim support has been questioned by some. Perhaps the purpose was to win Muslim votes for *Golkar* in the event that the military's proclaimed policy of neutrality in elections tended to undermine *Golkar's* support. On the other hand, it has been suggested that Soeharto is miscalculating if he expects

Muslim support in the event of a showdown with the military leadership. According to this view, the Muslims support him as long as he provides them with funds for their mosques and schools but they will not stick with him in a serious contest with the military. One non-Muslim regime insider described Soeharto's embrace of the Muslims as 'almost a desperate move'.

A more speculative explanation of Soeharto's alliance with Islam sees the main threat to the regime as coming from mass opposition mobilised by Muslims in Jakarta and other cities. In the past it has often been dissident Muslims who have taken the lead in anti-government protests and periodic outbursts of violence against the Chinese business community which is seen as aligned with the generals. While Muslim demonstrations and rioting could not lead to a Muslim takeover of the government, they could create circumstances that would allow the military to intervene in order to 'restore stability and order'. By approaching the Muslim community, it is suggested, Soeharto hopes to forestall outbreaks of Muslim opposition that could be used by the military as an excuse to move against him.

One of the risks of the move towards Islam for Soeharto is that it may have alienated some of the military leaders who have always seen what they call 'fanatical' Islam — as opposed to the 'moderates' of whom they approve — as a major source of trouble. In late 1991, for example, Muslim students took to the streets in major cities throughout Java and in some of the outer islands to protest against a long-established government lottery to raise funds for social welfare purposes. But, according to some sources, the Muslim students' demonstrations were in fact encouraged by some of the regional military commanders in order to put a spoke in the wheels of Soeharto's Islamic policy. 'This is what happens when you give too much leeway to the Muslims', seems to be the message they may have been conveying to the President.

The *Keterbukaan* Trend

Rivalries between military leaders at the top, especially after the rift between Soeharto and the military leadership over the Sudharmono appointment in 1988, created circumstances favourable to a general loosening of the political system (see Lane 1991 and Arief Budiman in this volume). Reflecting the new mood in 1989, a number of prominent figures, including retired General Sumitro, the former chief of the security organisation, *Kopkamtib*, called for

more *keterbukaan* (openness), echoing the Russian *glasnost*. Appearing before a committee of the DPR, Sumitro proposed — in contrast to established practice — that more than one candidate should stand in presidential elections, that candidates should publicly present their programs before the election and that the President be elected by voting rather than the present method of consensus.

Others have also called for democratic reforms. The Petition of 50 group, established in 1980 and headed by a former Governor of Jakarta, retired Lt. Gen. Ali Sadikin, called for the withdrawal of all 'extra-constitutional' emergency powers which allow the government to detain critics, ban publications and restrict public discussion. The group also proposed that the reservation of non-elected seats for the military in the legislatures be abolished and that President Soeharto should not stand again in 1993. In March 1991 a new Democracy Forum was formed on the initiative of the Muslim leader, Abdurachman Wahid, to promote a 'democratic culture'. In addition, bodies like the Legal Aid Institute and various human rights institutes have regularly protested against violations of human rights and other abuses.

But these bodies have been prevented from developing mass bases of support. In his column in the *Golkar*-oriented newspaper, *Suara Karya*, Soedjati Djwandono quoted Frederick the Great as having said, 'I have an agreement with my people. They can say whatever they like and I can do whatever I like' (*Suara Karya*, 11 October 1991). There are definite limits on freedom of expression in Indonesia, of course, but dissident groups at present enjoy considerable leeway in expressing their views provided they are not involved in mobilising mass opposition.

Over the last few years, under the leadership of retired Lt. Gen. Kharis Suhud, the DPR has played a more active role, often calling ministers before its committees to explain their policies. Members representing *Golkar* and the military were especially prominent in raising issues critical of the government. But it seems that in July 1991 the parliament went too far for Soeharto when it held a hearing with members of the Petition of 50 group. For years the press had not been permitted to report the group's activities so it was seen as a major breakthrough when its members appeared at the DPR and their names once again appeared in the press.

But the new liberalism suffered an early setback. Not only did the Petition of 50 disappear from the pages of the newspapers⁸ but Soeharto ensured that several of the more independent-minded members of the DPR would not retain their parliamentary seats. Those from the ABRI fraction would not be reappointed while the so-called 'vocal' *Golkar* members were either removed from, or placed in unwinnable positions on, *Golkar's* list of candidates. Among the names effectively removed were those of the speaker, Lt. Gen. Kharis Suhud, Maj. Gen. Saiful Sulun who had been one of the deputy speakers, Col. Roekmini Koesoemo of the police, Marzuki Darusman, an outspoken young *Golkar* representative from West Java (see his chapter in this volume), and Anang Adenansi, a former newspaper editor from Kalimantan. It looked as if the government hoped that the DPR would return to its old role described by cynics as the Four Ds — *datang* (come), *duduk* (sit), *dengar* (listen) and *duit* (money).

The General Election

Indonesia's fifth general election under the New Order was held on 9 June 1992 for 400 of the 500 seats in the DPR — the other 100 seats being filled by members appointed by the President to represent the military. Elections for regional and local assemblies were held on the same day. The President and Vice-President, however, will be elected by the 1000 members of the MPR when it is called into session at the end of Soeharto's current term in March 1993. The MPR consists of the 500 members of the DPR plus 100 members appointed by the President, 149 elected by provincial assemblies and the remaining 251 distributed between the armed forces and the political parties in proportion to their representation in the DPR.

Only three parties are permitted by law to contest elections in Indonesia. The government-backed and military-affiliated *Golkar* faced the Muslim-based United Development Party (PPP) and the nationalist Indonesian Democracy Party (PDI). Neither the PPP nor the PDI, however, could be described in an unqualified way as opposition parties. In fact the PPP had already stolen a march on

8 They have since re-appeared. See, for example, the laudatory article about the former police chief, Hoegeng Imam Santoso, in *Tempo*, 15 August 1992 and the review of a book about Ali Sadikin in *Tempo*, 29 August 1992.

the other parties by announcing that it would be nominating Soeharto for the presidency once again. During its campaign, the PDI, on the other hand, raised critical issues involving monopolies and nepotism, human rights and social justice while it proposed that the next President should be limited to two terms in office and that there should be more than one presidential candidate.

In the past the military had directly interfered in the electoral process to ensure overwhelming victories for *Golkar* but in 1987 — at a time when the then Armed Forces Commander, General Benny Murdani, was locked in conflict with the then General Chairman of *Golkar*, Lt. Gen. Sudharmono — the military had adopted a neutral stance. In 1992, it seems that the military reaffirmed its electoral neutrality and once again refrained from direct support for *Golkar*. However, the military security apparatus played an important role in ensuring that unsuitable candidates were not nominated. All candidates had to undergo a special investigation (*litsus* — *penelitian khusus*) conducted by the military-controlled *Bakorstanas*.⁹ Reportedly, those who failed the *litsus* were mostly PDI candidates at the regional and local levels (*Tempo*, 14 September 1991). Under the election rules, campaign processions in motor vehicles were banned (although the ban was not always observed) and parties were not permitted to display posters of political leaders — a measure directed against the PDI which had used pictures of former President Sukarno in earlier campaigns.

The election itself was uneventful although *Golkar's* share of the votes declined from 73 per cent in 1987 to 68 per cent in 1992, perhaps indicating that more voters than in 1987 believed the military's promise that it would stay neutral. Another interpretation saw the voting as an indication of the resurgence of the *aliran* loyalties of the past with the PPP exploiting its identification with Islam while the PDI tried to present itself as Sukarno's heir (see Abdurrahman Wahid's chapter in this volume). The PPP's share rose slightly from 16 per cent to 17 per cent while the PDI vote increased from 11 per cent to 15 per cent, the rise being achieved largely in East and Central Java (*Jakarta Post*, 30 June 1992). *Golkar* won a majority in all provinces, including Jakarta

⁹ *Bakorstanas* (Co-ordinating Agency for Preserving National Stability) was formed in 1988 to replace the old security organisation, *Kopkamtib*.

where a massive rally held by the PDI had led many observers to expect that *Golkar* would lose ground.

The relationship between *Golkar* and the military has become more ambiguous in recent years. Soeharto himself heads its Supreme Council while its Central Executive Board has always been headed by a general. Of its 299 members in the DPR elected in 1987, 106 were described as members of the 'ABRI family' — 67 being retired military officers while another 39 were wives, children or close relatives of military officers (*Tempo*, 25 May 1991). But, under the leadership in the 1980s of Lt Gen Sudharmono before his elevation to the vice-presidency, *Golkar* had attempted to develop its own identity separate from the military. More civilians were appointed to important positions, including that of secretary-general, and a network of local organizations was established. However, it seems that that these moves were resented by part of the military and became enmeshed with the rivalry between Sudharmono and the then Commander of ABRI, General Murdani. When the relatively 'civilianised' Sudharmono was elected as vice-president, he was forced to relinquish his *Golkar* post to another retired officer, Lt. Gen. Wahono, while military officers — both retired and active — were elected as chairmen of about two-thirds of *Golkar*'s district branches.

The continuing influence of the military was seen in the selection of *Golkar* candidates for the election. The final list was prepared not by the party alone but by the leaders of what are called the 'Three Lines' — General Try Sutrisno as Commander of ABRI, General Rudini as Minister for Home Affairs representing the bureaucracy, and Lt. Gen. Wahono, the General Chairman of *Golkar* itself. Their proposals, however, were not all accepted by Soeharto, who insisted on several changes including the dropping of the so-called 'vocal' members. But military control of *Golkar* is by no means complete as was shown after the election by the rivalries that emerged between ABRI and *Golkar* candidates for the the chairmanship of several regional assemblies and for provincial governorships (*Tempo*, 5 & 26 September 1992, *Editor*, 19 September 1992).

'Politics-in-waiting'

In his political survey in this series two years ago, Robert Cribb described the atmosphere of Jakarta politics as 'increasingly politics-in-waiting in which most players are attempting a double

game; seeking to ensure their positions in the present order but at the same time attempting to position themselves for a possibly new and different order in the future' (Cribb 1990, p.24). Cribb's description still applied in 1992. If there is any change it is because this double game is getting increasingly harder to play as the unpredictable but inevitable date of the succession draws closer. For many of the players in this elite game, it would be a lot easier if the President were to manage an orderly succession himself during his lifetime rather than leave it 'up for grabs' after he goes, but it seems that this strategy does not appeal to him.

East Timor: The Opening up, the Crackdown and the Possibility of a Durable Settlement

Herb Feith

The shooting of mourner-demonstrators at Dili's Santa Cruz cemetery on the morning of 12 November 1991 was a central event in the history of East Timor. It is too early to say that it catalysed changes which will lead to a durable settlement of the East Timor conflict. But the new visibility of East Timor has manifestly raised the cost to Indonesia of maintaining the status quo there. It has also highlighted how difficult it is to stabilize that status quo by minor reforms.

The Decision to Open up East Timor

What happened in East Timor in 1991 needs to be understood in relation to memories as much as to current happenings. Perhaps as many as one-third of East Timor's population of 1975 lost their lives in the warfare and famine of the early years of Indonesian occupation, so the life of almost every family is shadowed by memories of frightening violence. The relevant comparisons are not with West Timor but with traumatized communities in Aboriginal Australia and among Jews and Gypsies in Europe. Perhaps also with the *abangans* of the South Blitar area of Java, where a Communist remnant survived for three years after 1965.¹

But this article takes 1988 as its point of departure, arguing that there is an important sense in which the Dili massacre had its origins in a controversial decision taken in that year to open up East

1 On the invasion and the early years of occupation see Jolliffe (1978), Dunn (1983), Budiardjo and Liem (1984), Ramos-Horta (1987), Taylor (1991), and the key novel by Mo (1991).

Timor at the beginning of 1989. One argument for that measure was that of economists like Hadi Soesastro of the Centre for Strategic and International Studies, who believed that

the maintenance of East Timor as a special and 'closed' province results...in a variety of abuses by the authorities and excessive rents enjoyed by particular companies (Soesastro, 1989:212).

A probably more important argument for the decision was that Indonesia needed to show itself responsive to overseas opinion on East Timor if it was to play larger roles in world affairs. It had a particular reason to improve its international image at that time: the aspiration to become chair of the Non-Aligned Movement. The Soeharto government sought that position vigorously in 1988 and 1989 and eventually obtained it in 1991 and 1992.

East Timor's then governor, Mario Carrascalao, initially opposed the opening up proposal. He did so, according to Hadi Soesastro,

not on security grounds but primarily as a means of protecting the indigenous people (*putra daerah*) from more entrepreneurial outsiders (*pendatang*) in commercial opportunities created by economic development.

On one report Carrascalao was also worried about the possibility that opening up would mean access for Muslim and Protestant missionaries into the predominantly Catholic territory. But the governor changed his position at some point in 1988, apparently in the belief that opening up would enable him to strengthen his position vis-a-vis the army. Defence Minister Benny Moerdani had said ominously in June 1988 that if the proposal to open up the territory went ahead the armed forces would not be responsible for its consequences.²

What Opening up Entailed

The opening up of East Timor made it easier for journalists, both Indonesian and foreign, to visit the province. It made it possible for

2 Other factors relevant to the decision to open up East Timor are discussed in Feith 1992(b). I would be happy to send copies to people interested.

a few Indonesian universities and non-government organizations to extend their activities into it. It also made it easier for East Timorese living outside the territory — in Bali, Java, Australia, and so on — to visit their home area for short periods.

Furthermore it led to a major influx of Indonesians from other provinces looking for work which required no schooling. As Governor Carrascalao had feared, large numbers of people from Java, Sulawesi and other parts of Indonesia came in search of work as petty traders and laborers. Their arrival made Dili into a very different looking town. It replicated a pattern of market-driven migration which had changed the demographic character of Irian Jaya in the decades after 1963. In East Timor, as in Irian Jaya, there were government transmigration schemes; but the numbers involved in those programs were smaller than the number of unsubsidized 'spontaneous' migrants. By late 1991 the total number of *pendatang* or non-indigenous people in East Timor, over and above civil servants and armed forces members, was an estimated 70,000.³

Another major dimension of the opening up of East Timor was a series of changes in military policy. In early December 1989 the widely feared Brigadier-General Mulyadi was replaced in the East Timor command by Brigadier-General R.S.Warouw, a Menadonese Protestant who had previously served in Irian Jaya.

Coming in as a 'new broom' commander, Warouw quickly introduced important changes. The number of checkpoints on roads in the province was sharply reduced. Sizeable numbers of political prisoners were released. Torture became less frequent and less severe. And punishment was dealt out on a much larger scale than before to soldiers tried for violations of military discipline, with 300 servicemen 'disciplined' during his two years in the post (Current Data, 1992, p. 98). Governor Carrascalao later described Warouw as the best of the commanders he had dealt with in his ten years in office.

The New Urban Strength of the Independence Movement

Even before the appointment of Warouw there were indications that opening up was a dubious method of consolidating the integration of

3 The 1991 population of the province was given by the Djaelani commission of inquiry as 755,950 and 100,000 of these were estimated to be non-indigenous.

East Timor. The first major sign came when Pope John Paul had a six-hour visit to East Timor in October 1989.

The Pope's decision to visit East Timor was controversial, both in the Timorese church and in international Catholic circles, because many saw it as likely to set a seal on the territory's incorporation into Indonesia. But the plan went awry. When the Pope conducted an open air mass in Dili a small group of young Timorese demonstrated against the integration, unfurling banners and throwing chairs. Their dramatic gesture and the sympathy with which it was greeted by the crowd were television news in many parts of the world. So the visit was eventually seen to have done more to undermine Indonesian authority in the province than to entrench it.

In the following year there were two other major occasions when the young partisans of East Timorese independence defied dire threats to get their message through to the overseas media at the time of a foreign dignitary's presence. In January 1990 the US Ambassador in Jakarta arrived in Dili to be greeted by an anti-integrationist demonstration in front of his hotel, and in September an open air mass conducted by the Papal Nuncio in Jakarta was interrupted by a similar demonstration.

The number of people participating in these youthful demonstrations was small. But foreign journalists like those from the BBC, the *New York Times* and Australian Associated Press had the impression that they had wide support from urban young people as a whole. It seemed to these journalists that young Timorese who had had no Portuguese schooling were as hostile to Indonesian authority as their elders, and that the Indonesian educational program had failed in its integrationist purpose. These journalists concluded that large parts of the Timorese Catholic clergy sympathized with the anti-integrationists. Some of them inferred that there was easy cooperation between the young activists in Dili, the more politically minded of the priests and the long-time guerrillas in the mountains (Hyland 1991).

Further evidence of a coherent and disciplined independence movement emerged on 25 October 1989, when the *Melbourne Age* carried a long interview with the long-time Fretilin guerrilla leader Xanana Gusmao. Robert Domm, a Sydney lawyer-journalist with previous Timor experience, had succeeded in visiting Xanana in his mountain headquarters. The meeting between these two was a double blow to Indonesian authority. Not only was it clear that Indonesian military intelligence had been outwitted by a

sophisticated underground network, but the 43-year-old Xanana emerged as a leader of great stature.

Xanana had unified and re-energized what was a scattered and demoralized guerrilla movement in 1980-81 and had been the key figure in talks with Indonesian government representatives in March 1983. But few in the outside world knew much about him until the Domm visit. The interview text and what Domm said about the man created a picture of a disciplinarian with strong authority within his own movement, and an intellectual with a broad understanding of world affairs and a flexible approach to the tasks his movement faced.

The Prospect of a Portuguese Parliamentary Mission

A key aspect of the immediate background to what happened in Dili on 12 November 1991 is that a Portuguese parliamentary mission had been expected to visit East Timor in that month. The plans for that visit had their origins in a UN General Assembly resolution of 1982, in which the Secretary-General was instructed to facilitate talks between Indonesia and Portugal to 'achieve a comprehensive settlement of the East Timor issue'. Indonesian-Portuguese negotiations had gone on for many years in consequence of that resolution and one of their fruits was a plan for a Portuguese parliamentary group to make an ascertainment visit to the disputed territory, with an accompanying group of journalists.

That prospective visit had been postponed several times — because of repeated hitches in talks on its terms — so some people in and outside East Timor had come to doubt whether it would ever take place. But in July-August 1991 large numbers of politically active Timorese came to believe that the mission would indeed arrive. They inferred that from a big new build-up of Indonesian troops and an increasing number of threatening statements by military and civilian officials at many levels of administration. Accordingly, they too began to make preparations for the visit, to be able to make their point to the Portuguese visitors in defiance of the threats.

But on October 28 a Portuguese official announced that the parliamentary group would not be going to East Timor. Portugal was not prepared, he said, to accept an Indonesian veto on a particular Australian journalist who had been chosen as part of the press contingent to accompany the mission, the Lisbon-domiciled and Portuguese-speaking Australian Timor specialist Jill Jolliffe.

For independence supporters in East Timor that cancellation was a stunning blow. They felt they now had to do something to draw the world's attention to their cause. There was desperation as well as a sense of vestigial opportunity.

What happened on 12 November

That cast of mind helps to explain the defiance of the 2500 or so people, aged mainly between 14 and 25 years, who marched from an early morning mass at Dili's Motael church to the Santa Cruz cemetery on the edge of the town on November 12. Some of them carried banners which said 'We love independence'. Some carried Fretilin flags and flags of Falintil, the guerrilla army. At least one mourner-demonstrator carried a picture of Xanana Gusmao.

Those were declarations of unprecedented boldness. The defiance reflected knowledge that there was a sizeable group of sympathetic foreigners in town. One of these was Peter Kooijmans, a Dutch professor of law working as a torture specialist for the UN Commission on Human Rights.

Soon after the mourner-demonstrators reached the cemetery, truckloads of soldiers arrived there and started machine-gunning them and bayoneting targeted individuals. There is continuing disagreement on where the decision to shoot and bayonet these people was taken. But it is clear that it was a deliberate decision, rather than merely an angry response to the demonstrators' defiance.⁴

Some of the officers involved in the massacre were key figures in the hardline group in the military command. This is the group which had opposed the policy of opening up East Timor. They had been active in the previous year in organizing Timorese civilians into goon squads or vigilante groups — usually called *ninjas* or *bufos*

4 The best short account of what happened on 12 November and the following days is Schwarz 1991. English language translations of key sections of the interim report of the Djaelani commission are in the 'reg. indonesia conference of the world-wide APC computer network' (which includes Pegasus, Greenet, Peacenet and IGC) of 27 December 1991. See also Asia Watch 1991 and various items in *Tapol Bulletin* (London), No 108, December 1991 and *Inside Indonesia*, No 29, December 1991. The internal army politics of the day are discussed in Crouch 1992. Interpretations based on trial data are presented in International Commission of Jurists (Australian Section), 1992.

— which harrassed and occasionally killed members of the independence movement. The faction was unified by opposition to Commander Warouw and Governor Carrascalao. Its freedom of movement owed much to support from President Soeharto's son-in-law, Lieut. Col. Prabowo, who had served in East Timor for two terms and was reportedly seen in palace circles as a Timor specialist.

Most of the eight or nine foreign journalists who were in Dili on 12 November were at or near the Santa Cruz cemetery when the shooting took place. The group included the Americans Allan Nairn and Amy Goodman, who gave vivid radio accounts of the massacre within a day of its occurrence; Max Stahl from Yorkshire Television whose film of it was seen throughout the world in the following weeks; and Kamal Bamadhaj, the Malaysian-New Zealand student who was the one foreigner killed. His foreignness was evidently not apparent to his attackers.

The International Outcry

So there were powerful reactions from the outside world. They came in waves over the days and weeks after the crackdown, first in response to the eye witness accounts and photographs, then in reply to harsh statements by Indonesian officials, especially Armed Forces Commander Try Sutrisno, and thirdly after the screening of Stahl's film.

The outcry was especially vociferous in Australia, New Zealand, Portugal and Holland. But there were also strong statements from a foreign ministers' meeting of the European Community and from members of the Japanese Diet and the US Congress. The governments of Denmark, the Netherlands and Canada announced that they would be suspending new aid commitments to Indonesia. And the massacre was featured in the media of several of the Latin American and African countries which President Soeharto visited in late November and early December.

In Indonesia itself the media response was more to the outcry than to the crackdown itself. But it was a response which evoked a lot of new interest in East Timor. Indonesian readers of newspapers and magazines were told more about East Timor than ever before, and had new incentives to follow overseas radio and television reporting on the territory. 'If you don't allow us to report all this reasonably honestly', various journalists said to the censors, 'the overseas media will be the only ones with any credibility on the issue'. And some of the censors seem to have accepted the force of the

argument.

Indonesian Government Responses: The Damage Control Phase

Thrown off balance by the power of the international condemnations, the Indonesian government took time to work out how to respond. But by late December a coherent policy was emerging. The interim report of a Commission of Inquiry headed by Supreme Court Judge Djaelani was remarkably frank on much of what had been happening in East Timor, especially the anti-integration demonstrations of 1989-91. It concluded that 'about 50' people had been killed on 12 November, with over 91 wounded and 'about 90' missing.

Soon after the report's release President Soeharto announced steps which mollified many of the foreign critics. He sacked the two principal commanders in charge of Timor policy, Brigadier-General Warouw and his Bali-based superior, Major-General Sintong Pandjaitan. He expressed condolences to the families of those who had died on 12 November. He humiliated Armed Forces Commander Try Sutrisno by instructing him to find the 90 or so missing people. And he established a Military Honor Council to devise ways of punishing armed forces members who had been involved in the massacre.

Representatives of the US, Japanese, Australian and other previously critical governments described these as credible responses, and the three countries which had suspended aid disbursements resumed them.

Several weeks later the Military Honor Council made important personnel changes in the Dili command. Lieut.Col. Prabowo's relative and ally, Lieut.Col. J. E. Sepang, and four other middle-ranking officers who had been at odds with General Warouw were removed. In factional (palace versus army headquarters) terms, it was a tit for tat for the purging of Warouw and Pandjaitan.

Timor Policy in 1992 : The Hardline Dimension

Jakarta's East Timor policy in 1992 has been an uncertain and occasionally contradictory combination of repression and sealing off on the one hand, and sensitivity to international opinion on the other.

The influence of hardline thinking has been manifest in four important areas. The new local commander sworn in in January, Brigadier-General Theo Syafei, declared that he would be tougher than Warouw and he has acted accordingly. It is true that his policies have had some reform aspects, for instance efforts to put an end to *ninja* vigilante activity. But Syafei's overall posture has been harsh, as reflected in the large size of the troop presence, in intensified efforts to capture the guerrilla leadership and in poor relations with Bishop Belo and the other Timorese leaders of the Catholic church. Asked by a visiting delegation of foreign Protestant church leaders how he would handle any further demonstrations, Syafei replied 'there will be no further demonstrations'.⁵

Secondly, President Soeharto has punished Holland for the way its foreign aid minister Jan Pronk had 'interfered in our domestic affairs'. Repudiating Pronk's argument for a linkage between aid and human rights, Soeharto announced in March that Indonesia would accept no further Dutch aid and demanded that the Dutch-chaired aid consortium IGGI (Inter Governmental Group on Indonesia) be replaced by a new World Bank-chaired Consultative Group on Indonesia.

In the following month the Minister of the Interior said Indonesian NGOs would not be permitted to receive aid from their Dutch counterparts. He also threatened to bar them from participating in activities of the Dutch-headquartered International Non-Governmental Forum on Indonesia, INGI (Mares 1992).

A third hardline dimension of the government's approach was the way the courts processed the Dili massacre. Ten low ranking armed forces members were courtmartialled and given sentences of between eight and twenty months for violating military discipline. As for the eight Timorese who were tried for organizing the Dili demonstration of 12 November, and the further five who were tried for organizing a Jakarta demonstration a week later, five of them were given sentences of between nine and fifteen years and one was

⁵ Personal information. See also 'Not by Bread Alone'. Report on a Visit to East Timor by an Ecumenical Delegation Representing the Christian Conference of Asia and the World Council of Churches, 16-19 April, 1992.

sentenced to life imprisonment.

Finally, Jakarta showed the repressive side of its Timor policy in the appointment of a governor to succeed Mario Carrascalao in September. The post went to Abilio Osorio Soares, who had previously been Bupati of Manututu. This 45-year-old former Apodeti leader is known as implacably anti-Fretilin — his brother was reportedly killed by Fretilin in late 1975. He has long had close personal relations with the President's son-in-law, the widely feared Col. Prabowo. Abilio's early policy statements, calling for a stepping up of transmigration programs, suggest a strong emphasis on the 'security approach', and no inclination to experiment with new ideas.

With Warouw and Carrascalao replaced by Syafei and Abilio, the power situation in Dili has moved sharply to the right, leaving Bishop Belo a lonely survivor of the forces of reform and reconciliation.

Timor Policy in 1992 : Complexities and Ambiguities

Jakarta's policy on entry to the province has combined restrictiveness with an element of relaxation. Foreign journalists have been forbidden entry to the area since February and prominent groups of American and Australian parliamentarians have been denied entry. But other categories of outsiders have found it relatively easy to enter the territory. Several Japanese, American and Australian church leaders known to be critical of Indonesian control have been allowed to visit, as have a good number of East Timorese domiciled in Australia. Some 475 people of foreign citizenship visited East Timor in the first half of 1992. The figure for all of 1991 was 1,935 (Gunn 1992).

Contradictory pulls are also apparent in what the Indonesian media have been saying about East Timor in 1992. The dominant emphasis of media coverage has been as conformist as before November 1991, stressing that the East Timorese have progressed rapidly under Indonesian rule, that the worst legacies of 400 years of Portuguese neglect have now been overcome, that opposition to Indonesian rule is foreign-fanned, that Portuguese interest in the territory is mischievous and suspiciously oil-connected, and that the great majority of foreign governments accept Indonesian authority as irreversible.

One new element is that there is now much more news of East Timor. And some 1992 reports have implied radically heterodox

interpretations. For instance the 9 May issue of the large-circulation weekly *Editor* reported on the peace proposals presented to the European Parliament by Jose Ramos Horta on behalf of East Timor's National Council of Maubere Resistance. 'Ramos is willing to come to Jakarta too', its cover page banner said. Similarly the August issues of the Jakarta magazines *Matra* and *Tiara* carried long and frank interviews with Bishop Belo and retiring Governor Carrascalao.

Finally, there have been occasional hints that top leaders of the government may be preparing the ground for a major change of policy. On 15 February President Soeharto spoke of the difference between East Timor and Irian Jaya. Irian Jaya, he said, was an integral part of the Republic of Indonesia proclaimed in 1945, whereas East Timor had asked at a later point for Indonesia to accept it as a province. Moreover the exercise of authority there had been costly. Foreign Minister Alatas has occasionally made statements implying that East Timor is a burden he would like to shed.

Continuing Foreign Pressure on Jakarta

The damage control measures the Soeharto government introduced in December and January enabled governments in the US, Japan, Australia and other countries to go back to 'business as usual' in relation to most aspects of their relations with Indonesia.

The 17 July decision of the new Consultative Group on Indonesia to commit \$4.94 billion to Indonesia in 1992-93 (compared with \$4.75 billion in 1991-92) suggested that the massacre had had no significant negative effect on the donor states' support for Indonesia. (If there was a negative effect, it was presumably countervailed by the effects on business groups of the way Soeharto punished the Netherlands for its government's human rights activism. That punishment apparently strengthened various business groups in other donor states in their determination to combat the advocates of human rights linkage in aid policy.)

But the governments of aid donor states continue to be under pressure to urge Jakarta to negotiate with the East Timorese. The Timor cause has long had vigorous advocates in the US Congress, the Japanese Diet, the European Parliament and the Australian Parliament, and it gained influential new adherents from among academics and church leaders in several of those countries after the Dili massacre. That some of these advocates' new influence survived

the disappearance of East Timor from the daily press has been clear from the salience of East Timor issues in EC-ASEAN ministerial forums. And it became even clearer in early October when the US Congress voted to cut off aid to Indonesia under a program for military education and training.

Outside the group of aid donor states there is persistent pressure for a negotiated settlement in East Timor from Portugal, a country where East Timorese self-determination is supported by all parties. There is also some pressure from other Portuguese-speaking states, including Brazil, Mozambique, Angola and Guinea-Bissau.

Moreover there seems to be a measure of gentle pressure from United Nations Secretary-General Boutros-Ghali. The UN has entered a vigorous new phase of peace making and peace keeping, chalking up successes in Namibia, Nicaragua and El Salvador, and part-successes in Cambodia, Afghanistan and Angola. There are now many in the Secretariat who want the organization to play larger roles in relation to East Timor.

Jose Ramos-Horta's New Proposals

One reason why the international pressure for Jakarta to negotiate with the Timorese has been sustained, at a time when East Timor is no longer front-page news anywhere, except in small media in Australia and Portugal, is that Jose Ramos-Horta presented a set of remarkably conciliatory proposals for a negotiated settlement when he spoke to the European Parliament in April.⁶

Speaking on behalf of the trans-party National Resistance of the Maubere People, Horta proposed a cease fire and the release of all political prisoners, to be followed by a three-phase process that would lead after seven or twelve years to a referendum on independence. In the first phase, of two years, Indonesia would reduce its troops to 1,000 and allow various UN agencies to operate in the territory. In the second phase, of five years, government would be by an elected provincial assembly, with Indonesia retaining sovereignty and control over foreign policy. This could be followed by a second five-year phase on a similar basis.

Surprisingly, the policy met little opposition from within the

⁶ A full version of the proposals is presented in *The Missing Peace* (Newsletter of the East Timor Talks Campaign), No 2, May 1992 (124 Napier St., Fitzroy 3065, Australia).

independence movement. This reflected the fact that Horta had said it had guerrilla leader Xanana's support, and that this claim went unchallenged. It also reflected the success of the *Convergencia*, a new vehicle of cooperation between the Fretilin segment of the East Timorese community and that of its long-time rival and adversary the Timorese Democratic Union (UDT). The *Convergencia*, operating mainly in the Australia-Portugal diaspora, goes back to an agreement in 1986.

In recent years both Xanana and Horta have given up their Fretilin membership to be better able to lead umbrella organizations linking Fretilin and UDT. Those actions have not only strengthened the unity of the resistance movement but drawn attention to the moderateness of its guerrillas. The approach of Xanana's movement to violence seems to be predominantly instrumental, in contrast to some other contemporary guerrilla movements whose approach has strong expressive and consummatory aspects as well - for instance Cambodia's Khmer Rouge, Sri Lanka's Tamil Tigers, Turkey's PKK (Kurdish Workers Party) and Peru's Shining Path.

The Indonesian-Portuguese Talks of September

On 2 September Boutros Boutros-Ghali, then in Jakarta for the summit meeting of the Non-Aligned Movement, called on President Soeharto. After the meeting the President was quoted as saying that Indonesia was ready to meet with Portugal at any time to settle the East Timor issue. Boutros-Ghali suggested that the two should meet in New York during the General Assembly.

That meeting took place on 26 September in the office of the Secretary-General. Its agenda seems to have been heavily procedural — 'talks about talks' in the words of the Portuguese minister, Joao deDeus Pinheiro. It was agreed that the two foreign ministers would proceed to a series of meetings 'to search for a just, comprehensive and internationally acceptable solution' to the problem of East Timor. The first of these would be in December, under the chairmanship of the UN Secretary-General or his personal representative. Describing the Indonesian and Portuguese positions as '180 degrees apart', Pinheiro said he expected 'a long, delicate process'.

Boutros-Ghali's commitment to the process was underlined by his decision to entrust East Timor work to Alvaro de Soto, a Peruvian who had played central roles in the peace process in El Salvador. It was also clear from the provision that the Secretary-General's

representative would chair Indonesian-Portuguese meetings at the level of permanent missions to the UN.

Jose Ramos-Horta greeted the meeting as a positive development. Referring to the Indonesian-Portuguese deadlock on whether East Timorese should take part in these talks, he said he expected that they would enter directly into the negotiations at a later stage. He also spoke of 'a proposal on the table at the UN' for a Vatican delegation including Timorese Catholic representatives to attend as observers.

The Prospects for a Durable Settlement

Since November 1991 Indonesianists have argued with each other with increased vigor about whether a durable settlement in East Timor is in prospect. The sceptics in this argument maintain that the reinitiation of Indonesian-Portuguese talks has made no significant change. They see Indonesia as remaining unwilling to negotiate about the claims of the Timorese to self-determination, or about anything like the Horta proposals. They hold that the Indonesian leadership is too strong — especially due to the success of its economic policies and also because of its new authority as Chair of the Non-Aligned Movement — to need to give such major concessions.

Some of these sceptics argue that the blow to the prestige of the armed forces would be too great, others that the ground has not been prepared with public opinion, others again that there are military-technical grounds to suppose that Xanana Gusmao will soon be captured or killed.⁷

For the Indonesianists who see more hope of a settlement these arguments are outweighed by others. Some of them stress that the incorporation of East Timor has never been a popular cause in Indonesia, unlike the incorporation ('liberation') of West Irian. Some of them argue that Indonesia needs to turn over a new leaf on East Timor if it is to be successful as chair of the Non-Aligned Movement, for instance playing innovative roles on such issues as UN reform. And some Indonesianists see *daerah istimewa* (special region) status as a formula that could have relevance to East Timor. The province of Aceh was granted *daerah istimewa* status in 1962, to end a rebellion, and that initially involved a high level of

⁷ On military-technical aspects of the guerrilla contest see Stahl, 1992(a) and 1992 (b).

autonomy, though this was later whittled down drastically.⁸

The Problem of Flow-on Effects

The sceptics in this argument maintain that the Soeharto government's reluctance to make concessions to the East Timorese has much to do with its fears of flow-on effects. There could only be a durable settlement of the Timor conflict, they say, if Indonesia conceded a great deal to the movement it has sought to crush. There would have to be not only a large measure of self-government, demilitarization and the symbolics of freedom, but also the right of men like Xanana and Horta to play political roles. But that, the sceptics say — and their opponents agree — would embolden the challengers of Indonesian authority in the other two major 'trouble spots' on the Indonesian periphery, Irian Jaya and Aceh. Concessions of that kind, it is widely agreed, would generate demands for similar negotiations with rebel groups there. But the sceptics go further. They say concessions such as these would risk a maior unravelling of Indonesia's territorial integrity, as in the Soviet Union and Yugoslavia.

That further extension of the argument seems weak. After all the overall politico-economic situation of Indonesia has few similarities with that of the USSR and Yugoslavia in 1991. But the fears are real. And the underlying concern, that the enterprise of Indonesia, rooted in over eight decades of common endeavour and struggle, should not be allowed to founder, is an eminently reasonable one, which even sympathisers of the East Timorese, the West Papuans and the Acehnese should respect.

These fears and their underlying concern are probably the most important barrier to the achievement of an Indonesian-Timorese settlement which could be expected to last. But it is not an insuperable barrier in the present world context. Moreover it is a barrier the UN has strong incentives to remove.

⁸ I have discussed this debate in Feith, 1992. For a penetrating analysis of the way the East Timor issue relates to Indonesia's succession politics and its politics of democratization see Liddle 1992(a).

Towards UN Reforms which would Facilitate a Settlement

The self-determination of peoples is a central principle of the UN Charter. And the UN operationalized that principle creatively in the 1950s and 1960s in relation to the colonies of the Western European powers.

What is needed now is similar creativity in relation to a new generation of self-determination claims, claims by ethnonationalist movements which are challenging state authority, and catalyzing warfare, in a variety of contexts from Yugoslavia to East Timor.

Some of these movements have flourished in response to regime breakdown, as in the USSR, Yugoslavia and more ambiguously Iraq. Others have grown in importance slowly, in such situations of 'hurting stalemate' as Tibet, Kashmir and the Tamil regions of Sri Lanka.

The Serb-Croat-Muslim warfare of 1992 has generated new interest in the case for a principled approach to UN roles in situations of boundary challenge. The confused and vicious contests in Croatia and Bosnia, with their persistent element of 'ethnic cleansing', and the repeated failure of outside mediators and Peace Keeping Forces to put an end to the warring, have indicated to many that fire-fighting approaches to ethnic antagonism are not enough, that new principles and guidelines will be needed if the UN is to deal adequately with situations where self-determination claims are a key dimension of conflict.

What then is to be done? Scholars have devised a number of proposals for a principled but practical approach to the settlement of conflicts in areas where long-established borders are under new challenge (Suzuki 1976, Chen 1976, Smith 1991, Smith 1992, Feith and Smith 1992). Most of these proposals involve reaffirming the principle of the self-determination of peoples but breaking the nexus between self-determination and secession. They add to the range of possible outcomes such semi-sovereign or quasi-state forms as free association, confederation, demilitarized zones and special territory status. Greenland's relationship to Denmark, Liechtenstein's to Switzerland, Bhutan's to India and that of the Cook Islands to New Zealand are among their models. Several of them see regional associations of states as creating new conflict-resolving possibilities. And some of them stress that the emergence of a new UN process is likely to expand the range of outcomes.

Nor is it just scholars who are pushing for this widening of options. Both the Unrepresented Nations and Peoples Organization

(UNPO) headquartered in The Hague and the state or quasi-state of Liechtenstein have recently been attempting to play path-breaking roles in relation to self-determination and the 'rights of communities'.

So it may not be too optimistic to hope for growing attention to proposals for new UN guidelines and machinery by which self-determination claims against existing states are evaluated and the associated conflicts resolved. Interest in such proposals is likely to grow rapidly as a result of developments in South Africa, Israel/Palestine and China/Hongkong/Taiwan, if semi-sovereign or quasi-state formulas prove to be attractive to the designers of settlements in those areas of hitherto intractable conflict.

But getting agreement on proposals of this kind is likely to be difficult. For any of them to gain acceptance by the UN or regional associations of states, various components of the world community will need to agree on criteria whereby self-determination claims will be evaluated. The work of scholars on such criteria may provide useful starting points for such discussions. But the central task will be to fashion a political bargain, one which reflects the interests of different groups of states.

What seems needed is a compromise between two particular groups of states, the members of today's dominant Western coalition (built around the Group of Seven) and the large multi-ethnic states of the Third World such as China, India, Indonesia and Nigeria. The dominant Western states have an interest in preventing ethnic wars, especially nearby ones that generate threatening refugee flows. The multi-ethnic Third World states have an interest in 'getting off the hook' in relation to their Tibets, Kashmirs and East Timors. But only if they can secure firm guarantees that concessions to ethno-nationalist movements in those periphery regions will not catalyze an uncontrollable process of territorial unravelling.

New Approaches to Self-Determination as an Emerging Area of Australian-Indonesian Cooperation?

Australia has a strong interest in the fashioning of a new UN process of this kind. One aspect of that is the need to close the gap between foreign policy makers and the interested public. That gap became conspicuous in the immediate aftermath of the Dili massacre.

But it is more than a crisis phenomenon. In fact it has a long history. It has surfaced whenever the human rights costs of the repressive status quo in East Timor, Irian Jaya/West Papua or

Bougainville have attracted the attention of the Australian public. And it has surfaced whenever questions have been asked about Australian culpability for violent conflict on the Irian Jaya/Papua New Guinea border or the border between Bougainville and the Solomons (see King 1992).

But would Australia not pay a heavy diplomatic price for actively exploring the relevance of self-determination principles to its regional environment? Would that not lead us into direct conflict with both Indonesia and Papua New Guinea? Those are indeed serious arguments for caution. But the problems they point to are ones which could be overcome by sensitive diplomacy. The issue would presumably need to be approached in a way which assures the government leaders of Indonesia and Papua New Guinea that the interests here are shared ones, that the suspicion that Australia sees an interest in their breakup, while historically understandable, is unwarranted.

The leaders of those states are well aware that Australia is frightened of refugee flows. Australia's position is clearly similar in that respect to those of Germany, Austria, Italy and Greece in relation to Eastern Europe, and that of the US in relation to Central and South America. Indonesian and PNG leaders readily perceive that that gives Australia an interest in regional stability.

It should therefore be possible for Australian officials and diplomats to overcome the initial suspicion which is likely to be generated by Australian actions in support of a new UN process of self-determination. Such actions could be presented persuasively as flowing from an interest in heightening regional stability by creating new forms of conflict resolution.

But what is required is not so much an Australian initiative for the fashioning of a new UN process for self-determination, as an Australian-Indonesian initiative of that kind. So why not an Evans-Alatas design? The cordiality between these two foreign ministers, and the justified pride each has in their success in fashioning innovative forms of North-South cooperation — especially on Cambodia, chemical disarmament and the Asia Pacific Economic Co-operation process — suggest that the two should work cooperatively on this task. They would win, if not the Nobel Prize, the respect of those who value far-sighted approaches to the transformation of conflict.

Part II:

Political Perspectives on the 1990s

The Role of the Armed Forces in Indonesia's Future Political Development

A. Hasnan Habib, Lt.General (Ret)

'Whereas military regimes "have an average life span of approximately five years", the military government of Indonesia has ruled since 1966, an undeniable success story in terms of political longevity', thus wrote Marvin L. Rogers (Rogers, 1988, p.247). He ascribed this remarkable longevity to the successful depoliticization of the existing political parties, which has contributed to an impressive stability unprecedented in the history of the young republic. Stability, in turn, has enabled the regime to pursue economic policies that have markedly improved the socio-economic condition of the people. Political stability and economic growth have largely been the basis for the regime's legitimacy among the elite and many middle-class Indonesians (pp.263-268). But, he argued, since the military is determined to rule indefinitely, it must 'eventually develop a viable mass political apparatus' outside its organizational structure, that can attract genuine popular support (p.268).

Since the abortive communist coup attempt of 1965, the military's involvement in Indonesian politics has attracted much attention and interest among foreign as well as domestic political experts. Much has been written about it, and it has been widely debated and discussed at seminars and conferences. While at the beginning it drew severe criticism, even outright condemnation, particularly from sympathizers of the banned Communist Party of Indonesia and fanatic believers in the principle of 'civilian supremacy over the military', gradually it came to be regarded as having benefited rather than harmed Indonesia.

Indeed, the 'post-Gestapu' regime, generally referred to as a military or military-dominated regime, in marked contrast to the

period before 1966, has successfully maintained political stability and also achieved sustained economic growth. Indonesia belongs to a relatively small group of developing countries which has registered economic growth well above the third world average.

The Indonesian military is not 'the first and only' to involve itself in politics. All armed forces participate in politics in various fashions, not excepting the military in the Western democratic states. Any military has an impact on the political system, with its political role being 'a question not of *whether*, but of *how much* and of *what kind*' (Welch and Smith, 1974, p. 6). Even the United States, which holds the principle of civilian control over the military sacrosanct, is not immune from it, although the military's involvement in politics does not take the form of direct and open intervention in the civilian political process.

However, within these outer boundaries, much latitude exists for less direct and less threatening types of political involvement. Nonetheless they can be very upsetting, even damaging to the national interest. Take, for example, the intensive lobbying by the military in alliance with local and private groups for mutually beneficial spending programs or projects which ended in fiascos, or the lobbying for strategic and foreign policy doctrines, and so on (Skelton, 1979, p.23). Huntington (1957, pp.163-192) attributed this to the constitutional separation of powers which actually encourages such behaviour, as it blurs the civilian chain of command and permits officers to play one branch of the government against others.

This chapter attempts to examine briefly the military's political role in Indonesia, which impresses many as dominant today, and to prognosticate on its future role, in particular in Indonesia's future political development.

The origin of the Indonesian Armed Forces (ABRI)

The Indonesian Armed Forces, or ABRI, consist of two main components, i.e. the military component, or *Tentara Nasional Indonesia* (TNI) comprising the Army (TNI-AD), the Navy (TNI-AL) and the Air Force (TNI-AU); and the police component, or *Kepolisian Negara Republik Indonesia* (Polri). The military, or TNI, is assigned responsibility for safeguarding territorial integrity against both external and internal threats, while the police, or Polri, is charged with enforcing law and order.

Both responsibilities fall within the 'total people's defence and security system', developed on the basis of Indonesia's own experiences in facing external aggression and some internal disturbances during the 1945-50 revolutionary war for independence, and countless insurgencies, separatist movements and coups thereafter. In this system, ABRI constitutes the core which functions as an integrated instrument of the State. But, in addition to the defence and security function, ABRI, again based on the nation's own experiences, has a second function, that is, the socio-political function, which it performs together with other socio-political forces. These two functions constitute what is known as the 'Dual Function', or *Dwifungsi*, of ABRI.

Indonesia's independence was not presented on a platter. It was won through a revolutionary war of independence, the culmination of the process of national unification and awakening which had begun four decades earlier, preceded by 300 years of continual local and regional resistance against Dutch colonialism. The momentous decision to declare independence immediately after the Japanese surrender to the Allied forces in August 1945 was a manifestation of patriotism which had continued to live on in the hearts of the people despite the continual defeats inflicted upon them by the Dutch colonial army.

The Japanese military occupation was a watershed in the development of militant nationalism and patriotism among the youth, in preparation for Indonesia's independence promised by the Japanese towards the end of the Pacific War. Political institutions were established that would provide the basis for an independent republican government; a constitution was drafted providing for a centralized presidential system, an Indonesian People's Congress which would be the highest institution embodying the people's power, and most importantly, a philosophical foundation of the Republic-to-be, *Pancasila*.

The Japanese established the first genuine Indonesian armed forces, led by Indonesian officers, called 'Defenders of the Fatherland', or *Pembela Tanah Air* (Peta). Before this, only a few Indonesians had served as officers in the Dutch colonial army, the *Royal Netherlands-Indies Army*, or KNIL. The Japanese also created Auxiliary Forces (*Heiho*) as parts of the Japanese army and navy. Various youth movements and organizations were set up, including a semi-military Youth Corps (*Seinendan*) for youths aged between 14 and 22 with branches down to the larger villages; a

Vigilante Corps (*Keibodan*) as an auxiliary police, fire-and air-raid organization; a Vanguard Column (*Barisan Pelopor*); the *Barisan Hizbullah* (God's Forces) which was the military wing of the *Masyumi* (Consultative Council of Indonesian Muslims); and others. All of these organizations received basic military training; in all of them there was intensive infusion of *seisin* (fighting spirit/patriotism) and strict discipline. The seeds of revolution had already been planted deeply, especially in Java and Sumatra.

It was out of these militant youth organizations that ABRI emerged, after going through several stages of development. Forged in a revolutionary war of independence, it was not created by the government nor by any political party. It created, organized and armed itself, solved its own logistical problems, devised its own strategy and fought for its self-assigned military objectives. It even elected its own Supreme Commander (*Panglima Besar*) and Chief of the General Staff. Former officers and N'Os of the *Peta*, *Heiho* and KNIL formed 'struggle organizations' out of the various militant youth organizations and military units established by the Japanese. Arms were obtained or seized from Japanese storehouses. It was only on October 5, 1945 that the central government decided to form the 'People's Security Army', or *Tentara Keselamatan Rakyat* (TKR), after fighting had started to occur between the republican forces and Allied troops, mostly British with some Dutch units. October 5 has since been celebrated every year as Armed Forces Day.

Needless to say, the revolution had a powerful influence on the formation of ABRI's perception of itself. The uncompromising confrontation with the Dutch, denying its attempts to impose a military solution, provided strong back-up for diplomacy to ultimately secure the eventual transfer of sovereignty.

The origin of the socio-political role of ABRI

When did ABRI first begin to get involved in politics? It is generally believed that ABRI's involvement started during the revolutionary struggle for independence. The struggle itself was both a national revolution and a war of independence.

It was a revolution because the change from a colonial, traditional and feudal Indonesia to one which was independent and self-confident was sudden, rapid, fundamental, and violent. The 1945 revolution was the ultimate expression of the self-confidence, self-reliance, resoluteness, decisiveness, and courage of the 1945 generation, who believed that it was within the power of the

Indonesian people to control and to change their social, political and economic fate, and that they had not only the ability but the right to do so. This was reflected crystal clear in the preamble to the Indonesian Constitution of 1945. By its very nature, a revolution is political, unleashed and led by revolutionary leaders.

The 1945 struggle was also a war of independence. Unlike the American war of independence which was a war of European emigrants and settlers against the home country, Indonesia's was a war of native Indonesians against foreign colonial aggressors. Lacking professional training, experience, and modern armaments (sometimes fighters were armed only with spears), the war of independence could not but take the form of guerilla warfare in which the active support of the people was crucial. By its very nature, guerilla warfare is both political and military. Guerilla leaders are required not only to be able to inspire their followers and lead them in combat, but they must also have the ability to mobilize people's support and to arouse their spirit to resist the enemy. Guerilla leaders must be, simultaneously, political and military leaders. In the case of Indonesia, revolutionary political and military leaders.

Thus, while it is indeed correct to say that ABRI's perception of itself as a political force arose from the revolutionary war for independence, this statement by itself is insufficient. It is a matter of historical fact that its first political involvement even preceded the proclamation of independence.

When the news of the capitulation of Japan to the Allied Forces leaked out in Jakarta, the political leaders from the older generation, under the leadership of Sukarno and Hatta, were uncertain what to do and feared provoking conflict with the Japanese who were still in control. Whereas these older leaders wished to continue to cooperate with the Japanese with regard to the transfer of power, in order to avoid confrontation and bloodshed, the younger people, militant and revolutionary, were determined to immediately proclaim independence and cut all ties with the Japanese.

This difference of opinion was resolved only after several youth leaders on the night of August 15, two days before the Proclamation, 'took' Sukarno and Hatta to the *Peta* garrison at Rengasdengklok in West Java on the pretext of protecting them when a rebellion of *Peta* and *Heiho* broke out. On the morning of 17 August 1945 Sukarno read

out the Declaration of Independence, drafted by himself, and signed both by himself and Hatta.¹

Thus, the militant and revolutionary youth, the origin of ABRI and the source of its value system, was the driving force behind the Proclamation of Independence. The course of history could well have changed if not for the bold initiative of the militant and revolutionary youth leaders in which the *Peta* and *Heiho* were directly involved. Therefore, it was very proper that the military saw its role primarily as defender, protector, and upholder of the newly proclaimed Unitary Republic of Indonesia, the 1945 Constitution, and the *Pancasila*, rather than just an instrument of successive governments. This implies that the military will support only a government which adheres to these three tenets. Its role in leading both the people's war of independence and the revolution in the absence of the political leadership, due to its surrender on the first day of the second Dutch military offensive, provided the military with the experience of having direct control and responsibility over political, economic and social matters. This has implanted in the military a greater self-confidence and a stronger sense of mission in State- and Nation-building in the broadest sense of the concept.

The core principles of the 'Dual Function' doctrine

Based on what has been explained above we can now draw the following principles about ABRI's 'Dual Function':

Firstly, ABRI is both a defence and security force and a sociopolitical force. As a defence and security force, it is a state apparatus and forms the nucleus of the 'total people's defence and security system'; as such it is an instrument of the government.

As a socio-political force, it is one among the legitimate sociopolitical forces of Indonesia's plural society. It interacts, works, even competes (fairly) with them in giving substance to Indonesia's freedom, the 1945 Constitution and *Pancasila*; in other words, national development. As such, it is not an instrument of the government; it is not 'government-oriented', but 'people-oriented', meaning that it strives for the welfare and wellbeing of the people. It supports wholeheartedly any government which shares the same

¹ See Notosusanto (1975, p.12), *Ensiklopedi Nasional Indonesia* (1990, pp.345-347), and Ricklefs (1981, p.198).

commitments and which adheres to the principles of upholding the Unitary Republic, the 1945 Constitution, and *Pancasila*.

Secondly, it is not a doctrine or a theory of 'civil-military' relations as understood by Western (or Western-educated) political scientists who are biased towards the civilian part of the equation. It does not deny, however, that there are still 'pure civilian' and 'pure military' areas, although these areas are shrinking and the boundaries setting them apart are becoming more blurred, due to the rapid advances in science and technology. The contemporary military has become a 'microcosm' of society, in the sense that almost all functions of the civilian sector are duplicated in the military.

The 'Dual Function' does not recognize a civilian-military relationship in which one is dominant. Indeed, based on the 'extended or big family' (*kekeluargaan*) concept in the context of all national endeavors, every military and civilian function or occupation is open to every qualified person in accordance with the needs of the moment.

Thirdly, it aims at the continuous improvement of National Resilience,² which can be attained only through the willing and conscious participation of the people in national development. In order to secure this participation, ABRI must develop in its own ranks, especially in those who are occupying socio-political positions, a democratic and persuasive type of leadership which differs markedly from the command or autocratic type of leadership peculiar to the military. This social leadership is the following 'trilogy': (1) *Ing Ngarso Sung Tulodo* (Those in front must set the right example); (2) *Ing Madya Mangun Karsa* (Those in the middle must arouse the spirit to create); and (3) *Tut Wuri Handayani* (Those in the rear must prod gently or stimulate).³

2 For a concise explanation of 'National Resilience', see Habib (1989).

3 There are 11 principles of leadership of the Indonesian Armed Forces contained in the Armed Forces Doctrine *Catur Darma Eka Karma*, the result of the First National Defence and Security Seminar, held in Jakarta, 12-21 November 1966. Three of the 11 principles, popularly called *Tut Wuri Handayani*, are particularly suited to the Indonesian society. In this chapter they are referred to as the 'trilogy of social leadership'.

Fourthly, ABRI members are both professional soldiers (*prajurit*) and fighters (*pejuang*). By 'professional' is meant soldiers and fighters who (a) possess a high degree of specialized theoretical knowledge, plus certain methods and devices for the application of this knowledge in their daily practices; (b) are expected to carry out their tasks with attention to certain ethical rules; and (3) are held together with a high degree of corporateness stemming from their common training and collective attachment to certain doctrines and methods (see Abrahamsson, 1972, p.21). The quintessence of the concept of *prajurit ABRI* is that he is simultaneously a *prajurit rakyat* (a people's soldier), *prajurit pejuang* (revolutionary soldier, or fighter), and *prajurit nasional* (national soldier/national unifier/guarantor of national unity and integration).⁴

Fifthly, in its implementation every *prajurit* is expected to adhere to ABRI's ethical code, the *Sapta Marga* (Sevenfold Way). The first three relate to his status as citizen, and the remaining four as members of ABRI. The seven pledges (or Sevenfold Way) laid down in the early 1950s are as follows:

1. We (are) citizens of the unitary Republic of Indonesia based on *Pancasila*.
2. We Indonesian patriots, bearers and protectors of the state ideology, are responsible and know of no surrender.
3. We Indonesian knights are devoted to the One God, and defend honesty, truth and justice.
4. We soldiers of ABRI (are) guardians of the Indonesian state and nation.
5. We soldiers of ABRI, uphold discipline, are obedient and observant to our leadership, and uphold the soldier's attitude and honor.
6. We soldiers of ABRI give primacy to courage in the performance of our task, and are ever ready to devote ourselves to state and nation.
7. We soldiers of ABRI are loyal and keep our word and the soldier's oath.

⁴ See *Hakekat Kekaryaan ABRI/TNI-AD Bukan Militerisme* (Departemen Angkatan Darat, 22 Juli 1967), pp.34-35.

The 'core principles' and the increasing dominance of ABRI's socio-political position

Ever since the very first beginning, even preceding the proclamation of independence, the revolutionary armed forces have generally conducted themselves according to the core principles outlined above, in their self-assigned dual mission to actively promote the cause of the revolution and to fight the war for independence against a foreign enemy. This is not to say that they had done so knowingly and consciously; rather, it was by intuition or instinct, if you will. In spite of the many conflicts among themselves, which were caused by differences of perception, interest, point of view, inclination, or otherwise, a distinct thread can be seen running through the whole fabric of the struggle of the armed forces from the beginning until the present, depicting the core principles.

It was only in late 1958 that General A.H. Nasution, Chief of Staff of the Army, propounded the first concept concerning the Army's status, place and role in the nation's political system, called the 'Middle Way', which was the conceptual origin of the *Dwifungsi* doctrine. The 'Middle Way', introduced in his speech delivered on November 12, 1958, at the Magelang National Military Academy, was meant as an attempt to provide a rationale, for, and at the same time lay down the limitations of, the Army's greatly expanded role after martial law was declared in 1957, due to the rapidly deteriorating situation since the early 1950s. He described the military as

... not just the 'civilian tool' like in the Western countries, nor a 'military regime' which dominates the state, but as 'one of many forces in the society' the force for the peoples' struggle, which works 'together with other forces of the people.'⁵

Except during the first six years after the transfer of sovereignty at the end of 1949, when civilian politicians ran and mismanaged the country, the political role of the Armed Forces, in particular that of the Army, has been increasing. While a rapid expansion occurred during the period of martial law and guided democracy, it was not until the ascendancy of the New Order immediately

⁵ See Simatupang (1987, p. 52). See also Said (1987, pp. 22-23) and Crouch (1978, pp. 24,39,344-345).

following the abortive communist coup attempt that its role has really become dominant. At the same time ABRI has also been most creative in terms of producing concepts and most effective in implementing those concepts. In relatively rapid succession it produced: the *Orde Baru* (New Order) concept; *Dwifungsi* (Duel Function); *Ketahanan Nasional* (National Resilience); *Wawasan Nusantara* (Archipelagic Concept); *Integrasi Nasional* (National Integration); simplification of the political infrastructure which has resulted in two political parties and one functional group; and the 'floating mass' concept. These concepts have become the 'terms of reference' of the political agenda of Indonesia's body politic.

Despite the dominant political role and the presence of the military in almost all aspects of the country's national life, Indonesia is not ruled by the military, at least, not by the military alone. The whole economic sector and other important sectors such as education, science and technology, social welfare, health and family planning, are run by professional civilians or technocrats. The military assists the technocrats in the exercise of their tasks and responsibilities, by maintaining political stability throughout the country, and by dynamizing the people, especially in the rural areas, to participate in the development of the local infrastructure, health and family planning. To this end ABRI has regularly employed military units in the *ABRI Masuk Desa* Program, which is a different version of the 'civic action' program of the Army in the early 1960s.

Now that the most serious source of threat to domestic security and stability has disappeared, namely communism, and *Pancasila* has been accepted in its entirety by all political parties, mass organizations and NGOs, ABRI has been relaxing its political grip. The *Kopkamtib* (Operations Command to Restore Order and Security) has been abolished; the democratization process is becoming more solid; political openness is increasing; and more strings have been loosened with some widening of the range of issues open for public discussion and criticism. All this points to ABRI's success in its political role as stabilizer and dynamizer. It also shows that *Dwifungsi* is not to provide the 'ideological underpinning for perpetual military rule', or statements to that effect, as some foreign 'ABRI watchers' have maintained (for example, Rogers, 1988, p.254).

Conclusion: ABRI's role in Indonesia's future political development

As we have seen, ABRI's role both as a defence and security force and a socio-political force to restore, maintain and enhance stability after the revolutionary fervour, volatility, and upheavals which culminated in the bloody October 1965 tragedy, has been successful. Twenty-five years of uninterrupted national development has brought about extraordinary political, economic, and social changes which have completely changed Indonesia from the one that proclaimed and achieved independence in 1945.

Dwifungsi has worked, and has proved to be beneficial to the state and nation. ABRI's role in the process of transforming a traditional-agrarian society into a 'pre-modern-pre-industrial' one has been recognized and accepted. In all the years when *Dwifungsi* was in operation, many people held their breath and asked themselves where this would lead. The spectre of a 'praetorian' society was haunting them, including some among the top military leaders themselves. The warnings and admonitions from the top national leader and other military leaders, given repeatedly on many occasions, proved this point. The 'Middle Way' introduced in 1958 was the first one.

ABRI itself held a special seminar in March 1972 to formulate a plan for the transfer of the 1945 values from the older 1945 generation to the younger generation, with participation by members of both generations. One purpose of this seminar was to make the younger generation aware of the fact that, despite the rather frequent differences of view and opinion, at times fundamental, between the military and the political leadership, the Army never tried to seize power, and never coerced the national leadership. Intuitively or instinctively, it was abiding by the core principles of *Dwifungsi* as mentioned earlier. Whenever, during martial law and especially under the New Order regime, ABRI became very dominant in the political life of the nation, it did not happen because of ABRI's own choosing. It happened because of the civilian political leaders' mismanagement.

Recently, questions have been raised as to how long *Dwi Fungsi* will last, now that ABRI has succeeded in enhancing national stability and in setting the course of national development on a firm footing. In other words, ABRI has proved its mettle as stabilizer and (partly) as dynamizer. Is it not the time now for ABRI to open the

door wider to civilian politicians, now that a middle class has been growing?

As to the first and fundamental question, the answer is a definite 'never'. *Dwifungsi* is here to stay. What will definitely change is the implementation of *Dwifungsi*. That is to say, in Indonesia's future political development, ABRI will gradually shift its role from emphasizing the 'security cum stability approach' to the 'prosperity-cum-stability' approach. In this approach the *Tut Wuri Handayani* type of leadership is the most appropriate.

With regard to the second question, the answer is 'that is what ABRI has been doing' since the second half of the last decade. Two general elections (1987, 1992) have been clearly shown to be 'clean' in terms of ABRI's interference. The increasingly open political climate is another indication. The reason for this gradual 'retrenchment' is, as said earlier, that the main source of threat to security has been eliminated, and that *Pancasila* has become the sole basis of the country. This does not imply that *Pancasila* has permeated all aspects of national life. Nothing is further from the truth.

But, at least as far as the political system is concerned, the basic structure (that is infrastructure) has been already established, while the suprastructure has long been in existence as stipulated in the 1945 Constitution. What remains to be done is to give 'meat' to both structures in order to make them a solid foundation on which to build and exercise the '*Pancasila* democratic system'. This is not directly the task of ABRI.

Pancasila is not supposed to be 'from, by, and for' the Armed Forces; nor is it 'from and by ABRI for' the nation. It must be 'from, by, and for' the people. Let the people themselves do it. The country has a growing number of civilian intellectuals who are interested in politics. ABRI could and should participate in this endeavor, but not dictate. The best thing it can do is to create a political climate conducive to the various interactions among all socio-political forces, or their representatives, to arrive at common views, or consensus, on how to make the *Pancasila* system work. ABRI should see to it that this process takes place in an orderly manner, unhindered and unimpeded by outside influences.

But this will also depend on the civilian forces themselves in terms of their political orientation and capabilities, political integrity, degree of commitment to national unity and integration, and so on. Be that as it may, in any case, closer cooperation and more open dialogues between the military and civilians are called for.

Political Development and National Stability

Jusuf Wanandi

The outcome of the general election in June 1992 shows that the political system is becoming more open. The Armed Forces (ABRI) has adopted a neutral stance towards the three political parties, both during the campaigns and on the election day itself. In most parts of Indonesia people felt more relaxed and relatively free to choose among the three contesting political parties.

This suggests that political development will become more important in Indonesia's national development, for at least two reasons. Firstly, as a result of economic development, there is a growing middle class that can articulate its aspirations and interests, and demands greater participation in the political process. The second factor is the much improved access to education, information and telecommunications for the population at large.

The problem for the future is how to promote political participation in accordance with people's expectations without endangering the unity of the nation and the stability of the country. This problem arises because the country is still vulnerable to various forms of social and political instabilities, be they caused by ethnic, religious or even regional animosities.

Some of these traditional sources of instability are gradually being overcome, but new ones may have arisen as a result of economic development. In particular, one needs to recognize that the strategy of economic development based on the free-market system has resulted in a more unequal distribution of income, but hopefully this is only a temporary consequence.

In this chapter, attention will be given first to a discussion of the 1992 general election and then to two factors which will influence the process of political development in the years to come,

namely the presidential succession and the development of civilian-military relations.

The General Election

The 1992 general election was an important development for Indonesia's political future. It was the fifth general election held during the Soeharto government, and people are now more aware of their political rights. Before, they only saw the event as a mere obligation. However, there was more freedom of choice in this election, especially in the more developed parts of Indonesia such as Java.

In general, the trend for *Golkar*, the government party, was downward although they have still a very comfortable majority — from 73 per cent of the votes and 299 seats in parliament down to 68 per cent of the votes and 282 seats out of 400 seats contested. The reasons for the current results are to a large extent influenced by considerations at the provincial and county levels, but there are also overall conclusions that could apply nationally.

First, *Golkar's* victory with 73 per cent in 1987 was just too high compared to the support it got in the three elections of 1971, 1977 and 1982, which hovered between 62-64 per cent of the votes. Second, there is more freedom for the people to choose. They have become more accustomed to such choice after having had four elections, and the attitude of the security and armed forces was quite neutral towards the three parties contesting the election. Third, there was a certain sense of drift in *Golkar's* efforts during the campaign. The electorate was also tired of the same party winning for the fourth time, and above all *Golkar* could not really defend itself against criticism of the deficiencies of the government and bureaucracy, which are generally associated with *Golkar*. (In reality, however, *Golkar* does not really control the government or the bureaucracy). Fourth, despite the overall results, in many places, especially outside Java, the deferential attitude of the electorate is still prevalent and the organization of *Golkar* supported indirectly by the bureaucracy is still overwhelming. Moreover, the development achieved in the last 25 years, with which *Golkar* has been associated, could not be denied easily by the PDI or PPP.

The PDI or *Partai Demokrasi Indonesia* (the Democratic Party of Indonesia, an amalgamation of nationalist and Christian parties), did very well, as expected, and increased its vote by 4 per cent and its seats by 16 (from 11 per cent up to 15 per cent of the votes, and

from 40 to 56 seats in parliament). The main reasons are that it was able to show itself as an opposition party, criticizing the excesses of the government and bureaucracy, coming up with new ideas and reaping the protest votes and those of the first-time voters (17-22 year old).

However, PDI has had its limitations in organizational capabilities, and in the limited issues they can raise (sometimes in a rather incoherent fashion). Moreover, in some places, such as Jakarta and West Java, they have had some setbacks because of the stridency of the tone of their campaigns, as well as the excesses during their rallies which affected the common people in the form of traffic jams and minor abuses.

The PPP (the United Development Party, which is an amalgamation of four Muslim parties), has maintained their support of about 17 per cent among the electorate and increased their seats in parliament by one seat, from 61 to 62. The bickerings and split in the party's central board brought about a decline in seats in the 1987 general election, from 90 to 61, and on this occasion they still have not managed to recapture the lost seats. The loss of seats and votes, surprisingly, occurred in Sumatra, which has been their natural base because of religious affiliations. This loss in Sumatra, however, was compensated by gains in Central Java, Yogyakarta and East Java. The main theme of their campaign was still religious oriented, but their lack of organization has also been felt. The seemingly sustained support the party enjoyed proved again that Islam-based issues are still valid for their supporters.

The Presidential Succession

In the short and medium term, the main problem will be the succession of the president, since this post is so overwhelmingly important and powerful in the Indonesian Constitution. One factor will alleviate the crisis surrounding President Soeharto's succession, and that is the fact that he has been in power for over 25 years, while most of the earlier generation of leaders of the Armed Forces and the bureaucracy have already been replaced by a new generation. In fact, he has been the most stabilizing factor while these changes have been taking place. The question of the presidential succession can be practically set aside until 1998. By then the two most important centres of power will have already been taken over by a younger generation for some years. These centres of power will therefore not become sources of instability, since the

rules of the game that have been laid down and implemented for some time will prevent internal political rivalries and divisions to cause disturbances.

Two factors are important for the smooth transition of leadership. Firstly, President Soeharto has to prepare a candidate for the next presidency beginning in 1998 by appointing a vice-president from the younger generation, who is considered as the best candidate for that important post. The idea that a president cannot be prepared beforehand, because he should arise from a natural process of competition among the next generation of leaders, has some merit. However, the post now and in the future will demand many aspects of leadership and statesmanship, so that the candidate needs to have a lot of experience and be prepared to the maximum extent possible before he can do the job. Because the activities of the nation and the society have developed and expanded into so many fields and sectors, the job will no more be as simple as 25 years ago when President Soeharto took over. Furthermore, the tempo of change has quickened so dramatically, requiring the candidate to be a consensus-builder, and a moderate, pragmatic and flexible leader. At the same time he has to be a person who understands the new challenges of a more open, diverse, developed, and international-oriented society and nation.

These capabilities have to be acquired by experience and practice, although character and leadership are also important prerequisites for the next leader. As such, President Soeharto has to give the vice-president real experience and responsibilities in the various fields of governance. He should be selected from among the younger generation, so that he will be able to represent the coming generation and their aspirations, and to anticipate more ably the dramatic changes that are expected.

Secondly, President Soeharto should also delegate more of the coordinating functions in the various fields to his coordinating ministers. To be able to do so, he should really look for persons with leadership qualities, experience and capabilities to do the job accordingly. Thus far, not all of the coordinating jobs have been performed adequately, due to various constraints and limitations. A greater delegation of the coordinating function could alleviate the tasks of the presidency, and enable the president to concentrate on the main job of statesmanship and to watch over the change of the guard. With this kind of coordination and delegation, the succession can be prepared by President Soeharto in a statesman-like and

effective way, and will proceed in a smooth, responsible, peaceful and well-accepted manner.

Military-Civilian Relations

In the longer term, perhaps the most important factor for political change will be the role of the Armed Forces and the relationship between the civilian elite and the military leadership. Continuing into the foreseeable future the Armed Forces will play an important political role due to its dual role or function, which it acquired from its historical experience, especially the struggle for independence and the process of nation-building.

The relationship can become a problem if the two parties, civilian and military, cannot adjust amicably and lack farsightedness as well as statesmanship in their respective roles in the society. The doctrine of the dual role has been accepted by the society at large due to historical political developments. With the success of modernization, and achievements of national development, and with a new generation of more professional leadership in the Armed Forces, the question of adjusting this role to a more open society with a larger middle class has come forward and needs to be addressed.

The Armed Forces is of the opinion that the dual role is a matter of principle because of its historical and political origin. They believe that the purpose of having this role is to maintain the unity of the nation, based on *Pancasila*, and to save the nation from future crises. They also believe that the doctrine enables them to participate positively in politics and thus will also prevent them from resorting to the use of unconstitutional means, such as coups or threats. How far they will continue to participate actively in politics in the future will depend on the political maturity of the nation. In this context, the last few years has already seen many Armed Forces appointees among diplomats, directors-general, governors or district leaders being replaced by civilian bureaucrats and professionals. Even the number of appointees from the Armed Forces in the legislative councils has become an issue for public debate. Their appointees in the Parliament (DPR) and the Consultative Assembly (MPR) are seen as the guarantee to maintaining *Pancasila* as a basic principle in Indonesian political life, which in turn guarantees the unity of the nation. The President has announced recently that the numbers will be adjusted according to the state of political stability of the nation.

As has been said, in the last general election ABRI adopted a neutral stance towards the competing political parties and *Golkar*. ABRI also has stated that it will make adjustments in the implementation of its dual role in accordance with the needs of the nation and the maturity of its political life in the future. However, they continue to stress their right to intervene in order to save the nation as the main argument for their dual role.

What the new generation of leadership in ABRI really thinks about their role in the future still needs to be examined very closely. Thus far, it appears that they are just following the thinking of the 1945 generation, namely the founding fathers of the TNI and of the nation. How they will manage their relationship with civilian leaders in the future is also an open question. They are better educated and they should better understand the problems and the needs of a more open society, the wishes of a larger middle class, and the international development of a global society, including the challenges of interdependence in the fields of the economy, technology, science and telecommunication. But at the same time they seem also to be overly worried about the unity of the nation, the continuity of development and the continued stability of political life.

Therefore, it is important that the civilian and military leaders are continuously engaged in dialogues and exchanges. They should help formulate a new national consensus on political development and their respective roles in political development. Furthermore, they should help each other in adjusting their respective roles. In this respect, stability still is considered as an important factor in the equation. The new national consensus ideally should be embodied in the next long-term development plan which will be discussed, deliberated and agreed upon by the MPR in March 1993. Its implementation will be realised in legislation through the DPR. The debate should also involve the society at large, especially among the various thinkers, institutions and non-governmental organizations who feel that they have an important stake in the future political development of the country. This can provide important feedback, and their participation will also be important for the support of the dual role. Since political development is a very important topic for the future of Indonesia, it is hoped that the debate will be held in a free and responsible manner.

Through regular consultations and adjustments both outside and inside the Parliament, flexibility in the implementation of the consensus can be guaranteed. The role of *Golkar* will be extremely central in maintaining a balanced relationship between military and civilian leaders. For that purpose the *Golkar* leadership in the future should consist of leaders who are visionary, bold and statesman-like in outlook, while maintaining a pragmatic, flexible and moderate attitude. Above all they should be accepted by military and civilian leaders, including the civilian bureaucracy.

It is also important that political parties and *Golkar* have a certain autonomy in order to be able to play their role in the political process. For *Golkar* to be able to maintain its leadership in the future, it has to be more independent from the bureaucracy and has to be able to organize more purposeful campaigns for the people in general. Based on this, suprastructural institutions like the MPR and DPR and other legislative councils can then execute their respective roles of controlling the Executive Branch.

This is the main challenge for the military and civilian leaders: on the one hand, it is relatively easy for the military to understand the importance of political development for stability in the longer future of the nation, and pay lip-service to that effect in their statements and deliberations; on the other hand this challenge also requires readiness on their part to implement decisions and ideas that will reduce their political power in relative terms. This readiness will be greatly reduced if this process appears to cause instability and uncertainty in political life, which in essence is part of the process of democracy itself.

For civilian leaders, it will not be easy to organize themselves and to restrain popular support and public opinion. Some policies and actions of government and political leaders could be quite unpopular but these decisions might be important for the maintenance of stability in the political process and for maintaining unity. It is also possible that the steps taken in achieving a certain stage of political development will be gradual, and this might also be unpopular with an impatient populace.

Above all, the challenge to the civilian leaders is whether they can keep the country together, despite the differences that exist in the society, by reaching a consensus on how to develop the country in the various fields.

The other political parties and NGOs can induce and put pressure on *Golkar*, as the main civilian counterpart of ABRI, to

formulate the relationship between the two. However, this should not limit their own participation in the process of political development since they can play an important role as catalysts and as pressure groups.

In all these efforts, generational change will have its influence. On the one hand, the 1945 generation of ABRI could be more open-minded on political development due to their civilian background. But they also have endured a lot of political challenges, instabilities and civil wars due to the mistaken leadership of civilians, as happened during the Sukarno years. Therefore, they are very concerned and even rather obsessed with political stability and national unity, which make them very reluctant to try out new ideas for political development. To a certain extent, they are quite nationalistic in their outlook on international relations and Indonesia's foreign policy.

On the other hand the new generation of ABRI, the so-called, generation of the 1960s, is better educated, more international minded, and also very professional. Although they have some experience in carrying out a political role in the so-called territorial activities, only a very few at the top have had national or international experience in the political field. Their understanding of the need for political development is quite adequate, but they have to face the challenge of adjusting to a new future political role which will be more limited than what they have known so far. This transition will not be easy. It also needs a great deal of openness, dialogue and cooperation between them and civilian leaders. Both should adopt a pragmatic, flexible and moderate attitude towards political development.

Looking to the Future

What are the chances that these developments will succeed? What are the factors that will determine whether developments will be favorable or unfavorable? First, President Soeharto in the next five years will still be the most decisive factor, not only in appointing and preparing for his successor, but also in the ways and pace at which political development will be implemented.

In the last few years the President has increased his personal intervention in the Armed Forces, and it is expected that he will continue to do so. He is also the head of the civilian bureaucracy, which in itself is a powerful group. Essentially, the President has enormous powers to intervene in political life, although he is more

sensitive to pressures and public opinion than it might appear. He also follows political trends and developments in other countries, especially neighbouring countries, quite closely. At the same time, he is also the exponent of the 1945 generation *par excellence*, and basically has a conservative and cautious outlook towards political development.

Therefore, it can be expected that he is not going to take bold steps to keep political development ahead of social and political changes. He could even slow the trend somewhat, except if he decides to delegate more of his authority to others as has been suggested above.

Second, of course, is the leadership in ABRI, which would like to keep its political influence and power, but also recognizes the need to become more professional. It has to promote political development but at the same time remain concerned with political stability and the unity of the nation.

There are some personalities coming up in ABRI who, when given power, can manage to balance those two contradicting tendencies in political life. But in general ABRI tends to be more on the conservative side, despite their pronouncements, essentially because of their concerns with stability and unity. This is also due to the fact that developments always bring about new and unforeseen changes, a process which in general ABRI abhors. Therefore, it is still uncertain how they are going to react to future developments. In part this will depend on how much attention they give to their political role (which is not always steady), and on the personalities who will be in charge of political affairs.

The third factor is the new leadership of *Golkar*, which should be trusted by the President and ABRI, but also endowed with the authority for change and development. This will be crucial, because in theory only *Golkar* has both formal and informal relations with the President, the Army and the bureaucracy. Political development will depend greatly on the vision, leadership and activism of the new Central Board of *Golkar*. However, in view of the limited authority and autonomy of the Central Board, especially in the last general election, it will be very difficult to imagine how *Golkar* could change dramatically. Perhaps this will proceed in an incremental way, and this will very much depend on the right personalities.

Fourth, there is the role of other political parties, the NGOs, public opinion makers (press, academia and personalities) and so

forth. Their role is equally important for the success of political development in the future. This is because a lot of political pressures are needed to promote political development. The main political actors, on balance, see the need for greater political openness, but are hesitant and essentially conservative in their ideas, and on their own they will not be strong enough to push for this development. They need support, pressures and even criticism. But paramount in these efforts will be a consensus not to destabilize the nation or to divide the country. In this process of change, there are some developments and trends that give hopeful signs for future political developments. There is some self-constraint on the part of the political elite due to the dramatic change of government in 1965-67, which was so traumatic and is still being felt.

Pancasila, the principle of unity, has become a stronger factor in political life as the common denominator and integrating factor. In practice further evidence is still needed to show whether indeed this is true. In particular, Muslim organizations, which are no longer propagating an Islamic state or the Jakarta Charter, have to demonstrate greater tolerance towards, and a willingness to accept, minorities by not pressing for more legislation of some aspects of *Fikih* law. Such respect and tolerance for minorities is the centrepiece of democracy, where the majority rules, but where minorities are also protected in their rights and obligations. And in the effort to create a more democratic society in the future, based on *Pancasila*, the rule of law has to be supreme.

Political development in the last five years has, despite its ups and downs, been more vigorous than ever. The general election has shown that a greater degree of freedom has been given to the populace to make their choice. Economic developments since the middle of the 1980s have led to the emergence of a so-called 'middle class', consisting of some members of the bureaucracy, Army officers, professionals and an upcoming entrepreneurial class, which is more open towards political development and more willing to push for political participation and openness. This group is expanding very quickly in line with the growth of the economy.

And last but not least, the new generation of youth that has come up is not bound by the experience of the political struggle for independence, the civil strife of the Bung Karno years, or even the traumatic change of leadership in 1965. They are better educated, more professional, more international and cosmopolitan. They are also numerous and at this stage, as everywhere else in the world,

they are thinking less about politics and more about making money. They are our 'yuppies'. How they will get more politically involved in the future is not yet clear, but they certainly are a force for modernization and will be on the side of democracy if circumstances push them to take an active part in the political development of the country.

Conclusion

The political picture that has been drawn is a mixed one. The Indonesian culture of tolerance and compromise will still be the dominating factor influencing the direction of Indonesia's political development.

Another most important and decisive factor is economic development. So long as the economy continues to expand and grow and the distribution is reasonably even, the easier it will be for political development to proceed in an orderly fashion.

But leadership is perhaps the crucial factor. Those in power should be able to discern the needs of the future and implement the necessary adjustments and changes. Those who are not in power should continue to push for change and political development, but should also know how to restrain themselves and the masses. They have to be able to balance the need for change and the need for a certain stability in political life, so that the unity of the nation and the achievements of national development will not be forfeited lightly.

Indonesian Political Developments: Problems and Prospects

Marzuki Darusman

Observing developments in Indonesia today has acquired a dimension beyond the traditional economic perception. Measuring changes based on a range of standardized growth indices has come up against new political realities. However, the mechanics of compiling data and the exercise of gauging economic progress have, by sheer scale and political expediency, caused economics to be substituted for politics. A major consequence of this situation is that economic norms have been applied to the evaluation of politics, making politics a mere extension of economics. This limits analysis and does not do justice to the complexities of Indonesian realities.

In fact, while economic performance has no doubt been singularly impressive, Indonesian political developments in the last ten years have been no less important. A general observation would conclude that a consistent but extremely graduated process of democratization is under way. It is taking place in the form of a ceding of power to 'politics'. Furthermore, imperceptible developments in this area may be quite real and even generally more predictable than economics. This means that areas of effective power, once relinquished to democratic political processes, are not easily retractable without affecting the intricate balance of relationships that makes up the power complex.

A recent example is the draft proposal on the Broad Outlines of State Policy (GBHN) normally submitted by the President to the collective leadership of the People's Consultative Assembly (MPR) at its five-yearly session. This document, the bible of Indonesian politics, is submitted as contributory thoughts to be deliberated upon and — as in the past — eventually adopted. Departing from former practices, an unexpected decision was made to allow the political

parties to draft their own GBHN documents for the MPR General Assembly sessions. A primary reason cited for this extraordinary gesture, particularly the timing, was the growing maturity of the political parties and of the system as a whole, which would warrant a greater sharing of national responsibilities. A sudden withdrawal of such political magnanimity, on whatever pretext (for example, if the five factions in the MPR session cannot agree on a consensus draft GBHN), would markedly reverse the heightened democratic expectations created and undoubtedly be disruptive.

Another case where the conceding of power to politics would be clearly manifested, therefore indicating real political developments, is the projected repeal of Decree VI/1988 (TAP VI/MPR/88). This was announced early this year and will be initiated by the *Golkar* (*Golongan Karya*) faction at the 1993 MPR General Assembly. The decree and its predecessors, in essence, have given General Soeharto for more than 25 years the mandate to invoke, if necessary, extraordinary powers to secure, through whatever means, the implementation of national development efforts. The lifting of this decree, based on the *Super Semar* letter of 1966, when it finally does happen, will assuredly go quite a long way towards shaping a substantive and open politics in Indonesia, leading to what the House Speaker, Lt. Gen. Kharis Suhud termed as 'a deregulation of politics.'

Existing circumstances have for some time ceased to correspond with those under which the decree was initially issued. In fact, the decree had never really been specifically enforced except in connection with the former Operational Command for the Restoration of Peace and Order (*KOPKAMTIB*), now transformed into the Coordinating Agency for Preserving National Stability (*BAKORSTANAS*). The rescinding of the decree and its intended objectives would nevertheless still be a significant political and psychological initiative, allowing henceforth for a more effective implementation of the 1945 Constitution. A practical consequence would be a greater tolerance of differences of opinion, as these would no longer be immediately seen as threats to the government or subversive of the system. This would then also promote a more assertive parliamentary role, including a more balanced and supervisory relationship with the executive as provided in the constitution. Further political development in the future would eventually result in corresponding adjustments to the laws on the

press, General Elections, the political parties, subversive activities, and other fields.

Looking at the democratization question in this light would then lead to a more productive analysis. This in turn would be the first step towards normalized politics in Indonesia, based on a normal way of looking at it.

Under such normalized conditions the recognition of such ideas as politics, democracy, constitutionalism and human rights will be more easily and correctly perceived in their proper context. These will be seen more as areas of legitimate activities requiring skilled individuals in articulating issues that supersede ideological debate.

As to the greater predictability of Indonesian politics as compared to economics, the fact that five consecutive elections were won by *Golkar* attests to an emerging natural political stability anchoring the system firmly within the body politic. This stands out all the more when we observe the somewhat erratic pattern of deregulation and re-regulation of certain markets recently (cloves, oranges, TV subscription fees) despite the overall thrust towards ever greater economic decontrol, especially with the launching of the ASEAN Free Trade Area (AFTA).

In any case, to the extent that concentrated power is now gradually relenting to democratic processes, however feeble they may still be at this stage, the absence of effective institutional and political control on the president, and the executive in general, is now being slowly reformed.

An interesting statement by the President in his 16 August 1992 speech referred to a possible reduction in the number of ABRI (armed forces) faction members in parliament which presently number 100. This could be seen as a similar process of power being ceded to politics. However, the statement contradicts the previous one of about three weeks earlier when the President received all the military district commanders at his private ranch in Tapos. There the President defended the ABRI's dual function, including its present role in parliament, which had recently come under criticism by prominent scholars such as Professor Miriam Budiardjo. Therefore, was the President's statement a case of political manoeuvring in response to such pressures?

What, then, would distinguish previous 'politics' from 'normalized politics'? Or, between 'New Order Politics', as Indonesian politics has invariably been described, and simply 'plain Indonesian politics'?

The term New Order refers to a historic political regime or arrangement, based on organizing principles that centre on the way the state and society are made to relate to one another. This is structured within a stable system that is operationally geared to achieve developmental goals. The New Order has been described as a corrective order, a constitutional order, a legal order and a developmental order as the case may be. It has also been characterized as an order with self-renewal capacities. *Pancasila* order is again another name that has been given to the New Order. However it may be interesting to note that, as far as all these designations go, the New Order was never popularly labelled as specifically a democratic order.

The use of the term New Order entails a recognition of certain features (ideological, regime-defined, pre-political) that characterize the system's political-historical identity. However, what activates the system is the technocratic developmental principle, where decision-making is based on a set of criteria and techniques that forecloses real public participation and thereby manifests inherent authoritarian tendencies.

It is clear that under such a developmental scheme, political and democratic dimensions are not readily accommodated. The striving for technical developmental goals is by nature averse to aspirational politics and democracy. Therefore, technocratic New Order politics cannot easily explain the causes of the actual emergence of democratic tendencies. The question is, how are these phenomena explained within a theoretical framework that denies them any legitimate significance?

Therefore, simply put, plain Indonesian politics would then be New Order politics plus greater democracy, with democratic tendencies integrated into technocratic perspectives.

At the same time, it must be pointed out that these democratic trends have not been entirely state-led in their origins. Another area of development has been the phenomenal growth in the last five years of a significant number of non-governmental organizations (NGOs) throughout the country. These have focussed on a variety of single-cause objectives in their activities that relate to national developmental goals. The eventual acceptance of the existence of these new organizations, on a greater scale than in the past, had to go through a bumpy adjustment period with the government. In retrospect, it can be hypothesized that, ironically, pluralistic democracy in Indonesia could never have in fact been realizable

with the prevailing nature of pluralism. This pluralism was primordial-inclined (ethnic-, religious-, racial-, historical-oriented), rather than public-interest orientated. That condition is presently being gradually reformed through the transformative potential of the NGOs, among others.

A major intellectual challenge today then is to form a theoretical framework that would encompass seemingly disparate political developments within an integrated and logical analytical structure. As it stands, democratizing tendencies in Indonesia are clearly identifiable and can be related to concrete events and policies. They are, however, less clearly explainable as part of a logical process and system of political change. The problem, then, is how to determine the underlying cause behind specific political events that are seemingly politically unnecessary. Are these political events random or will they form a pattern? How far do they constitute a part of a coherent process of political change? Are they trend-setters? How does one explain the relatively greater assertiveness of parliament during these past years, although the technocratic script did not provide for such an unforeseen eventuality?

It is possible to explain these phenomena in terms of motivational theories of social change. However, one would presumably end up with complex justifications of why things happened or why others failed to happen. A question of this nature would be, for example, why General Soeharto has not opted to step down, as a matter of personal choice, after so many years of personal sacrifice to the nation? Such a decision would be of momentous consequence but would, nevertheless, be well taken by a nation that is eternally grateful for such an extraordinary contribution.

It may be difficult, understandably, to imagine an Indonesia without Soeharto, and there are a number of compelling reasons why he should stay on. However, there is only one reason, probably equally convincing, for actually stepping down and this would be specifically to allow a new generation of leaders to take the helm while he would still be there to offer guidance. While the probability should not be foreclosed, this has, of course, not happened. How, therefore, would one explain things that have not happened, in contrast to things that have? How are the causes of political events in Indonesia that have inherent democratic potential to be explained?

A possible solution to this complex question is to determine whether or not these tendencies in any way relate to the national thrust of economic deregulation. For in the wake of deregulatory measures and privatization, a general course towards selective state decontrol has been initiated. It would, however, be difficult to specifically correlate economic deregulation with political democratization at this point. Nevertheless, it is inevitable that further deregulation will eventually require democratization. As the range of economic choices expands, political options will have to diversify commensurately. Otherwise, those measures will only generate and aggravate inequities, for only limited groups will be able to benefit from those policies. Decontrol of politics is intended also to achieve equity objectives. Therefore, as a matter of principle, it will in turn affect how economic deregulation is implemented in the name of efficiency.

The reverse is, of course, equally true. Ultimately, it is the emergence of a political-economic dynamic that is being sought. In the meantime, state-decontrol processes will presumably be mainly economic-generated. The historic phase that this process is going through presently is extremely important. A more balanced interdependent relationship between politics and economics must gradually be institutionalized. This has far-reaching democratic implications for political development. This is all the more true with regard to the results of the 1992 General Election, which saw the government-supporting social-political force, *Golkar* losing an unprecedented 18 seats in parliament. Those elections imparted a dual political message of continuity with change.

Continuity would refer to present economic policies, while change would mean future political choices. The social-economic uplift felt after two decades of national development efforts has been clearly attributed to sound economic policies that could be designated as social-market oriented. To maintain that momentum, however, it would seem that changes are in order. First-order changes would presumably lead to matters of political leadership. This matter has been highlighted in its more important aspects throughout this paper. The nature of political leadership changes in Indonesia sets them apart from second-order changes relating to matters of policy implementation. The latter have to do with mechanisms for effecting normal policy adjustments through political means. A primary focus would be to allow corrective policies, politically and institutionally applied, to balance out the

more severe economic inequities ranging from steep differentials of social-economic status and unwarranted discriminatory practices to monopolistic policies.

The dimensions of this leveling-off problem make it into a transitional process on its own. Furthermore, it involves a major adjustment on the part of those who have availed themselves of the economic opportunities of the past 25 years. This is not being contested here. By its nature and scale, however, this is a political-economic problem which constitutes the critical core of the transitional process.

To bring about this state of affairs, a concerted effort is required of all the political and economic actors. This, in turn, calls for transparency and consensus of the highest level and quality. The moment the idea of change becomes widely accepted and appreciated, through a set of agreed-on confidence-building measures, corresponding democratic political processes will follow. This would then allow for reforms to be negotiated within a clearly defined national political agenda. The transfer of power will be perceived as a constitutional concept that is firmly embedded within the dynamic process of institutionalized political and economic change, rather than merely as moments of power crises.

In terms of time-frames, adhering to the cycle of the national constitutional agenda would ensure the highest degree of political stability required to guarantee a least disruptive transitional process. The 1993 MPR General Assembly could form that constitutional point of reference. However, realistically and if only to allow the full import of the process to be appreciated by the public, the 1998 MPP General Assembly would be a more feasible and responsible time-frame.

To share among all actors the perspective of a sequence of phases that must be passed to achieve political change would require the highest political skills. The initial consensus to outline a common platform would already serve as a focal point for discourse.

In this connection, it could be asked whether the so-called succession problem is the single most important issue today. An affirmative answer would immediately sideline a set of other equally important matters. They also relate to the objective challenges facing the nation. It also relates to those conducive conditions enabling a viable political system to operate independently of indispensable actors. The call by Home Minister General Rudini for greater autonomy for the districts (*kabupaten*)

and municipalities), for example, is a reforming initiative that, if implemented, could decisively shape the future of democratic politics in Indonesia by distributing power more proportionately throughout the system. This would then contribute to more autonomous politics. While this may be a long-term process, the present system is, in fact, already capable of shouldering expanded democratic responsibilities.

In conclusion, the general and oft-asked question of whether the Indonesian situation is amenable to normal social science methodologies in terms of 'forecastability' is probably casting the problem too simply. The uniqueness of the Indonesian setting is that while problems are intractable, the prospects are bright. To be optimistic is not to be biased, but to be open-minded.

The Future of Human Rights in Indonesia

T. Mulya Lubis

Human rights is no longer a simple subject matter. In the last 50 years human rights as a subject has become very wide and complex. Practically every aspect of life is governed by various human rights instruments such as human rights declarations, conventions, covenants or resolutions. The UN Declaration of Human Rights, widely regarded as the post-world war II Magna Carta of Human Rights, has branched out into more than 50 international human rights instruments, covering a wide range of subjects from civil and political rights to economic, social and cultural rights. Lately, another branch of rights has come into being. These are solidarity rights, which encompass the right to peace, the right to a healthy environment and the right to development.

At regional level, notably in Europe and America, various human rights declarations have been adopted and come into force. The African continent in 1981 also produced a human rights charter known as the African Charter on Human and People's Rights (Banjul Declaration). However, in Asia and Australia we have yet to produce such a document. It is indeed interesting to ask why Asia and Australia have been very much left behind, in spite of the Asian independence movements which started in the 1940s. Historically, the newly independent states in Asia voiced a strong demand for freedom, equality and liberty. And yet Asia is now forced to realize that those basic values have been put aside in the name of security and economic well-being.

Indonesia, especially under Sukarno in his early years, was known as an advocate for independence, self-determination, economic justice, and change in the international order. The Asia-Africa Conference in Bandung (1955) underlined the position of Indonesia. In human rights terms, what was voiced by Sukarno's

government can be regarded as disseminating basic values in line with freedom, equality and liberty. But as our history shows, his government gradually put itself in a problematic situation in which Sukarno was obsessed with his own ambition to stay in power forever at the expense of freedom, equality and liberty. Sukarno detained a lot of politicians and intellectuals, outlawed opposition, banned critical media and led the country into economic bankruptcy. As we all know, Sukarno precipitated his own downfall, and the new regime came to power.

When the present government —the New Order — came to power, many people believed that its early years could be considered as a human rights revival, in which such rights were not merely rhetoric but very much alive in the society. It was a time when people talked freely about international human rights instruments, and even proposed that a kind of human rights charter be drafted. Likewise, the leaders of the country responded positively, and expressed their commitment to human rights, while blaming the ousted government for authoritarianism that included human rights violations. The government requested the MPRS (Provisional Peoples' Consultative Assembly) in 1967 to establish a human rights guideline in accordance with *Pancasila* and the 1945 constitution. The MPRS set up an ad-hoc committee that prepared such a guideline to be incorporated into a Human Rights Charter widely known as *Piagam Hak-hak Asasi Manusia dan Hak-hak Serta Kewajiban Warga Negara* (Charter of Human Rights, Citizens' Rights and Duties). But as history shows, the Charter was not submitted to the MPRS for adoption, allegedly because of opposition from various inner circles within the government. The prevailing view of the government at that time was to concentrate on economic recovery, and for that reason a trade-off policy was adopted in which human rights were put aside in the name of economic recovery.

To be fair to history, it can be argued that, although economic recovery was the main obsession of the government, human rights were fairly observed and debated until the early 1970s. The decline in human rights started in 1974 in the aftermath of the Malari incident in which almost 100 activists, intellectuals and lawyers were detained, and 11 newspapers were banned. It is not an overstatement to conclude that since 1974 various policies and laws that regularized and controlled political organizations have been adopted. It started with the policy to reduce the number of political

parties from nine to three, and the cooptation of the press, labour, farmers, and youth organizations; it extended to banning demonstrations, and later controlling the activities of non-governmental organizations such as LBH, Peradin, YLKI, LP3ES and others. Interestingly, all these policies were finally legalized in 1985, when the government enacted a package of bills called '*political development bills*'. These are the Law on Political Parties and the Functional Group, the Law on General Elections, the Law on the Structure of the MPR, DPR and DPRD, the Law on Referenda, and the Law on Societal Organizations (NGOs). At the same time, we have to consider also the Law on the Press, the Law on the Judiciary, and the Law on the Supreme Court. This cluster of laws made everything legal and lawful despite the fact that negation of political rights in a wider sense had become very apparent.

In view of the above it is understandable if there is pessimism within the society; but on the other hand there are also people who keep their hopes alive. Globalization of human rights after the collapse of Eastern European countries seems inevitable. Moreover, maintaining the pace of economic development will require, among other things, certainty of law and human rights guarantees. Sustainability of economic development will depend not only on our commitment to environmental protection but also the fulfillment of basic human rights. Therefore, environmental protection and fulfillment of human rights must be treated as two sides of one coin; they go hand-in-hand. And above all, economic development will have to interact one way or another with globalization, and in this case gradual human rights fulfillment will become part of the game. There is no point of continuing to promote economic growth if it is at the expense of social alienation and dissatisfaction. Economic development should not become a time bomb because it would mean a serious set-back.

International Pressures

Many government officials have on various occasions reiterated that Indonesia is not a *rights-based society*. What is important, they say, is duty. They seem to recognize certain human rights but these are subject to certain limitations, while at the same time they stress the importance of duties. Implicit in this attitude is the repeated allegation that human rights, as perceived and advocated by many international organizations, are a western construct. That is, human rights, as spelled out in various international human rights

instruments, are seen as Western values based on a natural rights philosophy. Therefore, they are not rooted in many Asian societies. According to this view, Asia should have its own human rights notion distinct from the UN Declaration of Human Rights. In other words, there should be an 'indigenous' concept of human rights. This explains why there has been an outright rejection of various international human rights instruments despite the fact that all Asian countries joined the United Nations. Being a member of the United Nations, every country is ethically and organizationally bound by the UN Declaration of Human Rights because it is regarded as a *common standard of achievement*.

Among international lawyers, international human rights instruments have been regarded as customary international law, meaning that ratification is no longer *conditio sine qua non*. Above all, our international community has become a borderless society in which no state boundaries are recognized, especially by economic actors. Internationalization of our economy seems to be inevitable even for states like Cuba and Myanmar. There is no one single country on earth which can survive without engaging in international trade. But internationalization of the economy has carried with it international values, mostly originating from, and found in, the Western societies, such as the rule of law, democracy, the market economy and human rights. Gradually, those values penetrate the non-Western societies and some are adopted by them. In Latin American countries, South Korea and Taiwan, for instance, one can witness more respect toward rule of law, democracy and human rights. It seems that the success of economic development has forced these countries to be bound by the rule of law, democracy and human rights. This is so even though one should recognise that there are countries which continue to violate human rights, despite economic development.

However, the dissemination of these values is a continuous process, and one should compliment the tireless efforts of international organizations, especially those of international human rights organizations, both inside and outside the United Nations. Their agenda consists of three main activities, namely, international standard setting, enforcement and information. Remarkably, they have achieved a great deal in the way that they forced every state on earth to recognize and gradually embrace human rights values in their national life. Nowadays, almost every national constitution incorporates human rights principles. And

many judgments rendered by national courts have cited international human rights instruments. This is not to say that we have no problems with enforcement, but the fact that international standard setting has been substantially achieved is in itself a remarkable phenomenon. Eventually, it will lead to a situation where most of the complaints about the imposition of Western values on non-Western societies are dismissed.

Another factor that must be taken into consideration in this great achievement of international standard setting is the collapse of Eastern European countries, which practically ended the so-called cold war and containment policy. The failure of communist systems has brought an inevitable victory of values that have been advocated persistently by the capitalist countries — such as a market economy, democracy, rule of law and human rights. This victory of capitalist countries has changed their agenda from countering and containing communist ideology into spreading their values. In this case, human rights become very instrumental. If, in the past, human rights violations were ignored and silently accepted in the name of containing communist ideology, that very reason does not exist anymore. If, in the past, most international human rights campaigns and pressures came from international human rights organizations, this is not the case any more. For the first time in our history, there is a concerted effort by states and international human rights organizations to strengthen human rights principles.

In Search of Human Rights Policy

Economic development has been regarded as the core of the New Order government since it came to power in 1965–66. In the name of economic development, it is argued, human rights must be deferred until economic development has been completed. Theorists of economic development hold that it must succeed whatever the cost and sacrifice shouldered by the people because, in the end, economic development will bring with it benefits in other realms of human rights. The prevailing notion among economic planners has been that this form of trickle-down would ultimately take place and when the economic conditions of the people were sufficiently improved, at this point the people could begin to enjoy full human rights.

It has been argued that economic development has produced a new class or group consisting of managers, young entrepreneurs, professionals, and to some extent, intellectuals. Their position is not

always similar, but most of them aspire to a strikingly similar goal : the guarantee of rule of law as opposed to the rule of the ruler, favouritism, or primordialism. A new consciousness has arisen resulting from the constant fear that if the tradition of rule of law is not strengthened, then the future of society, and with it the future of human rights, would be in jeopardy and dependent solely on the discretionary power of the ruler.

In a parallel development, an impressive new group of NGOs is also emerging as viable and vocal advocates of reform. In the last two decades, growing numbers of concerned intellectuals, student activists, and informal leaders have become involved in NGOs. The NGOs that label themselves *partners* or *critical partners* of the government aim for the most part at awakening and facilitating people's true participation in determining their future. These NGOs may not yet be strong enough to form a political alliance, but they could help influence public opinion and push the government to greater responsiveness. Needless to say, more human rights guarantees are an indication of a greater responsiveness on the part of the government.

At this point, it is appropriate to underline the role of the press, despite its weaknesses. Of course, it is a mistake to regard the Indonesian press as free, but within its own limitations the press has been instrumental in disseminating and strengthening human rights values. It is through the media that all those human rights values have been introduced to the society at large, and to some extent a limited '*human rights discourse*' can also be found in the media. Certainly, the press can do more in its effort to strengthen human rights, but the fact that the press is being closely watched and controlled by the government through its control over the licence to publish (SIUPP) must also be taken into consideration. One has to be realistic and recognize the limitations faced by the press; and yet there have always been ways to bring up the issues of human rights.

The need to strengthen human rights has been articulated on many occasions, particularly during the campaign prior to the June 1992 general election. Every party, including the ruling Golkar party, has promised that the time has come for more respect for human rights, and for this very reason the notion of a state based on law (*rechtstaats*) must also be strengthened. Human rights can only survive under the umbrella of the *rechtstaats* and, therefore, the government's initiative in introducing and reforming the administration of justice, by enacting a new criminal procedures code

(KUHAP) and establishing an administrative court (PTUN), must be continued. In this regard, many people have demanded that the judiciary, especially the Supreme Court, should be independent and impartial. Moreover, the Supreme Court should be given the right to review legislative products (judicial review) promulgated by the parliament (DPR). Without such power it would be very difficult for human rights to grow, since the government can freely enact legislation that might negate human rights. Repressive laws such as that on Anti-Subversion cannot be challenged while, if the Supreme Court is equipped with the right to judicial review, we can realistically expect that human rights can significantly be guarded.

Aside from efforts to strengthen the notion of *rechtstaats*, we should consider also the internal pressure coming from the Department of Foreign Affairs, which has called for the adoption of a human rights policy. Partly this is a response to international scrutiny and criticisms over alleged human rights violations in Aceh and East Timor, but it is also because the department serves as a spokesperson for the international community. Internationalization of human rights has meant there is little choice except to gradually comply with human rights principles. It is for this reason that Indonesia joined the *UN Human Rights Commission*. Of course, some people have questioned Indonesia's sincerity in joining the UN Human Rights Commission, but it is a step in the right direction. The government's involvement in this international human rights forum will eventually broaden its understanding of human rights.

Internationalization of human rights has found another avenue which is even more effective. As we know, the Indonesian government has been a recipient of foreign economic assistance in the last 20 years, and as a matter of fact Indonesia is one of the biggest debtors in Asia. The consortium of donor countries, the Consultative Group for Indonesia (CGI) (formerly known as IGGI), led by the World Bank, has suggested that the time has come to link economic development to the betterment of human rights. The US, Germany and Japan, for instance, have adopted human rights policies in their economic assistance to third world countries. Although the first meeting of CGI did not explicitly raise human rights issues, it is only a matter of time before it comes on the agenda. The problem is that donor countries have to face critical groups and citizens within their own countries who question the human rights records of the recipient countries. This explains why the US government is being confronted by a bill enacted in its House of Representatives aiming at curtailing

military assistance to the Indonesian government as a protest over the handling of the East Timor incident. It should be recognised also that the government of Germany has conditioned its economic assistance on respect for human rights, democratization, preservation of the environment, the guarantee of law and a market-friendly economy. Japan has also adopted similar guidelines. Other donor countries one way or another will link their economic assistance to human rights, and this will force the Indonesian government to pay serious attention to the improvement of human rights.

Having explained the dynamics and on-going interaction between the government and those striving for human rights, nationally and internationally, it is interesting to note that some attempts have been made by various groups within the country to come up with what is called the '*Indonesian concept of human rights*'. The Foreign Affairs Department has assigned the Law School of Diponegoro University the task of undertaking comprehensive research on this subject. Gajah Mada University has initiated a project to draft a sort of national human rights charter, and in Jakarta a similar attempt is being made by the Indonesian Moslem Intellectual Association (ICMI). This is indeed a good sign, even though this kind of venture might hamper the international standard-setting campaign, and possibly might de-emphasize a number of international human rights norms which are regarded as alien and not rooted in Indonesian soil. However, while waiting for the outcome of those human rights projects, a guarded optimism is by no means unreasonable. The possibility of a peaceful evolution towards stronger observance of human rights in this era of globalization is daily growing stronger.

Conclusion

What is the future of human rights in Indonesia? There is no simple answer to this question. On the one hand there has been a mobilization of pressures from the international community as well as from national groupings such as the NGOs, intellectuals and the press, while on the other hand a kind of ambiguity remains. The fact that an Indonesian concept of human rights is being prepared explains the ambiguity. Reservations about the universal character of human rights are still present. Therefore, the outcome will depend very much on the intensity of the interaction within the government.

This is not to say that international pressures do not play a significant role but, above all, the attitude of the government, the business sector, the NGOs, the press and the military are the most significant factors in shaping human rights policy. If a truly middle class emerges from all these social-political interactions, it may bring Indonesia closer to the realization of *rechtstaats*, democracy and human rights.

The 1992 Election: A Devastating Political Earthquake?

Abdurrahman Wahid*

The results of the 1992 general election provide an interesting window on a possible drastic departure in Indonesian politics. In my view the results of the 1992 election should be interpreted as a political earthquake — for *Golkar* of course. For PDI and PPP, on the other hand, the results were good.

In the election *Golkar* was able to contain the aspirations of the PDI and the PPP to the point where it lost only 5 per cent of its previous votes. But in several regions — the most important regions in the Indonesian polity — *Golkar* suffered major setbacks. That is in East Java, Central Java and the capital region of Jakarta. In East Java *Golkar* lost ten seats in the national parliament, amounting to 25 per cent of its previous gains. In Central Java the loss was not so large. Perhaps I could continue the analogy by saying that if there was an earthquake in East Java, there were severe tremors in Central Java. Maybe it was around seven-and-a-half on the Richter scale, enough to do a lot of damage. In Jakarta *Golkar* failed to achieve the target of 60 per cent of the votes which had been instructed by the President to his supervisor for the Jakarta region, Minister Azwar Anas. Jakarta is especially important because it is a showcase. According to this line of thinking, *Golkar's* performance in Jakarta is an indicator of its popularity throughout Indonesia. In an open, relatively honest and free election as in Jakarta, *Golkar's* ability to garner votes should be an example for the rest of

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Indonesia. Instead, in this year's election *Golkar* won only 53 per cent in Jakarta. Its result was far off the target.

This result has great significance for the politics of Indonesia in the future. First, it showed that *Golkar* still has to rely very heavily on the bureaucracy and the military, and that it has failed to take deep root among the population. The population still remains more or less captured by the old forces — the Islamic forces represented by PPP and the populism of Sukarno represented by PDI. This is very important because the very establishment of *Golkar* was intended to break up those single-community political forces. For the PPP, the election result encouraged those who would like to preserve the continuation of conventional Islamic politics. For the PDI, the result indicated the revival of populist politics (*paham kerakyatan*) on a vast scale with great promise for the future.

Golkar was established precisely to promote the collective interests of various small groups and competent individuals. The term *Golongan Karya* (meaning functional groups and abbreviated to *Golkar*) denotes *Golkar's* purpose of modernising Indonesian politics within a certain time frame. Its goal was to 'colour' politics in such a way as to draw the population away from the old types of politics. But now, approaching the end of the first long-term development plan, *Golkar* has failed to achieve that goal.

This brings us to the question of whether the policy of trying to disengage Indonesian politics from the 'big issues' of the past is still feasible. The blow suffered by *Golkar* in East Java, Central Java and the capital necessitates a thorough examination of *Golkar's* own foundations since it is evident that, by relying on the bureaucracy and military, *Golkar* will only invite more trouble from the electorate in the future. By its very nature, *Golkar* is a confederation of small outfits and minority groups, in contrast to the past political parties with their 'big constituencies'. *Golkar's* loss of support in the 1992 election raises a very important question: is the political strategy of 'de-ideologising' Indonesian politics still feasible?

If it is not feasible, what should we have as a replacement so that we can avoid a return to the old politics — the politics of *aliran* and contradictory ideological persuasions? One thing is clear now. It looks as if the effort to de-ideologise politics in Indonesia will be difficult to sustain any longer without resorting to undemocratic ways, that is by maintaining what is called the 'security approach' indefinitely. There is a problem here because if we continue along the lines of the past, by going back to the *aliran*

movements, then we will experience all sorts of contradictions in our society.

Despite the emergence of primordial issues and tendencies in Indonesia, I would say that Muslims in Indonesia are basically tolerant. For example, their acceptance of *Pancasila* is a product of a long tradition of reinterpreting Islamic laws to take account of the needs felt by other groups outside the Muslim community. This is clear from the study of religious law or *fikh* in Indonesia. Another example is the acceptance by the *Nahdatul Ulama* (NU) in 1935 of the validity of the concept of the Indonesian nation. It did so by declaring that the entity called the Dutch East Indies at that time should be defended by the Muslims because that state gave them religious liberty, that is the liberty to implement their religious teaching. This tolerant and flexible tradition grew from the first contacts of Islam with previous traditions in Indonesia — pre-Hindu, Hindu, Buddhist and Hindu-Buddhist — and was later strengthened by the introduction of Christianity in Indonesia.¹

Tradition teaches tolerance, but political trends are not dictated by tradition only. The common people have not yet been able to develop strong organizational capability. Because of that, those who are active and better organized are able to take advantage of the situation, something that has happened within the Islamic movement.

There is a nucleus of Muslim militants who emerged in the 1970s as the offspring of the former Muslim militants who dominated the dialogue between the nationalists and Muslims in the Constituent Assembly between 1956 and 1959. If we look closely at the proceedings of the Constituent Assembly, it was clear that only a small number of Muslim leaders actually wanted to reject *Pancasila* or wanted to establish an Islamic state. The rest of course were just inactive, but were used by militants like Kiyai Isa Anshary, for example. I have conclusive proof of this, including the late Kiyai Achmad Sidik's paper delivered to the NU in East Java in 1957, when he said that the establishment of an Islamic state is not an obligation for Muslims. That shows that there was debate inside the Islamic movement. But, since the 'moderates' were defeated or

1 Maybe, in discussing East Timor, many do not realise that the military commander, Brigadier Theo Syafei, is a Christian with an Islamic name — a name that belongs to Christian princes in the Sultanate of Buton. How could you expect to find a family tree like that?

were outmanoeuvred because they were weakly organized, the result was a deadlock in the Constituent Assembly. This was only resolved by the Presidential Decree of 5 July 1959 marking the return to the 1945 Constitution and the establishment of autocratic government as well.

In Indonesia today this kind of situation has re-emerged partly because Indonesia has open contacts with the Middle East. All kinds of influences are felt among the Muslim movements so that many different Islamic ideologies come to Indonesia — Shi-ite, both Iranian and Iraqi, Saudi Arabian Sunni, Indian Sunni, Pakistani Sunni and so forth — and the better organized will become the dominant force. Unfortunately this development happens to coincide with the setback experienced by *Golkar* in the recent election, and the President's search for support from the Islamic community. Thus people who in the 1970s denounced *Pancasila* are now becoming 100 per cent '*Pancasilaist*' and working with the Presidential groups.

As of now we can still see that the call to Islam as made by PPP is still quite strong. If we cannot put reasonable limits on this kind of tendency in a democratic way without resorting to extra-constitutional measures, then I think the whole endeavour will be discredited because those very issues will then emerge as democratic issues. That is what happened in Algeria with the rise of the Islamic Salvation Front (FIS). What happened there was that the FIS used democratic processes — although they were undemocratic themselves — so that they could beat the government. That could also happen in Indonesia.

But when I aired this issue, not a single person defended me, and accusations abounded from my own fellow members of Islamic movements in Indonesia. So the challenge now is how to shape Indonesian politics towards the continuation of the efforts to deconfessionalize politics so that, politics can run in a 'normal' way but without resorting to unconstitutional instruments. This is a very grave challenge which became clear in the results of the last election.

At present this ongoing process of the deconfessionalization of politics through constitutional means is being complicated by the fact that the Presidential succession will take place in maybe 1995, but if not in 1995 then in 1998. Even before the recent election, the succession issue itself gave rise to unintended side issues. President Soeharto failed to get a *carte blanche* from all important sectors in the society, including the armed forces and various other

organizations. I don't yet know about *Golkar* because up to now it says that it is still observing the situation. Its Chairman, Wahono, said that they were still observing the candidates to determine who would be the most appropriate.²

In these circumstances the President was forced to resort to a new tactic, that is to woo the Islamic groups in an all-out effort to get full support. This raises the possibility that really 'out-of-line' Muslims with one-sided orientations in politics — those, for example with 'anti-this-and-anti-that' attitudes — will have an opportunity to emerge in the body politic. We will not know to what extent this will happen until the membership of the new MPR, the People's Consultative Assembly, is announced in October 1992 when we will see whether such 'fire-brands' will be included in its membership. If they are appointed they will call for a return to the old politics, although instead of demanding the establishment of an Islamic state they will now demand the creation of an Islamic society in Indonesia, which will amount to the same thing. That is, the Muslims will be given first-class status and the others will become second-class citizens. But it will not be all the Muslims, only the Muslims they choose.

So now we can see the problems of the political process in Indonesia. We need to try to find a balance between political orientations. Proper professional orientations, concern for the improvement in the people's living standards, rule of law and so forth should be promoted, but the process now faces difficult and very daunting obstacles because of the situation concerning the Presidential succession. In these circumstances it is necessary in the democratization process to prevent this kind of primordialism, sectarianism and exclusivism from developing and gaining support. But on the other hand we also have to try to enlarge the constituency for democracy.

In this respect I think I should clarify the position of *Forum Demokrasi* (FD). It is not an action-oriented group. It is just a group of people from different constituencies. So if one particular member or participant in FD wants to take action, then he or she can, but cannot force the rest of FD to join in. Why? Because from the very beginning we made it clear that we seek a common platform. We would like to discuss and reflect on the parameters of democracy, the

² In October 1992 *Golkar* announced its intention to nominate President Soeharto for re-election (Editors).

limits of power, and how we could promote the democratization process in a satisfying way. But we do not discuss such issues as when to call a strike, when to defend the farmers facing land confiscations, and so on because this is already being done by other groups. We have to make it clear that FD works for full democratization by trying to provide a framework for peasants, labourers, small traders, and even government employees to channel or organize themselves, because weak people have no ability to organize. Why that is so is an historical question and relates to the political situation.

I would also like to say something about the question of East Timor. Today there are many groups demanding all sorts of solutions to the intractable problem there. The expression of these collective efforts can be found in the *aide memoire* of the INGI, the international NGO forum on Indonesia at its conference a few months ago, where there was explicit mention of two differing perceptions about the status of East Timor — the Indonesian government's perception that the Timorese have already decided to join Indonesia and many East Timorese' own perception that they haven't yet determined that. The *aide memoire* calls for open dialogue among all parties concerned. I think this is a very important development in the attitude among the NGOs in Indonesia. At great risk those NGOs participating in the INGI conference adopted a basic position acknowledging the claim — although not accepting it just like that — of the resistance movements such as Fretilin.

Concerning the issue itself, I think that we should develop two approaches towards human rights questions in Indonesia. Firstly, what happened in East Timor showed clearly that protection of law is not provided for citizens but that doesn't happen only in East Timor. I think that the LBH, the Legal Aid Institute of Indonesia, carried a very heavy burden when the 'mysterious killings' were carried out against the population several years ago by mysterious units of the armed forces — as was later acknowledged by President Soeharto in his book although denied at that time by everybody. I was the only one who wrote in *Kompas* about the criminality of these events. It is a lonely fight to establish the rule of law in Indonesia and I think we have still a very long way to go. So every case like the East Timor case is important — a part of the problem of human rights in Indonesia.

The human rights issue must also be viewed in a wider context, as there are many many aspects to it. The question of human rights

concerns so many aspects that I think you can't just talk about human rights separated from political development or from national development. That is why I think that acknowledging the problem of East Timor should be put in a broader context. This is a two-edged knife. We all have to remember that this is all one part of a broader context and that the other parts should not be forgotten.

FD has stated its demand that a just process of law with a presumption of innocence and the full legal process should be applied to those accused but we still see results that are unfair with different sentences given to different parts of the same society. And in my view, if you ask me frankly, I would say that the military culprits should get more than the civilians. Everywhere in the world, when military personnel violate the law, they get stiffer sentences because they are bound by discipline. So now it is all a farce, it's a joke. I agree that we should feel indignant about this matter, but without shouting of course.

Indonesian Politics in the 1990s

Arief Budiman

A Whisper for Change

The 1992 general election indicated that people want change. This was demonstrated especially with *Golkar's* loss of seats in parliament, as shown in the table below:

Table 1: Parliamentary Elections, 1987 and 1992

Year	Number of Seats		
	PPP	<i>Golkar</i>	PDI
1987	61	299	40
1992	62	282	56
	+1	-17	+16

Source: Kompas, June 16 and 30, 1992

Golkar lost 17 seats, or 4.25 per cent of the total. PDI gained an additional 16 seats (4 per cent of the total) and PPP got an additional seat (0.25 per cent). The numbers are quite small, but in a tightly controlled election they are significant.

PDI, the 'improving' party, appeared the most aggressive in talking about the need for change. In its campaign, featuring especially 'rebellious' young people, it talked about having more

than one candidate for the coming 1993 presidential election, limiting the president's terms to just two, abolishing business monopolies, and other critical issues.

PPP also talked about the need for change, but very slightly. It nominated Mr Soeharto as candidate for his sixth term as president in the coming presidential election. With this image, PPP resembled more the Moslem wing of the government, rather than a party that offered an alternative.¹

Golkar, of course, talked about the success of the government's development program. This had to be continued, it argued. It apologized for mistakes that had been made. It didn't mention yet who its candidate for president would be, but many of its campaigners gave a clear indication that it was to be Mr Soeharto again.² *Golkar*, as shown in Table 1, lost 17 of its parliamentary seats.

Thus, it is not an exaggeration to conclude that the message of this election is that people want to have change. This message was spoken softly, like a whisper, because people still did not dare to say it loudly. However, for the Indonesian public, this whisper is loud and clear.

Type of Democracy and Social Conflicts

What kind of change do people want? Different people want different kinds of change. However, there is one thing in common: people at least want to participate in the decision-making process. If people were able to participate in this process, they could at least express their opinions about the widespread practice of nepotistic monopolism, about government projects that force people to be resettled with no, or very little, compensation, and about the need for press freedom. People want to have more democracy.

1 When one of the most popular PPP campaigners, Mr Sri Bintang Pamungkas, mentioned that it was possible for PPP to nominate more than one candidate for the presidency, he was corrected immediately by the General Secretary of this party.

2 Mr Suhardiman, for instance, said that *Golkar* had to vote for the same pilot who had successfully flown this 'airplane of development'. Other campaigners mentioned voting for an experienced candidate who had proved to be successful.

In this context, it is useful to differentiate between three kinds of democracy. The first is what I would call *loan democracy*. This democracy exists when the state is very strong, so it can afford to be criticized. A sort of democratic space then emerges in which people can express their opinion freely. However, when the state thinks that the criticism has gone too far, it will simply take back the democracy that it has only lent. The people have no power to resist.

There is, second, *limited democracy*. This democracy exists when there is a conflict among the state elites. This conflict also creates some kind of democratic space. People can criticize one faction of the 'powers that be', and be protected by the opposite faction. This kind of democracy is 'stronger' than the first one, in the sense that the state cannot simply take it back as in the case of the first type. However, when the conflict within the elite is over, this democratic space will probably disappear also.

The third kind is *structural democracy*. Unlike the other two, this type of democracy exists because the non-government, socio-political forces (or the civil society³) succeed in organizing themselves and become balancing counter-forces against the state. Democracy here is rooted in the structure of the society. Thus, unlike the other two, the state has no power to simply stop this kind of democracy.

At present in Indonesia, the most we could have is only the second type of democracy. The third type is still far away. There are still many obstacles to overcome before the third type is achieved.

These obstacles result from the fact that the present civil society is divided by several conflicts: religious, racial and class. Indonesia is divided into the Islamic community (the majority) and the non-Islamic community (the minority, but quite powerful, controlling business and some important state offices). The case of the weekly TV magazine *Monitor* in 1990 is one manifestation of this conflict.⁴ Moslems are sensitive to anything that is considered as

3 I am very much aware about the problem of using the bi-polar concepts of state and civil society. The boundaries between these two concepts, in reality, are not clear at all. However, for practical purpose, these concepts are still used here. On the problematic concept of civil society, see Budiman (1990a) and Taylor (1990).

4 This weekly magazine ran a public poll to discover which figures were most popular among youth. The Prophet Mohammad was placed as

damaging the interests of their religion. This sensitivity is then used to mobilize the Moslem populace and to oppose all political manoeuvres by non-Moslem politicians.

Racial conflict manifests itself in the business community. It is well known that Indonesian (especially big) business is dominated by Sino-Indonesians. At the same time, these Chinese businessmen are protected by high government officials. They work together as partners: the former creates economic surplus, the latter provides political protection. In order that these Chinese are always in need of state protection, a sort of anti-Chinese sentiment has to be kept alive.⁵ This policy, which was practised during the colonial period, is being implemented again now.

The third obstacle, class contradiction, is the result of the capitalist-oriented development policies, which produce a widening gap between the rich and the poor. As mentioned earlier, even though the living standards of the poor have increased, the incomes of the rich have risen much faster, especially at the very top levels. This has created tension among the rich and the poor, which in Indonesia is called *kecemburuan sosial*, or 'social jealousy'.

The worst aspect is the fact that these three contradictions are attached to one identified group: the top businessmen. They are rich, mostly Chinese, and mostly non-Moslem. It is quite logical, then, that this group becomes the target of this 'social jealousy.' When this tension runs loose and breaks into social riots, it will damage the middle class, if not the whole society, who have benefited substantially from the economic achievements of the New Order state.

number 11 in the list, even below the chief editor of the magazine, Arswendo Atmowiloto. This was considered an insult to Moslems. There were demonstrations in some big cities, and the magazine was then banned. Mr Atmowiloto was put on trial and was sentenced to four and a half years in jail. There have been other smaller cases in which Moslems have reacted to issues considered as insults to their religion.

⁵ This anti-Chinese sentiment is maintained especially among the poor and the Moslem populace (see Budiman, 1991, pp27-29). The Chinese are also used by the state bureaucrats as scapegoats for the spread of bureaucratic corruption and the uneven income distribution.

Democracy, the Middle and Lower Classes

One of the results of the economic growth produced by the New Order Government is the growing size of the middle class.⁶ Compared to the 1960s, there is now a substantial middle-class layer although as a percentage of the total population it is relatively still very small. It is, however, getting stronger economically, and eventually politically also. This phenomenon, no doubt, has become a factor in enhancing the democratization process of the country.

Despite the fact that the New Order Government has given this middle class many things, this group also has complaints. There are several reasons why most factions of this middle class increase their demand for democratization.

First the 'nepotistic monopolism' in the economy hurts many business people. In spite of the deregulations introduced by the government, some regulations creating business monopolies given to the family of high state officials have been dramatic. The case of BPPC, the clove trade monopoly, has been the most discussed. This kind of monopolism does not only hurt big businesses, but it also goes down to the middle business level. The clove monopoly has hurt many middle clove traders, as is also the case with the trade monopoly of citrus fruit in West Kalimantan. With the growing size of the middle-level business community as a result of the success of the New Order economic policy, there is an expanding group of more professional young business people. They want to have a more liberal economic policy in which they could compete professionally. They press for more economic deregulation, in order to limit the role of the state.

Secondly, the professionals also have their complaints. Despite their increased standard of living, they see that the state, dominated by the military, is too powerful. This power of the state

⁶ The concept of middle class is somewhat problematic. Like a basket, it contains different kinds of things (see Heryanto, 1990). It is difficult to have a unified single political view of this group. The business people may have a different political view from that of the top state bureaucrats, who also have a different view from the professionals. However, like the concept of civil society discussed earlier, the middle class concept is used for practical purpose. The common element is that this class enjoys relatively high incomes, especially compared to those at the bottom.

has limited their freedom of expression. Journalists are hurt because their freedom of expression is controlled by the government. The same applies to academics and intellectuals, whose critical ideas are suppressed. They need more democratic space.

Thirdly, the state bureaucrats, especially those in high positions who can use their bureaucratic power to get some economic gains, are in general quite happy with the present situation. However, some factions of the military⁷ are worried about the deep involvement of the Armed Forces in politics and economics.⁸ They are afraid they may get entangled in a complex web of political and economic corruption, and that their socio-political roles will be the target of attacks when the winds of change come.

Thus, the middle class seems to agree that a change is needed, in order that they can extend their roles in enhancing the development process. However, due to the social conflicts discussed earlier, they also feel that a strong state is still very much needed. Thus, the change has to occur within the framework of the existing political stability. At present, it seems that only the military is able to provide this. Democracy is still not on the top of the list of demands from the Indonesian middle class.

Democracy is also the result of the growing strength of the people at the lower level. Although their standards of living have increased as the result of economic growth, their lives are not getting easier. Not only do these people experience difficulties obtaining employment, but they are also losing their existing jobs. They become the victims of development projects. Peasants are losing their land,⁹ people who work in the informal sectors in the big cities are losing their jobs,¹⁰ and industrial workers are being laid off.¹¹

7 I am not discussing only the retired military people, both members of the *Petisi 50* and those outside this group who are quite vocal. I am talking also about some military personnel who are still on active duty.

8 The core of this critical group was discussed in Jenkins (1984).

9 For example, in the case of Kedung Ombo, and many others where the peasants were forced to give up their land — or to sell very cheaply - to private industrial estates.

10 For example, due to the local government projects to modernize the cities to attract tourists, as for instance the abolition of *becak* in

These people want to say something about government policies. However, they are not organized politically. This is due to the successful control by the government over almost all existing mass and political organizations in the country. Political parties, student and youth organizations, and even the NGOs are being subjected to government control.

The state thus emerges as the strongest institution *vis-a-vis* the existing civil society. Of course there is some conflict among factions of the ruling elite. This conflict creates from time to time some democratic space. The *limited democracy*, as was mentioned earlier, appears and reappears from time to time. However, this democratic space disappears when the conflict is over. The military, again, regains control over state power.

Within this context, it seems unrealistic to hope that the internal political dynamic would produce democracy. The state is too strong, the civil society is divided, and the state is not only taking advantage of the social contradictions existing in the civil society, but also keeps 'disorganizing' civil society to make it weak. This job, it appears, has been done quite successfully.

The External Factors

If the internal political dynamic gives little chance for the process of democratization to develop, what of external factors? Consider, in particular, two recent phenomena.

First, the Dili incident of November 12, 1991, has shaken the domestic political foundation. For the first time the Indonesian government appointed an investigation team to go into the matter. For the first time there was a military tribunal for those who were involved in the incidents. For the first time some high ranking generals were removed from their positions. For the first time President Soeharto, as the BBC television correspondent Peter

Jakarta, or the effort to prohibit the street vendors to operate in Yogyakarta along Malioboro.

- 11 For instance, with the problems faced by the clove cigarette industries as a result of the government policies to regulate the clove trade.

Godwin put it, made a speech with a tone 'next to apologizing.'¹² Indonesia for the first time realized that it can't afford to play deaf to international criticism. It can't afford anymore to ignore such issues as human rights and the environment.¹³ Suddenly it realized that its domestic politics were vulnerable.

Secondly, this vulnerability no doubt has something to do with the need to get foreign capital. Despite Indonesia's refusal to accept Dutch aid (which is very small proportionately, so Indonesia can afford to disregard it), its need for foreign capital can't be concealed. Thus, after abolishing the IGGI, the CGI¹⁴ was created at the request of the Indonesian Government.

This need to obtain capital from abroad has forced Indonesia to liberalize its economy. At present, Indonesia is trying harder to attract foreign investors. A few months ago, the government again allowed investments which are 100 per cent foreign-owned.¹⁵ There is no need now to find a domestic partner to operate in Indonesia. However, even this policy is considered insufficient. Some prominent Indonesian economists have mentioned that other countries, such as China and Vietnam, have already adopted more liberal foreign investment policies. If Indonesia failed to liberalize its economy, they argue there would be no foreign funds coming into the country. The fear that foreign investment will dominate the

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- 12 This was stated in his comment in a television feature, *Under the Volcano*, broadcast on June 9, 1992 on BBC television.
- 13 In August 1992, in the wake of the Non-Aligned Movement Conference in Jakarta, the Indonesian parliament 'suddenly' established committees on Human Rights and on Population and Environment.
- 14 IGGI and CGI are international institutions organizing development aid to Indonesia since 1966. IGGI was chaired by the Dutch, and was dissolved after the Dili incident. Indonesia accused the Dutch of intervening in Indonesian domestic politics, by tying economic aid to human rights. CGI was established in 1992, excluding the Dutch and chaired by the World Bank. Both IGGI and CGI have the same function.
- 15 However, the minimum amount of capital has to be at least US\$50 million. Some economists have criticized this '\$50 million minimum' condition as counter-productive, damaging the main purpose of the policy itself.

Indonesian economy has to be abandoned, because in many empirical cases in other countries foreign investment has proven not to kill the domestic economy, but has stimulated the domestic economy to grow,' they concluded (*Kompas* August 20, 1992). These very liberal attitudes towards foreign aid and investment indicate that Indonesia is in great need of capital injections.

Thus, both economically and politically, Indonesia has become more vulnerable. The change from a bi-polar to a uni-polar world has made it possible for the western countries to intervene in Indonesian politics and its economy without being afraid of communists taking advantage of the situation (see Budiman, 1992).

In relation to the process of democratization, it has become clear that the domestic struggle to participate in the decision-making process could be successful if it has some connection with external factors. The struggle of the Kedung Ombo peasants succeeded after the INGI (International NGO Forum for Indonesia) organized an international campaign to pressure the World Bank.¹⁶ The Dili incident, as discussed earlier, has also proved that external pressure is quite effective in influencing Indonesia's domestic politics. The recent postponement of the implementation of the infamous Traffic and Land Transportation Law is also proof that external factors are important in influencing state decisions. The government was afraid that there would be a national strike by the drivers of public transportation during the Non-Aligned Movement summit meeting in Jakarta,¹⁷ if this law were enforced.

Politics in the 1990s

I would argue that in the 1990s the pressure for change will increase significantly. The majority of the middle class has become more and more dissatisfied with the practices of state intervention, which have produced nepotistic monopoly in the economy. These monopolies in turn, have created internal conflict among the military elites. This conflict then created some sort of democratic space, which made it possible for some political manoeuvres to

¹⁶ This is what I would call *globalization of the civil society*. See Budiman 1990b.

¹⁷ This summit meeting was considered very prestigious for President Soeharto's position in the international forum. Thus, it had to run smoothly, without any disturbances.

happen in society. Strikes among the industrial workers in Tangerang and other places have occurred more often. These strikes are spreading to other regions as well, such as those by the public transportation workers in Yogyakarta in relation to the Traffic and Land Transportation Law. All these will make it possible for the people to become more organized politically, in turn enhancing their power. This eventually will create the *structural democracy* mentioned above.

In addition to these factors, the international pressure to democratize the political system, together with the pressure to liberalize the economy has come from some powerful states such as the US.¹⁸ This intervention will become more frequent and more intense in the years to come.

However, in spite of these many pressures, the role of the military will still be dominant. This is due to the fact that the middle class, notwithstanding their complaints and grievances, are still in favour of political stability. To control unexpected eruptions from below, they need the military. The middle class needs change, but it has to be done in an orderly way, through the existing political institutions.

The pressure for change will be channelled especially through the intellectuals (who don't have any direct contact with the masses), the press, the NGOs, and other non-mass based organizations. The lower people, the industrial workers, peasants and people working in the informal sector, will be kept at bay.

Politics in the 1990s will still be pretty much the same as in the 1980s. However, there will be more pressure for an orderly change. This means it is unlikely that a mass based 'revolution', such as occurred in the Philippines a few years ago and Thailand recently, will take place in present-day Indonesia. If a 'revolution' has to happen, it will be only a palace 'revolution.'

18 A few years ago, the then American ambassador in Indonesia, Paul Wolfowitz, made a farewell speech in which he mentioned the need to democratize the political system. This comment drew some negative reactions from certain Indonesian state officials, who considered it as intervening in Indonesia's domestic politics.

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