Democratization in Indonesia
An Assessment

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Forum for Democratic Reform

International IDEA

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Preface

One of the most dramatic events of the late twentieth century was Indonesia's surge towards democratization. Change and transition are unsettling in themselves. Undoubtedly there has been much pain associated with the birth of this new democracy. Nevertheless, a remarkable opening-up of political space, the regeneration of civil society, a freeing of the media and a positive spirit demanding greater accountability from government have all emerged. Today broader ranges of citizens feel they are partners and active stakeholders in the governance of Indonesia.

For Indonesians, this period of democratic transition is epoch-making, despite its uncertainties. The spirit in which Indonesians have rallied to respond to the many challenges facing them humbles those of us in the international community.

International IDEA has facilitated a dialogue on democratic reform and development where key Indonesian stakeholders - the Forum for Democratic Reform - came together to identify challenges and, through dialogue and consensus-building processes, to develop recommendations to address these challenges. This report is a tangible product of that consultative dialogue. International IDEA and the Forum for Democratic Reform hope it will be a resource for the ongoing consultations on democratic reform and governance and support the commitment to this process. However, as significant as the product is the process that engendered it - consultative dialogue as the bedrock of democratic decision-making.

Creating both institutions and a political culture that supports democratic practices is a long-term endeavour. Democratic practices must pervade the interaction of state and society in every sphere. Democratic practices must also pervade the relations among communities - religious, ethnic, regional, gender and other communitarian relations. The democratic process is dependent both on dialogue amongst stakeholders and consensus about the reform agenda. Indonesians supporting reform have recognized that it would take a concerted effort on many fronts to address the challenges they face. Democracy after all is a means to find ways to resolve problems

and not a simple solution to problems.

The most critical issues identified in the process of this dialogue are politically sensitive. Yet, they were identified up front by the Indonesian community as the very issues to address, without which the foundations for the transition to democracy will be weak. These issues include the reform of the constitution, making regional autonomy effective to address the diverse political and economic needs of the Indonesian people, strengthening civil society and addressing gender issues to vitalise participatory democracy. The reform agenda has also called for socio-economic development that is humanistic, sustainable and equitable. Addressing the relations between the democratically elected civilian administration and the military was also identified as a priority, along with the challenge of making religious pluralism an integral part of the foundations of Indonesian democracy.

The international community has expressed a commitment to assist the Indonesian people in this endeavour. But in the final analysis, it is the Indonesian people themselves who will build their own institutions and manage them. The international community has much to learn from this process.

International IDEA was created in 1995 to make available practical instruments and opportunities for building sustainable democracy. We feel privileged that we have had the opportunity to share with the Indonesian community information on a range of issues including the design of electoral systems, making local government more democratic, strengthening women's political participation, and addressing conflict through democratic institutions and processes. But the most profound experience has been through our participation in this consultative dialogue with the Forum for Democratic Reform. Being partners in the process of developing a reform agenda, whereby concrete recommendations were identified through consultations and a commitment expressed to follow and support the reform process till the recommendations are incorporated as a feature of public policy has been a unique collective experience.

I would like to take this opportunity to thank the members of the Forum for Democratic Reform for placing their trust and confidence in

International IDEA. They have been generous in responding to various demands on their time and have made this initiative a reality through their tireless endeavours. I also wish to thank the contributors who have reviewed draft chapters of this assessment and provided insights to enhance this process.

International IDEA's work is largely enabled by the support of its member states and associate members. I would like to give my special thanks to the Australian Agency for International Development (*AusAID*), the Government of the Netherlands and the United Nations Development Programme (UNDP) in Jakarta for the support given to International IDEA's programme in Indonesia, of which this *Democratization Assessment* is an outcome.

I take this opportunity to commend the spirit in which the Partnership for Governance was created and International IDEA will endeavour to contribute to this co-operation to the greatest advantage of the Indonesian people.

My thanks to IDEA's staff members especially Mr Roel von Meijenfeldt (Director of Programmes), Dr Sakuntala Kadirgamar-Rajasingham (Senior Executive), and Mr Indraneel Datta (Programme Officer) for their active and intense engagement in bringing this project to fruition. In Jakarta we have also benefited from the untiring efforts of Mr Jeremy Gross and Ms Priscilla Hon (Project Consultants), and Ms Jocevine Faralita (Programme Administrator) who have also committed their energies to making this report a reality.

The Board and staff of International IDEA do not necessarily share the recommendations of this report. The institute's role is to provide a forum for dialogue and to make the report available for public discussion. The report is made available in *Bahasa* Indonesia and in English to reach a wide audience of Indonesians and the international community committed to assist as well as learn from Indonesia's transition to democracy.

Foreword

Indonesia is currently at the stage of experimenting with democracy. Democratization is a dynamic process, and democracy is the result of many attempts and trials. Some will lead to mistakes, but, if lessons are drawn from these mistakes, they will form part of our growing wisdom. However, if these errors develop and grow unchecked, they will destroy what we are now trying to build for ourselves.

We cannot deny that in our experiment with democracy we have made many mistakes. Within our society, we have reached a critical stage. Now we are talking about a crisis threatening our state and nation.

Indonesia was constructed from an imagined nation-state. Through the Proclamation of Independence, our founding-parents, especially the late President Soekarno, hoped to build a modern nation-state based on the model of the United States of America. *Bung* Karno and the other founding-parents were impressed by President F. D. Roosevelt's desire to end all forms of colonialism immediately after the Second World War. This led to the Bretton Woods agreement to establish international organizations to manage the reconstruction of an international system free from imperialism and colonialism.

Soekarno once said he was impressed by American-style democracy. The phrase "government by the people, for the people, of the people" was deeply imprinted on Soekarno's mind. That phrase conveyed the idea of republicanism in a modern sovereign nation-state, built upon the principles of public welfare and good.

While not perfect, America became the model for our Declaration of Independence which contained the basic philosophy of the state, as found in the Preamble of the 1945 Constitution. America became the inspiration for our national motto, *Bhinneka Tunggal Ika*, similar to the American *E Pluribus Unum*. The American model also became the basis for our term-based presidential government, where the executive branch makes national development, with the objective of public welfare, its goal.

Bung Karno and his peers were regarded by many as having failed to

achieve that goal. President Soeharto followed *Bung* Karno's footsteps in trying to develop the country. In his own way, he was effective for 30 years, but *Pak* Harto's myopic vision of the modern nation-state led to a deadend. The path had to be reopened and we had to start afresh once more. The new starting point was the relatively successful general election held under President B. J. Habibie's transitional rule.

Since the 1999 general elections, encouraging processes have been put in place, giving us the Abdurrahman Wahid government, or more precisely, presidency. We are still at the early stages of experimenting with democracy which explains why there are ongoing trials and errors in the democratization process. The challenge now is how to protect this golden opportunity to democratize without letting it slip away, destroying the chance we have, and the processes already put in place.

The question becomes one of how we can use this momentum to make the political investments necessary to achieve democratic norms, and to act as a guide for future generations. Another challenge is how to consolidate our progress in moral and public ethics. These will be the justifications for our existence as a nation.

This brings us to International IDEA (International Institute for Democracy and Electoral Assistance). The work of this organization should be welcomed and appreciated. To answer to those aforementioned challenges we face, every assessment of our democratization will be valuable, especially when done by those who truly understand this subject area, as demonstrated in this book.

Therefore, I welcome this publication. I do hope that this, and similar reports, will be read by as many people as possible, and become part of our public discourse. In the end, it is public discussion on democracy and our democratization that will be our guiding light. We need to ensure that the momentum we now have, and the foundations that we have built, do not evaporate.

Acknowledgements

Executive Summary

Executive Summary

Background

The fall of President Soeharto in 1998 created the opportunity for democratic reform in Indonesia. To implement popular aspirations generated by the *reformasi* movement, fundamental changes need to be enacted, including an overhaul of all political, social and economic institutions and a change in the basis for relations between people and the state. Such changes can only come about through the development of a comprehensive reform agenda, the product of an open, inclusive and participatory dialogue process.

To develop such an agenda, International IDEA facilitated a forum within which such a dialogue between key Indonesian stakeholders could take place. Participants in this dialogue process met under the banner of the "Forum for Democratic Reform".

Distinguishing features of this *Assessment* are its comprehensiveness, covering seven sectors of Indonesian state and society relations; the length of time Forum Members devoted to this study and the process adopted. The result is a critical study of cross-cutting issues within the context of Indonesian social, political and economic realities. Forum Members approached the assessment from the perspective of Indonesia's own set of unique conditions, with the belief that Indonesia should be judged on its own terms, rather than in relation to other countries.

Reform Agenda

Constitutionalism and the Rule of Law

Constitutions adopted at one time may lose relevance at another, and such a time has come for Indonesia and the constitution adopted in 1945. That constitution, initially drafted as an interim document, has come to be regarded as the reference point for the authoritarian rule that gripped

the country for over three decades.

The recommendations in this assessment address constitutional features of Indonesia's political system that have undermined democracy here in the past and will continue to do so if not reviewed. While many critical issues can be addressed from outside the constitutional framework, it is the constitution that sets the framework from within which these issues are determined, and subsequently implemented through legislation. It also guarantees the political and legal system, the relationship between citizen and the state and regulates the powers and relationship between the presidency, the legislature and the judiciary.

While some of the changes made in August 2000 are compatible with the recommendations in this report, others are not, such as the continued representation of the military in the legislature, albeit as non-voting members.

This report includes discussions on these issues as part of the ongoing debate on managing the critical and integral aspects of the reform agenda. The participants who came together to develop this analysis and recommendations for reform recognize that building democracy is a slow, even lifetime endeavour. Nevertheless some strategic objectives can be met in a timely manner to support democratic reform. Among these strategic objectives are constitutional and legal reforms.

Regional Autonomy

Regions outside Java, especially restive regions rich in natural resources, have been demanding greater local control over their affairs. This has raised fears at the centre that, unless given more autonomy, Indonesia itself might disintegrate under pressure of regional secessionist movements.

In 1999 the national parliament approved two laws on decentralization. Law 22 concerns administrative decentralization, while Law 25 concerns financial administration. While these indicate the central government's seriousness about decentralization, much remains unclear about the scope and implications of their implementation.

For decentralization to work, the process must consist of clearly defined policies to ensure its workability, it must be democratic and guaranteed

sufficient funding to be implemented. In addition, mechanisms must be put in place to contain potential inter and intra-regional conflicts.

Civil-Military Relations

During the Soeharto regime, the Indonesian armed forces, or TNI, dominated all levels of state and society regarding itself as the "guardian of the nation". It now finds itself in a difficult situation, facing the new political environment with a tarnished image, because of its major role in upholding the Soeharto regime. In some quarters, it is regarded as a cause rather than a solution for the threat of national disintegration.

Removing the TNI from its deeply embedded position in Indonesian politics is difficult in the short-term, given its established structure of involvement in government. Long-term strategies must include dialogue through which the role of the military in Indonesia's emerging democracy can be defined. In addition, concessions from both the civilian government and military are required if the new paradigm is to stand a better chance of success. The main objective is to return the armed forces to the barracks. There are several ways by which this could be achieved. These include removing the constitutional and legal bases for TNI's involvement in all branches of government; establishing full civilian control of all armed forces functions, including promotions, intelligence-gathering activities and defence policy-making; reducing or abolishing the TNI's territorial structure and extricating the military from private business.

Civil Society

To build a democratic polity it is essential to ensure opportunity of access for popular involvement and participation in decision-making processes. A strong civil society is a prerequisite for a strong democracy, though it is recognized that democracy permits groups and organizations to exist whose ideas and attitudes may actually be antithetical to peace, tolerance and democratic principles.

With these reservations in mind, it is necessary to improve the capacity of civil society by improving the role, functioning and position of civil society organizations in Indonesia. In addition, official structures of policy-making need to be improved by strengthening existing and traditional means of decision-making, and by taking into account people's aspirations.

This could be done as part of a "package of reform" that would include, for example, the strengthening of the media by increasing their access to information. Other changes would come about through long-term reform, such as changing school curricula, especially in those areas concerning what is taught as state ideology but may be detrimental to democratic values.

Socio-Economic Development

Governance reform has been identified as the modality by which economic recovery and socio-economic development should be addressed. This calls for a shift away from purely economic aspects of governance, to an agenda that takes into account economic and political measures simultaneously.

Good governance is most likely to be secured through mutually-reinforcing institutions and practices that support economic recovery and sustain growth. Socio-economic reforms must be the end-product of public deliberation and participation, and must be implemented with a degree of consensus.

Socio-economic reform would require the introduction of anti-corruption measures, the creation of autonomous institutions including a judicial service rooted in the rule of law, a reform of the civil service and decentralization of administrative authority. It needs to welcome the right aspects for a sustainable economy – such as small and medium enterprises, an empowered civil society and good mechanisms for labour negotiations; and limit, or in some cases, eliminate the role of others – such as the state and the military. It is also crucial to sequence the reforms strategically and set manageable priorities, while avoiding over-inflated expectations with zero-sum conditionalities attached.

Gender

Indonesian women have a disproportionately small representation at all levels of influence and decision-making, and unequal access to resources and benefits that would allow them to have and be guaranteed equal rights and opportunities.

The overall strategy to address this deficiency necessitates the development

of policy frameworks that include support and action from the country's executive and legislative leadership, vigorous involvement by and consultation with non-governmental and grassroots organizations, and wide-reaching capacity-building initiatives. At the same time, such a strategy needs to be carried out within an environment sensitive to cultural and traditional values, religious beliefs and a host of political, economic and social challenges.

The objectives of the gender agenda for reform is to ensure that current inequalities are corrected and that women's issues are drawn out from the sidelines of policy discussion and placed in the foreground at all levels of government and society. Gender equality is not an issue to be "left until later".

Religious Pluralism

With the end of the Soeharto regime, religious organizations burst into what has been described as a "euphoria" of political activity. This was particularly the case with Muslim organizations, which felt they had been oppressively fettered. This politicization was not limited to Islam. Christian activists and leaders also formed parties and became involved in the political arena.

Serious conflicts have emerged in places like the Moluccan Islands, and parts of Sulawesi. While the root causes are often difficult to isolate and identify, these conflicts have been cast as religious clashes. Given the reality of religious conflict and violence in many parts of Indonesia, three strategies present themselves to pro-democratic forces, both national and international, to encourage the growth of the ideology of religious pluralism. They are: inter-faith and inter community dialogues, participatory activities and the fostering of a national culture based on religious pluralism. The processes that follow would most likely require a renegotiation of the relationship between state and religion.

Introduction

Introduction

1. Background

1.1 The Democratic Debate

The discussion on building democracy is not new to Indonesia. What the country is witnessing now is the resumption of a dialogue that was interrupted for almost four decades by authoritarian rule.

The last two years have been dominated by Indonesia's efforts to emerge from the shadows of the New Order, the authoritarian regime founded by former President Soeharto in the mid 1960s. Soeharto built his regime on the foundation of "Guided Democracy" left by his predecessor, Soekarno. The imposition of Guided Democracy in 1959 ushered the collapse of parliamentary democracy and replaced it with a system that provided no real checks on the executive presidency.

There are striking parallels between Indonesia's current democratic transition and its decade-long experiment with liberal democracy in the 1950s. The economy is in a volatile state, the armed forces are a potent political force, parliament and the executive are locked in a destabilizing game of brinkmanship, the constitution lacks sufficient clarity in defining the role and relationship between power holders and institutions of state, and regional turmoil threatens the very integrity of the archipelago.

Yet the differences between the 1950s and the present are just as striking. Indonesia in the 1950s was an infant country where the Dutch colonizers had made relatively little investment in infrastructure, and where economic and social activity had been disrupted by a protracted war of independence. By comparison, the economic crisis that has complicated Indonesia's current democratic transition is nevertheless one that follows years of rapid growth that has greatly enlarged the country's economic base.

Attitudes towards one of Indonesia's most influential institutions, the armed forces, are also very different. Whereas in the 1950s public respect

for the military was high on account of its role in the struggle for independence, today both popular support for the armed forces and the internal morale of the military itself are at an all-time low.

The current military leadership appears amenable to a pragmatic strategy for extricating itself from its role in politics, thereby scaling back the prominent non-military role which has helped to bring it into disrepute. However, on a more sobering note, popular perceptions of Indonesia's new parliament are reminiscent of the sense of disillusionment with parliamentary politics in the late 1950s that paved the way for authoritarianism. There was a heated parliamentary debate about the constitution in August 2000, but the amendments made to Indonesia's 1945 Constitution have yet to address core concerns.

Foreign attitudes towards Indonesia have changed drastically since the 1950s. At that time, the post-colonial state was regarded with suspicion by Western countries, many of whom were worried by President Soekarno's warm ties with the Indonesian Communist Party and his flirtation with Socialist states, and this even went as far as military support for rebellions against the government. But Indonesia is potentially the world's third-largest democracy, and the country's current transition has had both the moral and financial backing of the international community.

The resumption of Indonesia's democratization after the fall of the New Order is a cause for both celebration and concern. The country is a very different place from what it was in the 1950s and there is an unprecedented opportunity for consolidating reforms. It is precisely this relatively favourable political context that brought the International Institute for Democracy and Electoral Assistance (International IDEA) to offer its support to the stakeholders involved in Indonesia's nascent democracy.

International IDEA's *Democratization in Indonesia: An Assessment* is the product of a national dialogue for reviewing and analyzing national political developments and identifying key issues as a basis for advocacy, policy and reform. The *Assessment* was facilitated by IDEA and conducted in collaboration with Indonesian partners by means of an inclusive and participatory approach. This pilot assessment of Indonesia's democratization brought together thirty-four members of civil society

organizations, government ministries and the legislature, who have become International IDEA's contact group in Indonesia, and are referred to as the Forum for Democratic Reform.

1.2 Key Elements of Democratic Consolidation

During consultations with members of the Forum for Democratic Reform, the following themes were identified as key elements of democratic progress:

Democracy and reform of the State and its Institutions:
- Civilian authority and the armed forces.
- The structure of the economy and corporate governance.
- Democratization and decentralization.

Democracy and the Rule of Law:
- Constitutional review and electoral reform.

Democracy and a Democratic Culture:
- Religious pluralism and peaceful co-existence.
- The advocacy and monitoring role of civil society organizations.
- Women's participation in politics.

2. Democracy and Reform of the State

2.1 Civilian Authority and the Military

Who dictates the terms for returning the army to the barracks is at the core of civilian military relations. The supremacy of civilian authority over the armed forces entails that the military is not politicized. Yet from its inception, the Indonesian Armed Forces (TNI) has been a powerful political player, both at the regional and national level. The TNI played an instrumental role in building the nation by securing Indonesia's independence from Dutch colonial rule in the late 1940s, but a decade later several regional commanders were the driving force behind rebellious groups in the Outer Islands. Resentful of what they perceived as Jakarta's controlling excesses over regional affairs, the *PRRI* and *Permesta* guerrillas in Sulawesi and Sumatra waged a brief war in the late 1950s and early 1960s against the central authorities, which created an enduring legacy of

mistrust between central and regional government.

During the time of the regional rebellions, General Nasution, Indonesia's highest-ranking officer, first suggested the idea that would later be called *dwifungsi* (dual function). It was the idea that the military should have social and even political obligations as well as defence duties. Nasution also suggested bringing back the 1945 Constitution that gave the President sweeping powers over parliament. Given the political realities of the late 1950s, bringing back the 1945 Constitution also made Soekarno much more dependent on the armed forces.

This highlights that the origins of the military establishment's political aims and reluctance to abide with civilian authority date back well before General Soeharto's rise to power in 1965 and the subsequent thirty-two years of his rule. This entails that strategies to bring the military back to the barracks must factor in the reality that the structure of the military is political involvement remains entrenched and will be difficult to address in the   short-term.

2.2 Sharing the Opportunities for Growth

A strong similarity between the 1950s and the present is the need and desire to ensure that economic development benefits all Indonesians. This was a popular theme in the 1950s as well, and one that Soekarno hoped to achieve by nationalizing foreign-owned plantations and industries. The idea was to keep wealth generated in Indonesia from going overseas, and so use it for developing Indonesia. However, for managerial reasons, control of the newly nationalized enterprises went to the military, which soon found that profits generated by their newly acquired enterprises were a rich source of income for themselves.

Such squandering of public resources continued and intensified during the New Order. During this time business contracts increasingly became a tool of patronage, and business dominated by people with access to the First Family. The depth and degree of cronyism under Soeharto is illustrated by the fact that 75 per cent of Indonesia's non-performing loans are in the hands of fifty families, many of whom gained access to credit through illicit means. Profit accrued to businessmen and little was returned to the state by way of paying corporate taxes.

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The manipulation of business and economic enterprises stifled entrepreneurship in Indonesia; there was little incentive to invest one's own time and capital in enterprises without a "level playing field" or recourse to the rule of law to ensure a healthy business environment. As a consequence, the vast majority of Indonesians remained within the informal sector of the economy, usually in low-paid agricultural or trading activities.

This system was manageable as long as the economy was growing and people were able to make a living. Indeed the drop in levels of poverty, despite rapid growth in population levels, was witness to economic dynamism throughout most of the New Order era. It was the economic record of the New Order that was often credited as being the very source of legitimacy for the regime. However, when the economic crisis set in in late 1997, it highlighted the vulnerability of a large section of the population who could no longer pay for the basic necessities of life. As the New Order collapsed in May 1998 and Indonesia began its transition to democracy, there was a growing awareness of the need to reform all economic structures, institutions and practices. This would bring people "back into the economy" by giving them at least the opportunities and incentives to become more actively involved in the economic system. For others, it would at least extend rights and protection in a bid to curb exploitative working conditions.

Economically Indonesia is a far more diverse and complex nation than in the 1950s, but both the desire and the opportunity to correct these distortions and injustices within the economic system have arisen again. The changes required would demand adjustments to both top-down decision-making processes and working practices. Above all, they require the law to be strengthened and implemented in a way that creates confidence among the people and acts as a solid legal basis to anchor all activities in Indonesia, not just those explicitly associated with economic development. Once achieved, the role of the individual as entrepreneur can be secured, as can the rights of workers and citizens. Reforms will also be needed to reinvigorate the bureaucracy and clarify the role of the military, especially in its economic activities. The relationship between the central and regional government also needs to be re-examined, especially in light of the new laws on regional autonomy that come into effect in

January 2001. All these changes, as discussed in the Socio-Economic Development chapter, will help set the tone for a more inclusive and participatory economy.

2.3 Decentralization and Democratization

Decentralization becomes necessary when the central power finds it increasingly difficult to fully and effectively administer a country, or is seen as too intrusive in managing local matters. In both instances, decentralization becomes essential for effective and responsive governance. The *PRRI* and *Permesta* rebellions of the 1950s were not so much attempts to break away from Indonesia as they were attempts to secure more local control over local affairs and resources within the archipelago. Their legacy, however, was to have the opposite effect on the central government.

In Jakarta, displays of local assertiveness did not augur well. They either evoked threats of disintegration or the re-emergence of local strongmen, and the central government was to spend the following decades consolidating its control over the regions. The expansion of the central bureaucracy was made possible with considerable help from the TNI. Its territorial restructuring in 1958 ensured that local military commanders represented Jakarta's interest and that soldiers were posted in every far-flung corner of the archipelago to extend government control into these remote areas.

Despite such unambiguously centralizing tendencies, Indonesia has a long history of experiments with decentralization, beginning during colonial times with the 1903 Decentralization Law of the Netherlands Indies and resuming periodically since then.

The striking element about these failed regional autonomy programmes is that they all followed the same pattern: decentralization was triggered at times when the centre's ability to administer the regions was weak, and its implementation was reversed as soon as Jakarta recovered from this weakness. Indonesia's 1999 law**s** on regional autonomy indicate unprecedented political will by the government and have been generally perceived as an antidote to the emergence of regional turmoil and secessionist movements like those in Aceh and Irian Jaya.

Turning on its head the long-held belief that decentralization is tantamount to disintegration, the majority now takes the view that regional autonomy will help prevent disintegration, given the increasingly dim prospects that the central authorities will be able to manage local conflicts. But this raises the question as to whether this latest experiment in decentralization will have the same fate as its predecessors and be rescinded once the central authorities recover from their present states of weakness.

The constitutional amendment of August 2000 makes the implementation of devolution by 1 January 2001 a constitutional requirement. This indicates an unprecedented commitment by national politicians to break with past practices. But even if current prospects for devolving power over local affairs and resources look promising, there is still concern that its excessively swift implementation could overwhelm the capacity of local authorities to govern. An even worse scenario is that decentralization may end up strengthening the power of local despots, bringing the country further away from democracy at the point where it is most needed.

3. Democracy and the Rule of Law

3.1 Reviewing the Constitution

The idea that there can never be democracy without democrats neatly encapsulates the current debate on the 1945 Constitution. Like much of the ongoing discussion on democracy, the controversial debate on amendments during the general session of the People's Consultative Assembly (MPR) in August 2000 was the resumption of a discussion that began even before Indonesia became independent in 1945.

There are three features common both to the constitutional debates of the 1950s and to those of the present day. Firstly, supporters of amending the constitution point out that Indonesia's Founding Fathers drafted the 1945 Constitution in an emergency situation and regarded it as a provisional document that would require changes later. Secondly, the 1945 Constitution gives the president sweeping powers over parliament, and is therefore conducive to authoritarian rule. Thirdly, there are extremely scant provisions to protect human rights.

For these reasons, the 1945 Constitution was quickly followed by a second Constitution in 1950 intended to provide a more equitable balance between the executive and parliament. But while this constitution was more democratic in content, it was not drafted by a democratically-elected body. For this reason, a Constitutional Assembly (*Konstituante*) was convened after the free and contested general elections of 1955 with the task of replacing the constitution.

Although the *Konstituante* was dissolved in 1959 before completing its mandate, its debates underscore the importance given to good governance in Indonesia's liberal democratic period. The *Konstituante* pressed for such principles as ministerial responsibility to parliament and respect for basic human rights, especially those of freedom of opinion, freedom of expression and freedom of assembly and organization. It may be ironic, but it is no coincidence that the emphases made by the *Konstituante* read like a list of those rights that were suppressed from 1959 to 1998. Looking at the current constitutional debate, a lesson that can be drawn from the 1950s is that strong constitutional provisions for human rights may not in themselves prevent the rise of authoritarianism, but their absence certainly makes the task of despots a lot easier.

A substantive new chapter on human rights was added to the present Constitution during amendments that took place in August 2000. They provide for the rights of the citizens against the state, as distinct from the responsibilities referred to in the 1945 Constitution. They also open up space for development in the area of gender equality. Article 28H (2) states that "every person shall have the right to receive facilitation and special treatment and to have the same opportunity and benefit in order to achieve equality and fairness". Article 28I (2) says "every person shall have the right to be free from discriminative treatment based upon any grounds whatsoever and shall have the right to protection from such discriminative treatment".

These articles are seen as great advances for gender equality. However Article 28H (2) is not the affirmative action clause that it may appear to be. The language is couched in such a way that the article remains open to interpretation, and the attempt to incorporate the words "women and men" into those clauses failed. The challenge remains for the legislature,

with support and pressure from civil society, to turn the articles on human rights into policies that will be implemented with due effect and ensure the desired impact.

One decision of this year's MPR general session that came as a surprise to many was the rejection of a constitutional amendment to allow for direct presidential elections. More that two-thirds of representatives expressed their preference for this electoral reform, while recent opinion polls have also indicated strong public support for direct presidential elections. Although a directly elected president is accountable to voters to a high degree, there are also potential dangers because direct elections remove real checks on the executive and have long been associated with authoritarian tendencies. Electoral reform in newly democratizing countries has shown that properly implemented elections are just as important as the choice of electoral system. Therefore, if a country decides to embark on electoral reform, such changes are only likely to provide for better representation if the electoral commission is able to properly manage the elections.

4. Democracy and Democratic Culture

4.1 Religious Tolerance and Peaceful Coexistence

Once again, the issue of the Jakarta Charter arose during the debates on the constitution during the August 2000 session of the MPR. The Jakarta Charter itself is only a seven word clause, but one that would affect the fundamental nature of the Indonesian state. If implemented it would make observance of *syari'ah* law compulsory for all Indonesian Muslims, thus reversing the secular nature of the state.

The debate about the Jakarta Charter has been ongoing since independence. Its supporters had hoped for it to be included in the "*Pancasila* Speech" of 1 June 1945, when Soekarno proclaimed the five principles on which the new state would be based. However, at the final moment, the Charter was excluded, only to become a source of on-going debate in Indonesia. The issue was raised next by Muslim delegates to the 1950s *Konstituante*. Their attempt at resurrecting the Jakarta Charter failed in the face of Nationalist and Communist opposition, leaving Muslim parties feeling

betrayed once again.

Opportunities to revisit the issue again were dramatically reduced during the New Order. The Soeharto regime suppressed certain strands of "political Islam" and controlled all religious expressions using *Pancasila*, the all-encompassing state ideology. It has been argued that with the end of that regime and its strict mechanisms of control, inter-religious strife has merely picked up where it left off. However, social conditions have changed dramatically during the Soeharto years when religious differences were often seen as more of an excuse for conflict rather than the root cause of conflict. Behind such superficial differences often lie other issues of contention. Competition for economic resources and political power in a transitional environment, as seen in Maluku, is the main cause of conflict, not a flaring up of previously-subdued religious differences.

There is, however, a residue of the Soeharto regime in the form of a culture of religious pluralism. Given the current string of conflicts this might seem no more than a façade, but it still remains an image most Indonesians want to re-claim. Yet current divisions have become deeply rooted and at times the fundamental causes are themselves forgotten. Therefore, constructing a path to a resolution requires careful treading.

When the entire political environment undergoes change, the issue of religious tolerance is almost certain to be a contested one. Transitions are often an extremely confusing time and challenge peoples' identities with sweeping changes taking place at breakneck speed as the old political order is replaced by a new one. One main consequence is the possibility of a primordial backlash, as people seek reassurance in tradition. What remains crucial then is for these traditions to co-exist with democratic principles.

Ironically, one of the first targets of the spiralling of inter-religious violence that began in late 1996 was the Javanese town of Rengasdenglok. This was the place where Indonesia's Founding Fathers, Soekarno and Hatta, spent their final hours prior to the proclamation of independence emphasizing the sanctity of religious tolerance.

4.2 Civil Society and Advocacy

Civil society has a paradoxical character in that it can be both an asset and a threat to democracy. According to the prevailing views on civil society, civil society organizations nurture trust and reciprocity amongst people, making them more civil in their political actions. In reality, civil society also generates organizations whose activities can be anti-democratic and antithetical to democracy. The latter can be seen in the current inter-communal violence in regions across the archipelago.

The problem for civil society is two-fold: one positive and one negative. For the first, society needs to ensure organizations and associations work to make a positive contribution to society and to contribute to the process of consolidating democracy. On the other hand, civil society needs to work to prevent organizations from splitting into warring factions, becoming rent-seekers or working in ways that are not conducive to democratic norms and practices, or detrimental to peace, security and harmony.

The character of civil society in Indonesia has changed markedly over the years. The 1950s saw a strong and vibrant civil society, with mass movements and mass politics. Prominent examples were the Indonesian Communist Party (PKI) and Masyumi, a Muslim based party. With the rise of the New Order, mass politics came to an abrupt end, as did free association and the ability to organize parties according to one's interest. By the mid 1970s, *Pancasila* democracy was firmly in place, with only three permitted political groupings (one of which was the ruling Golkar), all of which had to adhere to the state ideology. As the state worked to depoliticize society, civil society organizations were the only "home" for the tamed and generally impotent opposition.

If during the New Order these civil society groups appeared as the "natural opposition", with the collapse of the New Order and the rise of mass-based political parties again, civil society organizations lost their place, becoming disoriented in their search to find a new role and identity for themselves, amidst the flurry of creation of new organizations. Although one line of thinking suggests that any organization, association or grouping is a symbol of free association, and therefore a positive attribute in society, it is best to differentiate between different types of organizations, as not all organizations are seen as making a positive

contribution to society. Many are perceived as vehicles for personal interests or home to exclusively urban, middle-class interests.

A strong and participatory civil society is an essential component of democracy. But in Indonesia, as witnessed in other democratizing countries, it is essential to ensure that civil society organizations do remain in the public domain, working to achieve objectives that are not detrimental to the safety and security of other groups. For many, they should also lead by example, providing a role model for both government and political parties, which are in themselves often thought of as institutions and organizations detached from the masses.

4.3 Women's Political Participation

Two national holidays that celebrate women in Indonesia are Kartini Day – honouring a colonial-era Javanese woman who sought to expand her life opportunities through education; and Mother's Day - in honour of the first national congress of Indonesian women held on 22 December 1928. This meeting set out the goals of Indonesian feminists in that pre-independence period: equality between men and women. A principal concern was gender equality within the family.

The original intentions of the work done by the women supposedly celebrated during those two days have since been lost in New Order Indonesia. These occasions now extol the "virtues" of wifely and motherly duties instead.

Before the advent of the New Order, women had been involved in the independence movement, participated in the *Konstituante* and took part in the liberal democratic government of the 1950s with the active encouragement of Soekarno.

That, however, faltered after 1965. The New Order fostered the idea that politics is not for women by perpetuating a view of "political women" as hysterical, amoral, irreligious and simply "out of social control". This view was backed by an often-reiterated myth of the supposedly savage role played by the *Gerwani*, members of the women's wing of the Indonesian Communist Party, in the deaths of six generals at Lubang Buaya near Jakarta on 30 September, 1965. These killings, portrayed as part of an

abortive Communist coup, were at the heart of the New Order's account of, and justification for, its rise to power.

Women during the New Order were to be kept out of politics, except when called upon to support official policies within prescribed roles as wives and mothers. This treatment of women embodied the New Order's familial, patriarchal style of government with power concentrated at the top and men regarded as heads of household and country. The type of government developed during those years of authoritarian rule did not provide a conducive political space for women, while their social roles were carefully prescribed through state support organizations.

The post-New Order environment presents a new opportunity for women to re-establish their democratic rights. This effort is being held back, however, by the lack of any "women's movement" with the ability to articulate and pursue a comprehensive women's reform agenda. With Indonesia beset by a host of problems, often deemed as "more critical national issues", there is a risk that, once again, one-half of the population will remain marginalized from political debate, both at the national and the local level.

5. Concluding Note

Methodology

Methodology

1. Background

The fall of President Soeharto in 1998 created the opportunity for democratic reform in Indonesia. To build on the democratic momentum, several fundamental changes to the political system were introduced through a series of interim measures. These included constitutional amendments that strengthened the role of parliament, a new law on regional autonomy to widen the scope of political participation to more local levels and a limit to the number of terms of office a president may serve. These changes were an acknowledgement that the demands for *reformasi* and *demokrasi* that helped bring about the collapse of the New Order were not only demands for a change of regime, but also for a change of system.

Giving full effect to such demands requires an overhaul of all political, social and economic institutions, a change in the basis of relations between the people and the state and for the establishment of a stable framework from within which democratic practices can take root. This can only come about if both the democratic transition and further consolidation towards a democratic polity are secured by means of establishing a comprehensive reform agenda, the result of wide and inclusive participation in the agenda-setting process.

To facilitate the development of such an agenda, International IDEA convened a conference in July 1999 in which a wide range of national stakeholders participated. The conference served as a dialogue forum to begin the process of identifying the framework for the reform agenda. The core issues identified for review and reform were:

- Constitutional and legal reforms to support the transition to democracy.
- Regional autonomy to ensure inclusive political participation and effective public administration and development throughout Indonesia.
- Redefining civil-military relations to ensure the supremacy of

elected representatives.

- Empowering civil society as both a watchdog of, and contributor to, the governing and decision-making processes.
- Increasing women's active participation in politics and society.
- Addressing fundamental inequalities and tension in society resulting from socio-economic exclusion and religious prejudice.

2. Establishing the Forum for Democratic Reform

The parameters for the reform agenda having been set by the July 1999 Conference, in January 2000 International IDEA facilitated a forum within which dialogue amongst and between key Indonesian stakeholders could take place. The participants met under the banner of the Forum for Democratic Reform. The momentum, energy and commitment to develop the reform agenda came from the working group members themselves.

There are several distinguishing features to this report that differentiates it from other assessments of democratic reform in Indonesia at present. This reflects the perspectives and interests of the Forum for Democratic Reform. Firstly, it is comprehensive, covering seven areas or sectors of society in Indonesia. Members of the Forum for Democratic Reform believe that by having one report covering such a wide range of issues, the totality has a greater impact than single-issue studies that, although often of high quality, only have a limited target audience, and in result, a limited impact on society and on decision-makers who need to understand issues in the broader context.

It is also the belief of Forum members that democratic reform in Indonesia must be carried out within the unique conditions created by Indonesia's own political, social, economic, and historical development. There is no one model of democracy and no single course that reform should take. Changes within Indonesia must occur as circumstances and the space created for change allows within Indonesia. The pace of reform in Indonesia should be judged on its own terms, what the situation was in the past and what could reasonably be hoped for in the future, not according to the standards of other models or countries. This report, therefore, hopes to achieve this – setting a standard for Indonesia's

own reform movement.

This report has also benefited from the advantage of being carried out over an extended period of time. This is thought to be the most suitable method for a study of this kind that involves an extensive dialogue process and a wide array of participants who, at the start of the process, need to work out a way of working together, as well as to agree on an agenda.

The result is a report unique to Indonesia, its history, problems and dilemmas. It also reflects the interests and desires of Forum members, who wish to focus on a forward looking, agenda-setting exercise rather than an overtly academic or theoretical approach to the most pressing issues in Indonesia today.

3. Setting the Agenda

Members of the Forum (see Appendix II) recognized that it would take a concerted effort on many fronts to address the multitude and complexity of problems facing Indonesia and to develop an agenda of reform to address these issues. For this to happen, a culture of respect and trust needed to develop between Forum members, allowing open dialogue and an exchange of ideas and experiences to take place. From this basis, consensus for an agenda-setting reform programme emerged, the product of dialogue and compromise.

Members of the Forum for Democratic Reform met regularly over a four-month period, organized into working groups focused around core themes (see Appendix II). To ensure a broadly representative yet focused debate on the reform agenda, members of the Forum came from all sectors of society, representing a wide range of views, perspectives and experiences. Members were chosen on account of their backgrounds and occupation, their ability to express the sentiments of wider groups and networks, or to be actual representatives of these groups and networks. Care was taken to ensure a balance of opinion within each working group, and that there were contrary opinions within each group, so as to foster debate and compromise in the process.

Participants within each Forum working group identified critical themes for

elaboration and discussion at their first meeting, which were discussed both internally as well as with the wider networks to which they were affiliated. These issues were then discussed and developed at subsequent meetings of the working groups. Some working groups held further discussions with international experts who shared comparative experiences of democratic transitions, and this too stimulated the interactive process and critical inquiry. By 26 May, each working group had developed a draft report listing priority issues, options, and strategies for their own arena for reform. At a Synthesis Conference held from 26-28 May, working group members came together to share and debate their findings, as well as to make the links between the reports.

At the Synthesis Conference, it was agreed that some of the remedies identified by the working groups' consultative process would require a constitutional response, whereas for others, the legislative process would be sufficient to address issues. Those issues that required a constitutional report were collated in a preliminary report, *Democratization Assessment Indonesia: Recommendations on Constitutional Review*, and was presented to the *Ad Hoc* Committee (PAH) I of the People's Consultative Assembly (MPR) on 24 July, as the Committee was meeting to discuss constitutional amendments ahead of the 7-18 August meeting of the MPR. This report is the full and comprehensive analysis of all the recommendations to consolidate democracy, as outlined by the Forum for Democratic Reform.

The chapters of the report were submitted to selected reviewers who either have experience of Indonesia were experts on the challenges of transition and the thematic areas reviewed or in the report. They provided additional inputs to widen the scope of the debates and depth of the discussions.

4. Objectives of the Report

This report serves several purposes, none of which should receive greater importance or emphasis than the others. The report is, essentially, a guide, a model, a tool, a moral weight and a benchmark. Its strength derives from all of these, both individually and in total.

This report is the non-partisan product of a dialogue amongst national stakeholders committed to supporting Indonesia's transition to democracy. It is a serious and considered reflection, developed over time, to address some of the compelling issues which the government and people of Indonesia have to grapple with. The issues and recommendations reflect not just the interests of Forum members themselves, but capture and represent the spirit, nature, demands and aspirations of a wider section of the Indonesian public. As a product of working groups that discussed and debated these issues exhaustively, the recommendations are worthy of examination in their own right, within the context and wider debate about the direction of ongoing reform.

The report is an agenda-setting exercise and the culmination of a process of discussions and deliberations by a wide group of people who, despite their differences in background and opinion, show that it is both possible and essential to develop a national agenda based on the principles of openness, inclusivity, and participation. This report, therefore, acts as a model for democratic decision-making, demonstrating that consensus can be achieved through debate and compromise, so as to carry a large group of people in the process. Political reform is too important to be left to partisan elites alone.

The manner in which this report was compiled also gives it a moral weight and authority. As the product of a diverse group of people all willing to work together for a common purpose, it is a report compiled by civil society actors pushing a similar theme or agenda. It is proof of a common and strong interest by civil society actors to show that there is both a wish and demand for reform to continue. These demands cannot be ignored, and must be incorporated into the political agenda.

This report also targets Indonesia's most committed supporters within the international community. It outlines an agenda for sustainable, humanistic democratic development that is a vital anchor for good governance, including transparency and accountability in government. These are elements that are integral to the programmatic support provided by the international community. This report demonstrates the proactive approach adopted by International IDEA and the Forum for Democratic Reform in developing this assessment.

Constitutionalism and
the Rule of Law

Constitutionalism and the Rule of Law

1. The Constitutional Debate

1.1 The Historical Legacy

The initial commitment of the Founding Fathers of the Republic of Indonesia was expressed in the preamble to the 1945 Constitution. It states that Indonesia is to be a pluralistic and representative democratic polity, committed to the values of social justice, public welfare and a just humanity.

However, Indonesia's experience with democratic governance was short-lived. The failures of post-independence governments to deliver political and economic stability generated a sense of disillusionment and paved the way for restricted politics under President Soekarno's "Guided Democracy" and later President Soeharto's "New Order". During the New Order, the political strength of the regime was aided by the backing it received from the military and the quiescent acceptance of by the people, who were unable to challenge the government, but in return gained stability and economic development.

The transfer of power at independence did not lead to the establishment of a robustly democratic form of government. As a consequence, political culture in Indonesia has developed in an environment in which democratic practices, institutions and processes are unfamiliar. As a result, there is little political capital today which the community can draw on and develop as a framework for the future.

The political experience of Indonesia is of a powerful executive, backed by the military, interfacing with a weak and ineffective legislature. During the rule of President Soeharto, much effort was spent in building a "strong state", but the concerns and sensitivities of ethnic and religious groups were overlooked. Many groups and areas suffered from a lack of development, including those areas rich in natural resources. Where there were local protests, they were often met with violence. In some cases, the bitter history of human rights abuses has now generated

demands for secession.

Indonesia's rapid economic development during the New Order earned it respect at home and abroad and brought it the status of an Asian "tiger economy", but the basis of that development was clearly not stable. When the economy unravelled during the Asian financial crisis, the weak foundations of Indonesia's economic development, the depth of the country's indebtedness and the high degree of corruption that pervaded the system were revealed. As there was no transparency in the government or mechanisms for public accountability through the national legislature, the press or through special statutory commissions, dubious business practices had continued unabated and accumulated debts that compounded over time. Eventually, the Indonesian economy collapsed at great cost to its people.

1.2 Challenges for Democratic Reform in Indonesia

The *reformasi* movement that toppled President Soeharto and the New Order has created an opportunity for Indonesia to break away from its authoritarian past. The elections held in 1999 further endorsed this shift, but it is recognized that the transition to democracy is taking place under difficult circumstances. The economy is weak. Public trust in government and the institutions of government, including the military, are low. So is the patience of the electorate. Ethnic and religious conflicts have broken out in many parts of the country and secessionist movements have emerged. Poverty and unemployment are high, further undermining stability.

It is difficult for the country to move forward without coming to terms with the past. Many want justice for past human rights abuses and a public accounting for the corruption and abuse of power that ruined the national economy. They also want the government to move forward in charting a framework through which Indonesia can reclaim its place in the community of nations. To do this means addressing the fundamental conditions of the country's politics, economy, legal system and society.

Indonesia is struggling to find the balance between the preservation of the state and preserving, protecting and advancing the rights of its people. The "people" have identities as individuals, as men and women, as members of interest groups, as members of religious and ethnic communities

and as members of regions. These identities run concurrently. People and communities have political, economic and social rights that must be recognized, and they must be able to enjoy the benefits of these rights in their daily lives. The debate in Indonesia is no longer around balancing economic with political rights. It is about realizing economic and political rights and freedoms.

1.3 The Role of the Constitution

The constitution is recognized as the framework within which these issues are determined. A constitution is the most fundamental law of the land. It sets the tone, the spirit and the framework from which all other laws and the form of government draws its legitimacy. The constitution guarantees the political and legal system and its fundamental features. It determines and regulates the powers of and relationship between the presidency, the legislature and the judiciary. Where government is decentralized, the constitution also regulates the relationship between the central government and the regions, and between government at the regional and local levels.

It is the constitution that can provide and secure a framework for democracy, decentralization and deregulation and for the development of the country. Being difficult to amend, it gives security and reassurance to the community. By restating common aspirations, it also provides a basis for national identity. It is expected that such fundamental laws must be clear in their objectives, and be in tune with the needs, aspirations and spirit of the country.

1.4 Opportunities for Constitutional Reform

Constitutions adopted at one conjuncture may lose relevance in another, and such a time has come for Indonesia. The country's current constitution was drafted as an interim constitution in 1945 in the context of a protracted independence struggle. Five years later, it was replaced by another constitution which provided a much more powerful role for parliament than the 1945 version and was heavily influenced by the UN Universal Declaration of Human Rights in 1948.

This constitution, also intended to be temporary, lasted through nine years of turbulent parliamentary democracy before being replaced by President

Soekarno with the more authoritarian 1945 Constitution. Soekarno's decision also put an end to four years of discussions between the political parties, known as the *Konstituante*, about a permanent constitution for Indonesia. The 1945 Constitution has been the reference for four decades of authoritarian government since then, and it is widely recognized that it should be comprehensively revised in order to support the consolidation of democracy.

There are disparate views on the issue of constitutional reform. Some advocate drafting a new constitutional document through an open process such as a constitutional convention or council established by the People's Consultative Assembly (MPR). Others accept the necessity of fundamental review but wish to preserve the basic features and institutions of the 1945 Constitution, such as the Preamble and representation for functional groups as well as political parties.

There is, however, general agreement that the present constitution does not define with sufficient clarity the institutional roles and powers of the legislature and the executive and their relationship with each other, which is interdependent. Nor does it provide sufficient direction or security for democratic governance.

Some of the pressing governance problems that Indonesia faces are examined here and are identified in terms of a principle of governance that needs support or redress through the constitution. Accordingly, the recommendations for constitutional reform address governance issues through constitutional principles.

A South African jurist described a constitution as the "autobiography of the nation". As such it must not only reflect the story of the nation but be written by the nation. The people of Indonesia are at that challenging moment of time when they rewrite the nation's story to ensure that it will be a forward-looking document ready to deal with the challenges of governance in the twenty-first century.

Several fundamental issues that should be amended within the constitutional framework are identified through this consultative framework. These include:

- Re-defining the roles and inter-relationship between the legislature and the executive.
- Strengthening the democratic process through effective implementation of regional autonomy.
- Strengthening the rule of law and the role of the judiciary.
- Supporting and protecting democratic principles by means of independent and impartial institutions.
- Addressing the role of political parties and the electoral system.
- Codifying the fundamental rights and duties of state and citizen.

2. The Legislature and Executive: Defining their Roles and Inter-Relationship

Indonesia's political system has been characterized by a strong executive supported by a weak legislature that includes non-elected members from the military and functional groups. This has contributed to the lack of institutional controls over the executive. The relationship between the executive and legislature was also imbalanced because of the political culture which came to dominate the relationship between constitutional structures. This can be characterized as a hierarchical or command culture that undermined democratic control over government and it can be attributed, in part, to the lack of definition of the roles of the legislature and executive and the boundaries between them in the 1945 Constitution.

To redress this situation, the roles and inter-relationship between the executive and legislature need to be examined more critically.

Recent debate has centred on the most appropriate composition for the legislature. The legislature enjoys both the powers to make laws and to debate the performance of the executive and other institutions of government. The challenge, however, is to find a balance between an empowered legislature and an effective executive. It is not the role of the legislature to govern.

It also has an important role in provoking or encouraging a broader extra parliamentary political debate. To do so, it must be provide access to

information and debates and have an active committee system.

2.1 A Unicameral or Bicameral Legislature?

At present Indonesia effectively has a unicameral parliamentary system for its legislative proceedings. This function is carried out by the mainly but not wholly elected DPR or People's Representative Assembly. The full assembly, the MPR or People's Consultative Assembly, currently serves as an electoral college to elect the president, issues guidelines on state policy and ratifies constitutional amendments. The MPR in effect is not very distinct from the DPR of which it is in part comprised. Because the MPR is not constituted on different electoral or constitutional principles, it cannot be considered as a second house of parliament in the true sense.

It is recognized that there is no rationale for having a second chamber unless it has a distinctive role. Second chambers are expensive, and their value does not warrant this expense if they are appointed merely to exercise a weak oversight role or are made up of appointed representatives with no sectional perspectives to bear. Where it is constituted by an electoral principle or mechanism similar to that used for the first house, it becomes merely a mirror image of the first house. Unless a second house can bring truly new perspectives and concerns or can play a unifying role within the nation as a whole, then there is little to commend it.

During the debate which produced this paper, it was agreed that the role of a second chamber in Indonesia could be to ensure stronger representation for the regions in the national legislature. In such an ensemble the second chamber could bring explicitly regional perspectives to the consideration of national legislation. In a country as diverse as Indonesia, where the conditions for the implementation of legislation may differ from one region to another, such a chamber would add value to the legislative product.

It was recognized that such a reform would both strengthen regional representation and the integration of the regions into the national debate. As long as the representatives of the regions are delegates from regional government and not independent or free-floating, then a second chamber would be a useful way to draw the regions out of their parochial concerns and require them to take part in and share responsibility for

the management of the nation.

If a second chamber of the regions is accepted, then the Indonesian people need to debate and devise the modalities of composing it, the methods by which the mandates of representatives would be framed within the regions, and the precise powers of such a chamber.

The importance of such an institution is that a country with centrifugal tendencies as evident as Indonesia's needs to promote a counter-balancing national reintegration of regions into the nation as a whole. This reintegration should be done without sacrificing or compromising the principle of devolution of powers.

Representatives with a regional perspective will have regard to the applicability and appropriateness of legislation and the modalities of its implementation in the diverse circumstances that prevail in the various regions of Indonesia. It is after all in the regions that legislation is implemented, not in the MPR. This theme is discussed in greater detail below. It was recognized, however, that this would add an extra level of expenditure.

Recommendation:

- Indonesia should adopt a bicameral legislature with the second chamber composed of representatives elected by the regions.

2.2 Composition of the Legislature

It was recognized that Indonesia's democracy can only be consolidated through a fully elected legislature, and this requires the elimination of both functional representation and military appointees. Eliminating military appointees might require that members of the military be accorded appropriate civilian political rights in compensation. While it is clear that the military should not be able to intervene in party politics as an institution, it may be that members of the military should be accorded the right to vote as individual citizens, subject to appropriate safeguards regarding the neutrality of the institution itself.

This question is a matter to be dealt with more properly under the discussion on civil-military relations. It is dealt with in the context of constitutional reform only in as much as the representation of the military in the legislature, as of right, is out of line with the requirements of Indonesia's democratic transformation and contemporary developments world-wide.

There was discussion around the issue of incorporating "sunset" clauses into the constitution by which the military's current representation in the MPR would be reduced over time. However, the preferred view was that it is necessary to make a complete break with the past. In August, after the consultations had been completed, the MPR decided to allow the military to retain non-elected appointees in the MPR till 2009, although the previous expectation had been that this presence would end in 2004. However, the military appointees will have no voting rights (see Section 8: Concluding Note).

Thought needs to be given to the electoral system that will eventually be adopted in Indonesia, to guarantee that it will adequately represent the country's diversity and balance the needs of inclusive political representation with effective government. A fuller discussion on strengthening the electoral system appears in Section 6 below.

2.3 Powers of the Legislature

The powers and functions of the legislature should include the power to make laws and to oversee the military, the executive and the public service.

2.3.1 Powers of the legislature in respect of the military

The legislature should have oversight over the military budget, appointment of senior officers, military mobilizations and the military's intelligence-gathering functions. The legislature should not have an executive capacity in regard to military matters. It should, however, have full knowledge of military expenditure and be satisfied that monies voted to the military are spent in accordance with the vote. The legislature is also entitled to have

full knowledge of personnel matters and of the functioning of military intelligence within the constraints of the law. It is expected to confirm to the public at large that the military is operating within its proper budgetary and legislative constraints.

In regard to military deployment, the role of the legislature is to ensure that the deployment of the military takes place within the mission and mandate of the security forces as set out in the constitution. In particular the use of the military in an internal capacity, as against the citizens of its own country rather than in defence of the integrity of the borders of the country or against an external enemy, should be closely observed. Military involvement in foreign countries should also require positive parliamentary endorsement.

2.3.2 Powers of the legislature *vis-a-vis* the executive

The executive should be accountable to the legislature regarding the appointment of senior public servants, public expenditure and public policies. However, the constitution needs to distinguish between "oversight" and "being answerable". It needs to be stated that the duty of the legislature is to confirm that public policy and public expenditure take place within the frameworks approved by the legislature. It is not to administer or manage the public service.

2.3.3 Law-making powers of the legislature

It should be ensured that only the legislature can amend the laws passed by the legislature. It would be contrary to basic democratic principles if the executive, established to implement and administer the laws passed by parliament, could amend those laws. It is for this reason that the power of the executive to make subordinate legislation must be confined within the powers of the principal law, which must indicate to the executive the criteria and purposes for which subordinate legislation is to be enacted. In no circumstances must the constitution allow the executive to amend the laws passed by the elected representatives of the people.

2.3.4 Proceedings of the legislature to be public

In order to promote public participation and popular awareness of the political process and public policy, it is important that the legislative

process be as open and as public as possible. To this end, there must be no unreasonable limitation on press reporting of debates and proceedings of the MPR or any of its committees. The committees in turn must have full powers to obtain information from the executive and to subpoena members of the public to testify on matters of public importance. Public debates can have a positive effect on public awareness as well as allowing an opportunity for civil society to influence public policy.

2.3.5 Oversight of independent institutions by the legislature

The legislature should also be the body to which independent institutions should report, more particularly those institutions whose task it is to monitor the performance of the executive. Such institutions would include the controller-general, the ombudsman and related oversight bodies. The legislature should have powers to send its committees to hear testimony or take evidence in public in the regions and provinces on matters of public concern.

2.3.6 Responsibilities of legislators to the public

The desirability of establishing codes of conduct governing the behaviour of public officials was dealt with in great detail. While such codes of conduct have been taken as applying only to public servants and members of the executive, there is increasingly compelling evidence to suggest that codes of conduct should also apply to members of the legislature. Members of the legislature should be obligated under such codes of conduct to declare their personal financial interest in a matter or to excuse themselves from the consideration of matters in which they or any of their relatives have a financial or other interest.

The code of conduct should also regulate the receipt of gifts and hospitality from individuals and corporations. The least such a code should require is the disclosure of income, specifically in regard to services or lobbying in respect of any external private interest. The public should have the ability to contact the legislature's members on matters of public concern.

Recommendations:

- The legislature should be composed only of elected representatives.
- Military representation in the legislature should be phased out.
- The legislature should enact all legislation, take initiatives in drafting codes of conduct, ratify treaties and review international contracts.
- The legislature should exercise oversight over the military regarding:
    a) expenditure within military budgets
    b) appointment of senior officers
    c) military deployment in specific capacities other than routine exercises or training
    d) the intelligence-gathering functions of the military
- The legislature should exercise oversight over, or monitor:
    a) expenditure of public funds
    b) appointment of senior public officials
    c) the performance of the executive
- The legislature should conduct its business so as to be transparent and accessible to the public.
- The legislature should be empowered to review public policies.
- The legislature should receive reports from public bodies, independent institutions, watchdog bodies and members of the executive.

2.4 Powers of the Executive

The powers, duties and functions of the executive need to be defined more clearly. This includes the executive's law-making powers, financial and fiscal powers and powers of appointment. It should also address the executive's relationship with the Supreme Advisory Council (DPA).

While the legislature passes legislation, the executive has the power to implement those laws by making subordinate laws. It is necessary to ensure that the legislature and the executive do not clash in the operation of these powers. It was recommended that only the legislature should be empowered to amend legislation that it has passed, and that the executive can promulgate subordinate laws only in accordance

with guidelines set out in the authorizing Act, and for the purposes contained in the statute.

2.4.1 Duty of the executive to be transparent

Nepotism and patronage may take place through executive appointments by every level of government to a myriad of public offices, boards and parastatals. It is important, if the public is to have confidence in the government's honesty and integrity, that such appointments be made through a competitive and transparent appointment process. Unsuccessful applicants must be entitled to seek an explanation for any appointment or award.

The same considerations apply to the process of tendering for the supply of goods and services to the government. Where the tendering for the supply of goods and services takes place in secret or where the decision in regard to the award of such tenders is purely discretionary, then suspicion will inevitably appear even if it is groundless. The public may well believe that such tenders for the supply of goods and services have been awarded for improper reasons or by virtue of special and clandestine access to state officials. For this reason it is necessary that the constitution require a law to be enacted which sets standards for the tendering of the supply of goods and services and sets out fair and transparent procedures.

The role of the controller general is critical in ensuring that public bodies conform to the law, the budget and any official regulations setting standards for the manner in which funds are spent and accounted for. The controller- general must have unrestricted access to financial information within any state department so as to be able to confirm that the monies that have been voted to that department have been properly spent.

Recommendations:

- The constitution must define the powers, duties and functions of the president and cabinet. These must include:
    a) the power to make subordinate laws only within the guidelines and for purposes contained in the authorizing statute

b) the duty to consult with parliament and the governor of the   central bank to ensure that economic plans and fiscal policies   are compatible

c) the duty to govern in accordance with principles of good gover- nance, exercising powers transparently and in accordance with   the rule of law

d) that appointments to public offices, boards and parastatal committees be made public and preferably through a competitive appointment process

e) that tendering for the supply of goods and services to the state must be transparent

f) that there be a duty to furnish reports on request to parliament and to other constitutional bodies such as an ombudsman and a controller-general

g) that there is a requirement to abide by codes of conduct enacted by parliament

- The constitution must rationalize institutions through reform, and this should include the abolition of the Supreme Advisory Council (DPA).

2.4.2 Presidential election: direct or indirect

The pros and cons of the different systems for electing the president were covered in detail.

It was argued that indirectly elected presidents are generally more accountable to parliament and are less likely to overrule or dismiss the concerns of parliament. The election of presidents by or through parliament allows requirements to be established regarding any minimum degree of regional support. Indirect elections tend to strengthen party political systems. However, the election of the president through parliament or an electoral college could be more vulnerable to excessive lobbying and money politics. In addition, indirect elections may undermine those political systems which rely on or are based on a separation of powers. Under a radical "separation of powers" doctrine, the executive

should have no direct relationship with the legislature.

Direct elections, however, could be more based on the personalities of the candidates. It is argued that directly elected presidents have a tendency to appeal to the people over and above the legislature. But they do provide a very direct form of executive accountability. Much of the public debate has been around a directly elected president. If a directly elected president is opted for, it is necessary to ensure that candidates have broad national support. It is suggested that a winning candidate should require not only a majority of the votes of the members of the legislature but also support from a majority of regions or from such other important sectors or interests as society may demand.

Recommendations:

- If a directly elected presidential system is adopted, the candidate should be required to win a majority of the votes in a majority of the regions.
- One of two other measures should be adopted:
    - a) a two-round runoff election to eliminate multiple candidates
    - b) a parliamentary vote to endorse the finalist candidates

2.5 Oversight and Accountability: President and Parliament

The nature of oversight between the president and parliament is dependent upon the basis of the president's authority. If the president is indirectly elected, the power to remove the executive or the leader by means of a no-confidence motion against the president is given to a parliamentary majority. So as to provide some stability to government, it is recommended that an extraordinary majority be required for a motion of no-confidence.

A motion of no-confidence indicates a lack of confidence in the

government as a whole and requires that the president and the cabinet resign if the motion succeeds. In some parliamentary systems it may follow that both the government and the members of the legislature are required to resign. This opens the way to fresh elections. This in itself inhibits no-confidence motions being called on a whim. The Indonesian system is a hybrid system and the view expressed was that a large parliamentary majority should be required to bring a no-confidence motion against the president. However, a no-confidence motion should not necessarily require fresh elections. It should allow for the formation of a new government commanding the necessary support from the members of parliament.

It was recognized that parliament is not required to have confidence in a president who is separately and directly elected by the people themselves. However, there should be allowance for impeachment proceedings as a check against a grossly incompetent or corrupt president. Impeachment proceedings are normally directed against a president who is guilty of gross misconduct, abuse of office, theft, treason or corruption. In order to determine whether the president is indeed guilty of such conduct, it is normally required that a mechanism of investigation be provided for impeachment that is to be conducted either by the legislature itself or by a specially constituted court.

When impeachment proceedings are successful, the consequence is not a fresh election or the removal of the cabinet but the removal of the incumbent president. Impeachment proceedings are directed against the individual and not against the government.

Recommendations:

- Include clearly defined criteria in the constitution under which the president can be removed through no-confidence motions or through impeachment proceedings.

2.6 Codes of Conduct

There is a need to establish standards to which members of the legislature and the executive at the national and regional levels must conform. This was recognized as particularly useful, given the past history of corruption and abuse of power within the political process. Parliament should draft and enact codes of conduct so as to ensure that public officials behave with the requisite integrity, honesty and civic virtue.

Such codes would normally prescribe that legislative and cabinet members disclose their assets and those of immediate dependent relatives before taking office and upon leaving office. The disclosure requirements should thereafter be furnished periodically in relation to gifts, hospitality and any alternative income, including the sources thereof, and be accessible to the public by means of a public register. Such disclosure should be made to an authority prescribed within the code and within regular and set time periods. Provided there is full and honest disclosure of income, it is usually not necessary to provide penalties for receipt of alternative income or lobbying as the mere disclosure thereof will act as an inhibition.

The code of conduct need not cover such malpractices as bribery and corruption, which either are or should be regulated by the criminal law with severe penalties provided. The code of conduct should provide for any limitations on activities deemed incompatible with parliamentary service. This would include limitations on ministers and certain high officials undertaking any alternative employment while in office. But the code as a whole must be underwritten by penalties, particularly for the failure to disclose income where such disclosure is required.

It is also necessary to set out the circumstances under which all public officials must disclose a conflict of interest. A conflict of interest would include situations in which the public official or any of his or her relatives may have an interest in a matter in regard to which the official has been called upon to exercise his or her vote or to take a decision. In addition there should be general duties cast upon all public officials to act in the public interest with integrity and honesty.

It was recognized that such enforceable codes of conduct were rare elsewhere in the world until the 1990s. However, they have become increasingly common in contemporary democracies as new and pernicious forms of buying influence and controlling public decision-makers

have emerged and have created scandals in many countries, including Indonesia.

It was recognized that codes of conduct should not be confused with the privileges afforded to members of parliament. It was also recognized that it is important for the purposes of a healthy democracy and wholesome debate that immunities are afforded to members of parliament to protect their conduct as parliamentarians. Parliamentarians should enjoy immunity in regard to any civil or criminal actions brought against them arising out of the performance of their duties as members of parliament.

Recommendations:

- The constitution must provide for a code of conduct to be endorsed by national and regional legislators as well as executive officers.
- The legislation providing for a code of conduct should be passed within a prescribed period.
- The code of conduct should require a full disclosure of assets before taking office and upon leaving office. Such disclosure should be made to a prescribed authority and within a prescribed period of time.
- Severe penalties for bribery and corruption must be prescribed by law.
- Where parliamentary or executive immunity is provided, such immunity should be limited to acts carried out during the course of duties as a public official, not extended to all acts.

3. Securing Regional Autonomy

3.1 Defining Regional Autonomy

There is a recognized need for democratic government to be responsive to the people's needs, and there is a growing worldwide trend for government to be brought closer to the people. In a country as populous and diverse as Indonesia this suggests the need to strengthen the existing second and

third tiers of government to ensure greater interaction and accountability between public officials and the people. Where elected government interfaces with people at a lower level, the public will have greater interaction with it and will be able to express their dissatisfaction with the performance of those officials should they fail to deliver government services.

However, multi-tiered government requires a framework for the appropriate allocation of powers and duties to each tier and a framework for integrating public administration within national objectives. The officials at lower levels of government must be accountable and have the powers to bring improvements to the conditions of life of the people or to give effect to their demands. If not, then the creation of such second and third levels of government, at the regional and local levels respectively, would be useless. In this context, additional levels of sub-national government are required to make political participation meaningful.

There are two ways to allocate powers to sub-national levels of government. The first is to accord such levels of government exclusive powers, while the second is to accord them concurrent powers which they share with national government. If powers are shared between the different levels of government, then it is necessary to consider the interests or principles which determine which level of government is pre-eminent or should have overall responsibility for ensuring effective governance.

The complexity of twenty-first century life means that several levels of government may have a simultaneous interest in the same area of social and economic life. In the case of education, for instance, national government has an important role in setting certain norms and standards and in prescribing levels of training and qualifications. But other levels of government may have an important role in the planning or the distribution of educational facilities. At the lowest level there is a legitimate claim to monitor the performance of teachers at a particular school. In matters where service delivery or the administration of facilities at a local level is involved, there should be accountability at that level.

A system of distribution of powers should also be judged against the important criteria of efficiency, cost-effectiveness and rationality. It does not serve the goal of effective government to confront citizens with contradictory laws or levels of government competing with each other in respect of legislative or executive powers.

It was recognized that Indonesia requires regional, municipal and local government to increase accountability. Local government is increasingly seen globally as an important agent of development, and it should also be recognized that this level is the most important for grassroots participation because it is the most able to respond to local needs and conditions.

Where there is devolution of powers to lower levels of government, such devolution must be accompanied with appropriate resources, fiscal and financial powers so as to enable the lower level of government to function effectively. The mere devolution of powers and duties cannot work if such powers are allocated without the proper means by which they can be properly exercised or discharged.

The national government is responsible for developing the country's macro-economic framework. Consequently, it is critical that the national government assumes the primary duty of ensuring that fiscal and financial powers are exercised within the framework of macro-economic policies. The national government must accordingly retain important taxation powers, as well as responsibility for the establishment of an independent reserve bank, and be responsible for the debt-servicing obligations of the country as a whole, usually as a first charge against nationally raised revenue.

Recommendations:

- The following should be included within the constitution:
  a) the concept of regional autonomy (See Section 8: Concluding Note)
  b) commitment of resources to ensure that regional autonomy is effective

    c) definition of the powers and functions exercised by each tier of government.

- The powers of central government should include defence, the judiciary, finance and foreign affairs, while other powers should be shared with or devolved to the regions.

3.2 Harmonizing Regional Aspirations with National Integration

The harmonization of regional powers and aspirations within a united Indonesia will require the setting up of appropriate institutions in which representatives of the regions can meet and discuss regional and inter-regional issues. It is also necessary to ensure that regional aspirations are represented within national institutions and structures. The regions need to understand their role within national planning and management, which includes understanding the problems of other regions.

As the saying goes, all politics is local. Politicians the world over seek re-election by doing the best for their own constituency. It is inevitable that representatives of regions will promote the interests of their region even at the expense of other regions or of the nation as a whole. It is therefore important to balance the centrifugal tendencies of devolution of power with an integrating mechanism that emphasizes harmonization of the actions of regions and places a check on mutually destructive policies. Ways of developing co-operative government are a priority, and it is in this context that members of the working group suggested the establishment of a national institution with the capacity to resolve and manage disputes both between and within regions.

The national government has the role of and responsibility to assist regional governments and their people when there is a need to do so. It would still be the responsibility of the national government to undertake measures to alleviate gross regional disparities. This must be defined in legislation. The constitution or law should provide for measures that establish horizontal equalization by fiscal transfers in favour of regions with no resource base or tax base. Failure to provide for such equalizing transfers would lead to greater regional disparities.

Recommendations:

- Create through the constitution a second chamber that is composed of elected representatives from the regions.
- Ensure that the second chamber has the powers, capacities and resources to provide effective representation for regional interests.
- Identify through the constitution the electoral system by which regional representatives will be elected.

continued

- Legislation on regional autonomy must be sufficiently clear to ensure that national government has the residual power to intervene under clearly defined circumstances, and to help regions when there is a system failure or crisis.
- The national government must have a constitutional responsibility to assist grossly underdeveloped regions to attain a basic standard of development.
- Establish within the constitution a body or mechanisms to act as a forum for ongoing dialogue between regions.
- Set up a national institution for dispute management between and within regions and between regions and central government.

3.3 Fiscal and Financial Issues

3.3.1 Principles for resource allocation

There must be a review of the basis for entitlement of those regions in which natural resources are located and compensation for the environmental damage and degradation that arises out of the exploitation of those resources. Furthermore, there are additional costs that flow from the infrastructural demands occasioned by the extraction of natural resources that fall on the region, for which the region should be compensated.

At the same time, it was recognized that all Indonesians have a minimum entitlement to public services such as health, education and social services. The competing claims should be balanced by allowing local communities

or regions in which natural resources are to be found a claim part, but not all, of the revenue raised by the exploitation of those resources.

The process of allocating national revenues to different regions is of a competitive nature and it is important to establish the principle that regions should not be disadvantaged because of their political, ethnic or religious affiliations. In this regard, a neutral Fiscal and Financial Commission can play an important role in recommending the appropriate fiscal transfers to the various regions based on objective criteria, including the need to redress past neglect.

Recommendations:

- Establish a fiscal and financial framework that guarantees minimum financial capacity to second and third levels of government.
- Allocate powers to collect and impose taxes based within an appropriate authority and macro-economic framework.
- Second and third tiers of government must be entitled to sufficient secure revenue so as to be able to undertake development plans.
- Resources and financial allocations must be made with due regard for national minimum standards.
- Compensation should be made available to regional governments for costs in respect of environmental and other losses associated with national resource exploitation.

4. Strengthening the Rule of Law and the Role of the Judiciary

The rule of law is a necessary condition for economic and political stability and the need to strengthen the rule of law in Indonesia is recognized as integral. The rule of law is also important for economic issues such as the effective and credible handling of disputes. It was recognized that it is not possible to uphold the rule of law without strong constitutional provisions

that include, among others, a Bill of Rights and an independent and impartial judiciary in which the people have confidence.

An independent and strong judiciary also has a disciplining effect on the executive and assists in setting and maintaining standards of executive conduct.

For such a judiciary to function, it is important that the constitution prevent the possibility of interference by the executive in judicial matters. To ensure this, the tenure and conditions of services of judges should be guaranteed regardless of the judgements they hand down. To ensure this objective, judges should be appointed either for life or for non-renewable terms.

While it is important that the judiciary be insulated from executive interference, judges should also be accountable for the performance of their functions. Such accountability should be introduced through clear and transparent procedures for the appointment of judges, as well as by providing institutions to which members of the public can bring complaints against inappropriate judicial conduct and have their complaints addressed.

For the legal system to have credibility and legitimacy, it is important that it should not be seen as the preserve of corporate institutions or wealthy individuals or comprised of judges who are not representatives of the population as a whole. It is for this reason that it is important that judges should be representative of society. The state must also ensure that access to justice is affordable and that those who wish to have their disputes settled by a court of law are not frustrated by the mere absence of the financial resources to do so.

The issue of addressing constitutional disputes was discussed. It was recognized that it was possible for general courts to have constitutional jurisdiction. However, the trend in recent constitutions is to establish a special constitutional court as the highest court on constitutional disputes. There are advantages to having a constitutional court as an institution that can develop specialized constitutional expertise, though there is need for mechanisms which ensure that the court has legitimacy and its members are broadly representative.

The need for a Truth and Reconciliation Commission to deal with the human rights abuses of the past within an appropriate framework was also considered. The objective of such a framework would be reconciliation as well as establishing the truth in regard to past injustices. Such a process may be painful, but it is necessary if Indonesia is to look forward and not be haunted by an unrevealed past.

Recommendations:

- Constitutional provisions are needed to secure the independence and integrity of the judiciary, including:
    a) clear and transparent procedures for appointment of judges
    b) clear provisions outlining the exceptional circumstances in which judges can be removed, and how

    c) protection of terms, conditions and tenure of judges
    d) protection for the judiciary from control or interference by the executive
    e) drafting a code of conduct for judges which includes a requirement for a declaration of assets
- The rule of law should be strengthened by providing for judicial review of legislation and executive acts.
- The following institutions should be created and empowered through the constitution with defined tasks and objectives:
    a) a special constitutional court to undertake judicial review
    b) a human rights court to support the National Human Rights Commission
    c) transform the National Law Commission into the National Law Institute and empower it by law to take responsibility for legal planning and legal reform
- Create transitional institutions to increase public confidence in the state's commitment to provide justice to its citizens, such as "truth commissions" to address issues of transitional justice.

5. Institutions to Support and Protect Democratic Principles

Democracy is not secured only through periodic elections. Democracy and democratic principles must be supported and sustained through systems of democratic accountability, which include constitutionally protected checks and balances and channels for transparent and accountable government.

Constitutions recently adopted by other countries where democracy is being consolidated have identified independent or impartial institutions to support and sustain democratic accountability. These act as checks and balances and ensure greater transparency.

The review and adoption of similar institutions of transparent, responsible and accountable government was recommended. Unless an institution has clearly defined objectives, powers and resources by which to achieve its objectives, then it will not contribute to the democratic process.

While some institutions need to be constitutionally established, the law could create others. The advantage of protecting an institution under the constitution is that it cannot be eliminated except under exceptional conditions. Five such institutions were considered: the ombudsman, the controller-general, an independent electoral commission, a human rights commission and a fiscal and financial commission.

5.1 The Ombudsman

The ombudsman monitors the acts of the executive, the legislature and the bureaucracy. He or she reports to parliament and the executives. To be effective, the office of the ombudsman must be adequately resourced. Far from being merely a "watchdog" over the state, such an institution serves to improve the performance of state functionaries and the levels of service of government employees.

5.2 The Controller-General

The controller general reports to parliament on the regularity and propriety of expenditure of public funds. It is parliament which approves the budget

and allocates to the executive the public monies for the performance of its functions. It is thus important that parliament be able to confirm that the expenditure of public funds has been in accordance with the requisite procedures, is not wasteful and is in accordance with the budget.

5.3 Independent Electoral Commission

The independent electoral commission protects the rights of people to participate in free and fair elections. The commission plays an important role in maintaining standards within the electoral process. Its role should include the direct overseeing of presidential, national and regional elections. To ensure the confidence of society, membership of the commission must be non-partisan. The commission must have adequate funds and resources to carry out its duties.

Independent electoral commissions are now universally recognized to be critical for stability in a constitutional democracy as the judiciary. One of the issues with the biggest capacity to destabilize a society and trigger conflict is an electoral result which is not accepted by the participants because they distrust the administration responsible for conducting the elections.

5.4 Human Rights Commission

A human rights commission should be established to review abuses by the military and prevent such occurrences in the future. Only through such a commission can citizens' faith in the rule of law be guaranteed.

5.5 Fiscal and Financial Commission

The function of a fiscal and financial commission would be to collect information and make recommendations concerning the allocation of funds to the regions. An independent commission is more likely to be able to make findings which will be accepted by regions that feel aggrieved by the apportionment of nationally raised revenue.

Recommendations:

- The following institutions should be included within the

constitution:
   a) an ombudsman to ensure accountability and performance of the executive, legislators and bureaucracy
   b) a controller-general to review public expenditure, the award of government contracts and allocation of funds by parliament
   c) an independent electoral commission to ensure the integrity of the electoral process
   d) a human rights commission to hold state officials account-able   for human rights violations
- The following should be ensured through the constitution:
   a) definition of the powers and functions of the above institutions
   b) the state's commitment to adequately finance and support the above institutions
   c) the appointment of persons of integrity to these commis-sions through a transparent process
- Consideration of a fiscal and financial commission to support regional autonomy through the collection of information and the making of recommendations on regional allocation of funds.

6. Political Parties and the Electoral System

The right of the people to elect their government through periodic elections that are free and fair is recognized as the most basic of democratic rights. The protection of this right requires the recognition of the right to vote and the need for an electoral system that is inclusive and produces a true representation of the will of all Indonesians.

This right is meaningful only when there is a guarantee that the elections will be free and fair and that the result is accepted by all, even by those who lose the election. Voters must be able to choose between political parties that are capable of offering the people a choice of programmes.

The exercise of this right to elect a government requires recognition of political parties as instruments of representative and participatory

democracy. The composition of the elected representatives should be in proportion to the votes cast.

One possible electoral system that could be adopted is one of proportional representation and regional representation, within a framework of legislation that allows people to campaign, obtain information and disseminate their political views, free from interference and financial manipulation.

Many democratic countries have given consideration to one or another system of funding political parties. Grants of public funds to political parties are intended to ensure that the latter will be able to put both information and real political choices before the people. However, this kind of funding is usually accompanied by measures which require transparency about the sources of party or campaign funds and which may even impose limits on campaign expenditure in the interest of fairness amongst parties in the electoral contest.

It is always important to ensure that a party in power or a party with special access to public funds does not abuse its position by obtaining clandestine forms of assistance from the state. The framework for free and fair elections must ensure all parties equal access to the media and to public facilities such as venues for holding political meetings.

Recommendations:

- The constitution should provide protection for voting and political parties through:
    - a) the right to vote in elections at least once every five years
    - b) the right of people to associate in political parties and participate in government through their elected representatives
    - c) the role of the independent election commission in ensuring free and fair elections
- Legislation should be enacted, consistent with constitutional principles and norms, to provide:

a) an electoral system that guarantees proportional representation   with a reasonable national threshold,   for example of two per cent, and provides for regional constituency lists
b) consideration of gender and ethnic balance in representation
c) regulation of campaign financing and to ensure transparency in the funding of political parties

7. The Fundamental Rights and Duties of State and Citizen

The Indonesian State needs to make an enduring commitment to the fundamental rights of the people as citizens. Members equally believe in the need for the state to follow a path of democratic development for the good of all.

This can be done by enshrining the common aspirations of the people, with regard to their economic and political wellbeing, through a "Directive Principles of State Policy" and a charter on "Fundamental Rights, Liberties and Duties". The constitution is the most appropriate instrument through which these can be achieved.

A list of directive principles and fundamental rights that have been universally accepted by the community of nations, including Indonesia, in the various international instruments, notably the United Nations Covenants, were reviewed by members of the working group, who debated whether they should be included in the constitution or not.

It is recognized that directive principles of state policy are not enforced in the same manner as fundamental rights. However, they are expected to guide government policy and actions and have persuasive power. In some countries, these principles have come to play a very significant role in constitutional litigation, especially in interpreting the scope of human rights. On the other hand, "Fundamental Rights" are enforceable.

While the law in limited circumstances may qualify the specific operation of certain rights, some rights are deemed absolute or inalienable and cannot be qualified or reduced.

7.1 Directive Principles of State Policy

The view was expressed that the state should be committed to providing basic needs to ensure that all Indonesians can live in peace and dignity and free from war.

It was recommended that, insofar as national resources permit, the people should enjoy social security, health care and access to water and housing. It was suggested that the state also guarantee the development of basic infrastructure to rural communities, and to manage the economy for the interests of increasing prosperity for all. It was recommended that the state should ensure the protection and sustainable utilization of environmental resources for the benefit of both present and future generations.

The state should also be committed to providing good governance to meet the aspirations of all Indonesians. This will ensure transparency and accountability from the government and citizens' access to information in relation to the government.

In discussions it was recognized that the Directive Principles of State Policy can play an important role in clarifying and highlighting the highest aspirations of Indonesians for an adequate standard of living for all citizens. It is important that such aspirations find expression within the constitutional text, or citizens may find the constitution lacking in vision and limited in the concerns it addresses.

Recommendations:

- The constitution should incorporate a comprehensive set of "Directive Principles of State Policy" addressing the need to provide basic goods and services, good governance, and a human-centred development policy.
- These principles should guide laws, governmental action and public policy.

7.2 Fundamental Rights and Liberties

The fundamental rights and liberties of the citizen should be protected as a high priority and abridged only in limited circumstances to ensure the enjoyment of these rights by other persons. The constitution should list a comprehensive charter of fundamental rights and limit the circumstances in which such rights may be abridged.

It is important to specify in the constitution the circumstances in which rights can be derogated from. In the absence of any such constitutional guidance, the executive might be tempted in an emergency to violate these rights more fundamentally than is necessary. The universal trend is to require that any limitation or derogation from the fundamental rights enshrined in the constitution be proportionate to the risk or danger facing the state. There are certain rights, such as the right to be free from torture, that should never be breached under any circumstances.

The range of rights in contemporary charters of fundamental rights should not be confined to the "negative rights" which protect the citizen from the state, but should include the new generation of rights which strengthen civil society, protect the environment and affirm the right to development. Such rights would include the right to information and to administrative justice, including the right to know the reasons for any decision taken by a state official. Recent charters also focus on previously neglected areas and seek to strengthen the protection of vulnerable or traditionally marginalized sectors of society such as children and the disabled.

The precise formulation of these rights should be appropriate for the circumstances within Indonesia. The state should be committed to protecting, as absolute rights, the personal rights of the citizen including the:

- Right to life
- Freedom from torture, cruel, inhuman or degrading treatment or punishment
- Right to dignity
- Equal protection and equal benefit for all citizens under the law
- Right to be free from discrimination

- Right to enjoy full equality

The state should be committed to protecting political rights for civic participation including the:

- Right to vote and run for public office
- Freedom of expression and the media
- Freedom of assembly and association
- Right to information

The state should be committed to protecting and enhancing social, cultural and economic rights including the:

- Freedom of worship, conscience and belief
- Freedom to choose and practise one's religion
- Right to education
- Right to the protection and expression of culture and language
- Right of access to health care
- Right to work and fair employment conditions
- Right to live and work in dignity
- Rights of marginalized communities and groups to advance their status
- Right to move and reside anywhere in Indonesia

The state should protect the family as a unit of society, including the:

- Right to a family life without interference by the state
- Enjoyment of rights within the family
- Equality of men and women in the family including equal rights to inheritance
- Rights of women to live free of violence
- Rights of children to protection by the state

The state should be committed to protecting judicial and administrative rights including the:

- Right to a fair trial without undue delay
- Right to fair administrative decisions
- Right to privacy of home and communications

Recommendations:

- Ensure that the constitution and all laws drafted are compatible with international human rights standards.
- Indonesia should ratify all international human rights conventions.
- Ensure that a comprehensive list of "Directive Principles of State Policy" and charter of "Fundamental Rights and Duties of State and Citizen" be included in the constitution.
- Ensure that these rights are not be abridged except in exceptional circumstances.

7.3 Amendments to the Constitution

There is a need to secure the constitution and give it stability while balancing the need to revise it to ensure that it is responsive to the needs of the community. Exceptional requirements should be introduced in respect to constitutional amendments.

A constitution must be both durable and flexible. The rights that it guarantees should not be easily removed at the instance of a temporary majority. The constitution is required to protect all citizens including political or other minorities.

Apart from the usual requirements that additional majorities be required before the constitution can be amended, there is a compelling argument that special procedures should also be followed. Such special procedures would include at least ensuring that any amendment to the constitution is the subject of public debate prior to its adoption. A typical example of such a procedure is one that would require an intended amendment of the constitution to be published for comment within a fixed time period before its introduction to parliament.

Recommendations:

- An amendment of the constitution must require a majority of two-thirds of all members of parliament, and if there are

two houses of parliament, by a two-thirds majority vote of both houses.

- The charter on "Fundamental Rights and Duties" can neither be amended nor abridged without a two-thirds majority vote in favour from the total membership of parliament, and if there are two houses, a two-thirds vote of both houses.

8. Concluding Note

The constitution is a living document and draws its life and meaning from its context. The recommendations in this report attempt to address features of Indonesia's political system that have undermined its democracy in the past and will continue to do so if not addressed. But a constitution must not only build from the past. If it is to give direction to the destiny of the nation, it must also reflect the future.

The recent MPR sessions held in August 2000 did introduce some changes to the constitution but deferred many of the fundamental decisions on constitutional reform. The changes included:

Regional Autonomy

Regional Autonomy

1. Background

Indonesia has been a highly centralized polity for most of its history. It inherited a centralized structure of government from the colonial Dutch and there have been efforts at various times to decentralize this structure, beginning with the 1903 Decentralization Law of the Netherlands Indies. That law had twin objectives that were in effect contradictory: to decentralize government in the country's far-flung and diverse regions, and to extend government control into these regions.

Since independence in 1945, Jakarta elites have often been fearful that giving the regions greater control over their own affairs would play into the hands of violent, disintegrative forces. One important explanation for the failure of decentralization efforts in the past has been the lack of strong commitment of the centre towards decentralization.

The end of the New Order gave rise to widespread demands for democracy and empowerment, among them demands from regions outside Java for more local control over their own affairs. These demands were heard most insistently from restive regions that are rich in natural resources, such as Aceh and Riau, and they raised fears at the centre that, unless the regions were given more autonomy, Indonesia itself might disintegrate under pressure from secessionist movements.

In 1999 the national parliament approved two laws on decentralization. Law 22 concerns administrative decentralization, while Law 25 concerns financial administration. The first set of implementing regulations for Law 22 was published early in May 2000.

These two laws indicate a new seriousness about democratic decentralization on the part of the central government. However, much remains unclear about the scope and implications of their implementation. The recommendations presented in this report are intended to stress the urgency of carrying out the decentralization process in democratic and

equitable ways.

The recommendations fall into four clusters:

- Making decentralization work.
- Making decentralization democratic.
- Paying for decentralization.
- Resolving conflicts.

2. Making Decentralization Work

None have suggested that the current, centralized system of government in Indonesia was preferable to the decentralized model now on offer. Indeed, there is a clamour for more autonomy than the model offers.

Recommendation:

- Decentralization can prevent the disintegration of Indonesia. Steps must be taken to make it work quickly.

South Africa was referred to as an example to show that decentralization can be carried out rapidly and effectively if the necessary political will is there. South Africa changed to a new decentralized system literally overnight, transforming nine homelands and four provinces into nine provinces at the stroke of midnight on 1 May, 1994. The transformation followed two basic principles aimed at preventing discriminatory treatment of civil servants on grounds of ethnicity: that every official would continue holding the same job as before but with the restructuring would report to a different superior, and that there should be a single civil service with uniform salaries and conditions.

This example of successful and rapid change was achieved by the application of strong political will, reflected in a new constitution. The constitution prevents the main features of decentralization from

being eroded later on and guarantees that the process will be adequately funded.

Recommendation:

- Decentralization and its proper funding must be guaranteed in a constitutional amendment.

Successful decentralization, especially sectoral decentralization, is technically extremely complex. The officials who implement it need a firm grasp of the problems involved and have to be able to give clear instructions to their subordinates in the field. They also need to be assured of strong political and financial backing.

Indonesia has a long history of failed attempts at decentralization. Some of these failures can be attributed to a lack of political will. The 1974 decentralization law, for example, was never properly implemented because of resistance from government departments, while the pilot decentralized regions of the early 1990s failed because of a lack of financing.

The current round of decentralization could face the same fate. To make sure that it does not, the relevant government departments have to be continuously exposed to the views of the regions. The best way to do this is to create a new bicameral parliament whose upper chamber is made up largely of representatives from the regions.

This bicameral system would enable the regions to engage in collective bargaining with the centre. It would also help to prevent the proliferation of ad hoc arrangements between the centre and restive resource-rich regions that do not benefit poorer regions.

Recommendation:

- A bicameral national parliament should be considered, in which regional representatives dominate the upper chamber.

It has been suggested that a high-powered Decentralization Council should be formed with representatives of government departments as its members. This council would act as an engine driving decentralization forward, especially sectoral decentralization, and would guard against centralizing interests in the bureaucracy.

Supporters of the idea argued that such a council could cut through the tangle of regulations and bring about real and effective change. But it was also argued that a council of this kind would itself be overly bureaucratic and likely to be dominated by the central government. This kind of lively debate is a clear sign that more thought needs to be given to the mechanism by which decentralization is carried out.

3. Making Decentralization Democratic

Decentralization can be democratic and empowering. The Philippines moved successfully to a decentralized system in 1992 and the change had an invigorating effect on local politics and business as people assumed greater responsibility for and control over their own communities. There, democratic decentralization was regarded positively as a mechanism by which to address the challenges to national integration.

But decentralization must be carried out in a way that enhances democracy. If it is not, then there is a danger that Indonesia's regions could become as dominated by authoritarianism and corruption as the whole country was under the New Order. There are already serious concerns about corruption in the elected regional assemblies in relation to the election and the accountability of regional heads.

There is an urgent need for the institutions of civil society in the regions to be involved with the development of new structures of government. Such institutions include non-governmental organizations, regional universities and the press. They can also include traditional social

groupings. Although the latter sometimes have a hierarchical and therefore undemocratic character, the hope is that over time they will become more democratic.

Recommendation:

- Greater efforts must be made to build popular participation into the new structures of regional government.

There are already some democratic safeguards built into the current decentralization process, notably regular elections and a free press. Over time, these safeguards may reduce the potential for undemocratic practices in the regions. But there are other issues which need to be addressed quickly, in order to prevent social unrest.

The newly-empowered regional assemblies are often filled with inexperienced and poorly educated legislators. They need assistance to make a success of their new responsibilities, and the government has announced plans to involve Indonesian universities in creating centres of excellence in the field of regional autonomy.

In decentralized systems elsewhere in the world, regional assemblies tend not to make many laws but rather function to supervise the government's delivery of services to the regions. Standards still tend to be set at the centre.

Recommendation:

- Elected regional assemblies must be empowered by the provision of special training as well as expert advice.

Some provisions in the new decentralization laws may actually promote

political corruption, notably Chapters 45, 46 and 54 of Law 22/1999 which deal with the election and accountability of regional heads. These need to be reviewed and rules formulated so that a regional head can be impeached for corrupt practices. One way to reduce corruption is to elect the regional head directly.

Recommendation:

- Legal loopholes permitting political corruption at the regional level need to be closed.

There is a risk that decentralization could trigger ethnic and sectarian conflicts in the regions as local elites compete for sources of advantage in the bureaucracy, using ethnic or sectarian terms to rally support rather than focusing on the underlying administrative issues. Such conflicts have already happened in some regions, including Maluku and West Kalimantan.

Elsewhere, local official support for gambling, prostitution and environmental destruction goes unpunished. Unwritten, hidden rules seem to be more important than written ones. These problems can only be solved by the development at the regional level of an effective and democratic state structure which can uphold the rule of law.

South Africa provides a model for dampening conflicts. A national peace accord was achieved there even before the final abolition of apartheid and has worked surprisingly well. This accord created peace committees with representatives drawn from the national level down to the village level. The peace committee members were representatives of society - including rival political factions - and the state. The latter, including the police, were put under pressure to pursue their tasks even-handedly.

Recommendation:

- Finding new ways of promoting the rule of law at the regional level needs to be made an urgent priority.

4. Paying for Decentralization

If the regions do not have enough money to pay for the services which the decentralization laws require them to provide, then government in the regions will actually become worse. As discussed earlier, adequate funding for decentralization needs to be guaranteed by a constitutional amendment.

Funding decentralization means balancing two competing rights - the right of citizens who live in resource-rich regions to enjoy a fair portion of the revenues their region produces, and the right of citizens everywhere to be treated equally by the state. There is an urgent need to find a formula that balances these two rights equitably.

Practically, the problem of funding decentralization can be divided into two issues. The first issue is: how can regions more effectively raise local taxes? The second and more important issue is: how can the earnings of resource-rich regions be redistributed in such a way that there is no disadvantage either to resource-poor regions or to the central government which has to maintain national unity and pay off the national debt?

Many taxation powers previously vested in the regions were eliminated in Law 18/1997. There have been calls for that law to be abolished so that the regions can expand their tax bases in accordance with Law 22/1999. However, the old regional taxation scheme which was eliminated by Law 18/1997 was in fact unwieldy and yielded little. It would be better to review the latter law and make it compatible with Law 22/1999, rather than abolish it altogether.

Recommendation:

- Law 18/1997 needs to be reviewed to allow regions to raise local taxes more effectively, as envisaged under Law 22/1999.

Poor regions like West and East Nusa Tenggara may not have the financial resources to run even the eleven basic decentralized services that the regional autonomy laws require. West Timor, for example, is a frontier region that suffers from poor infrastructure and frequent natural disasters and has a large refugee population.

The new decentralization laws appear to be especially designed to appease unrest in natural resource-rich regions. This is not unreasonable, since the resource-extraction industries in those regions tend to have an "enclave" character that often impoverishes the local inhabitants living around them.

But poorer regions depend on subsidies from the centre, which in the past were taken from revenues collected in resource-rich regions. If the centre fails to pay those subsidies, then decentralization could make the poorer regions even poorer. Special efforts need to be made to ensure that this does not happen.

One way to do this is to increase the weighting given to poverty indicators amongst the criteria for a region obtaining "balancing funds" from the centre. Another is to create a special program that focuses attention on the need for business investment in poor regions, such as the Indonesia Bagian Timur (IBT) effort the government made for eastern Indonesia in the early 1990s.

Recommendation:

- Poverty-stricken regions need special attention to ensure that decentralization does not make them even poorer.

Some regions are poor in natural resources but generate wealth in other forms, like tourism in Bali or trade in Batam. At present, Law 25/1999 returns a substantial proportion of hydrocarbon and forestry revenues, but only to those regions fortunate enough to possess these assets. The law needs to be amended, or its implementing regulations reviewed, to reduce this bias in favour of hydrocarbon- and forest-rich regions and provide for the return of a proportion of other kinds of revenues as well.

Recommendation:

- Law 25/1999 needs to be amended, or its implementing regulations reviewed, to reduce the bias against regions that are poor in natural resources.

The provision of data on regional revenues is also an issue. There is a feeling in resource-rich regions that they are at a disadvantage in dealing with the centre because they do not have direct access to accurate figures on their natural resources. At present, the regions have to ask Jakarta for information on questions like oil production rates.

Other countries provide models for revenue management under a decentralized system. In South Africa, Australia and India, an independent council of experts decides the allocation of national resources after collecting demographic and financial statistics. The centre generally sets taxation rates and collects taxes on income, while the regions tax land and property.

In South Africa, the basic provisions for the sharing of finances, both horizontally between regions and vertically with the centre, have been incorporated into the constitution to prevent them being arbitrarily eroded by re-centralizing interests. The provinces have limited borrowing powers.

Recommendation:

- Regional governments need to have guaranteed rights of independent access to resource information affecting their region.

5. Resolving Conflicts

Any fundamental change in the structure of a government is bound to create strains. Decentralization could give rise to jurisdictional conflicts between centre and region, between regions and between local communities, or with investors in the regions over the control of forestry or mining resources.

Many of these conflicts will be mediated by higher levels of the government, and the law provides for the Supreme Court to arbitrate in the event that mediation fails. However, more flexible and responsive mechanisms need to be created for conflict resolution if decentralization is to be both effective and democratic.

Experience in other parts of the world has shown that regional autonomy associations form spontaneously to defend the interests of certain sectors. Such associations can also function as good conflict mediators as well.

Recommendation:

- There is a need to develop non-confrontational ways of resolving conflicts between the centre and the regions, for example through voluntary regional autonomy associations.

A possible source of conflict is the division of responsibilities made by the new laws between different levels of regional government. As in the past, provinces are classified as Level I and regencies or cities as Level II. But the new laws focus mainly on autonomy at Level II, and the role of the previously dominant Level I will be reduced.

It is not entirely clear why there has been a shift of emphasis from the

Level I regions, of which there are currently 29, to the Level II regions of which there are about 350. This shift is raising tensions between Levels I and II and between neighbouring Level II regions in the scramble for scarce resources.

Different regions may view this situation differently. Some Acehnese have expressed the view that the motive for reducing the role of the provinces was political, and that it could create conflict between Level II regions in Aceh where none existed before. Their preferred solution would be to enhance the role of the provinces. But others, notably from Jepara in central Java, regard the new prominence of the Level II region as ideal.

There has been a tendency in some regions to create more Level II regions in order to benefit from the wealth they are presumed to create. Ironically, this tendency is especially pronounced in the poorer regions, and such proliferation has created new conflicts between neighbouring Level II regions.

Elsewhere, Level II units have even considered merging because of the extra costs imposed by decentralization. In any event, new forums are needed for resolving conflicts between neighbouring Level II regions, and NGOs can play a role in mediating such disputes.

Recommendation:

- Societal groups need to be involved in new forums to mediate conflicts between and within Level II regions.

Civil-Military Relations

Civil-Military Relations

1. Background

Civilian authority over the armed forces is a cornerstone of democratic politics. A necessary if not sufficient way of measuring the progress of Indonesia's democratization is to assess whether the Indonesian armed forces are under civilian authority.

While Indonesia is not alone in having a politicized military, the extent of military involvement in government is unique because, unlike most other military regimes such as those in Latin America or East Asia, this political prerogative was codified in law and passed through Indonesia's highest legislative body, the People's Consultative Assembly (MPR), in 1982. The Indonesian military also sees its role justified by history and the fact that it was not formed by a civilian government, but developed out of the people themselves.

The Indonesian National Army (TNI) has evolved a sophisticated doctrine to justify its socio-political involvement. The unravelling of this involvement so that the Indonesian armed forces may comply with democratic imperatives requires a reformulation of this doctrine or its outright abolition.

Since the end of Soeharto's New Order regime and the resumption of civilian rule under Presidents Habibie and Wahid, the TNI finds itself in a difficult situation. Although the military regards itself as the guardian of the nation, its image with the public could hardly be worse because of its role in upholding Soeharto's regime. It is regarded in some quarters as a cause rather than a solution for the threat of national disintegration, and the transition from autocracy to democracy has generated frictions within TNI's own ranks over its proper role within Indonesian society.

TNI is split into rival factions, which are often categorized in terms of reformists versus conservatives and "rogue elements". This fails, however, to fully capture the complex relationship between officers. Although

factionalism has existed in TNI for many years, in the past two years such alliances have become even more unpredictable given the added element of civilian intervention in the complex internal manoeuvres of the military. For instance, the Wahid administration has recognised the centrifugal forces within TNI and responded by appointing a naval officer as commander-in-chief, although the position had been the army's prerogative in the past.

Bearing in mind the above caveats, there are several continuities in the way factions operate which help to shed light on the process by which officers can be turned into democrats:

- A minority of generals are openly reformist. Since the fall of Soeharto, several high-ranking officers have consistently supported civilian control over the armed forces, but they have met with strong opposition from the majority of their peers.

- The majority is cautious about reform. Although they accept the rhetoric of civilian supremacy over the armed forces, they are unsure about working out the mechanisms for this reform. This majority is further subdivided into hardliners and moderates, and it is almost impossible to mark the line that separates both because it appears to shift in unpredictable ways.

While these divisions within TNI complicate the task of establishing civilian supremacy over the armed forces, the fact that there is an ongoing debate within TNI also opens up opportunities for dialogue aimed at a negotiated transition to civilian control. Hence, the most important point for the civilian administration to consider at this stage is how to avoid taking measures that would alienate the officer corps as a whole and promote a closing of the ranks around those generals opposed to a negotiated transition.

This report provides an overview of the challenges and opportunities for ensuring effective civilian authority over the Indonesian armed forces. It looks at the historical context of TNI's present role, its doctrine of the dual function (*dwifungsi*), the strategies TNI has adopted to consolidate its social and political role and the organizational structures in which

that role is embodied.

Paramount in this overview is the analysis of TNI's adoption of a broad definition of "security" to cover all aspects of politics, ideology, economics, society and culture, as well as military matters. It is this all-encompassing approach to internal security that has justified TNI's intervention in politics. This broad definition of security is now changing as the division of security responsibilities between the police and the TNI is put in place.

2. The Historical Context

A striking feature of Indonesia's political history is that the Indonesian National Army (TNI) has been a key player from the very beginning of the Indonesian state. Indonesia's military was instrumental in winning the country's war of independence against the Dutch colonial power in 1949 and has played a prominent political role ever since. The TNI had become the main power broker in Indonesia by the late 1950s and its ascent culminated with General Soeharto's controversial takeover of executive powers in 1966. Under Soeharto's presidency the TNI's fortunes waxed and waned, but overall it remained central to the political life of the nation.

The origins of the Indonesian military lie with the armed groups that fought the Dutch colonial government from the end of the Second World War until 1949. These groups organized themselves into militias and guerrilla groups which were formalized after the declaration of independence in August 1945 into the TNI. After independence had been finally been realized, the TNI claimed it had played a bigger role in the struggle than the diplomatic efforts of the civilians.

As Indonesia's civilian government was progressively weakened by primordial sentiments and ideological cleavages, TNI claimed that it was the sole national power. The military considered itself as entitled to assume leadership if civilians could not effectively protect the national interest, as happened during the period of parliamentary democracy in the 1950s and the "coup" of 1965.

The military has always been used by the executive as a balancing power against political opposition, which means that the civilian establishment gave TNI the chance to meddle in day-to-day politics. Indonesia's first president, Soekarno, used the TNI as part of a triad whose other components were the Indonesian Communist Party and the president himself. The same thing happened under Soeharto when in the late 1960s TNI joined hands with Golkar, the regime's civilian political machine. This strategic alliance between the executive and the armed forces prevailed over the next two decades.

The late 1980s saw a marked decline in the influence of the TNI on the Soeharto presidency. While the commanders of the armed forces and the police retained ministerial status and officers staffed key cabinet positions, they were appointed on the basis of their personal loyalties to Soeharto. The palace was also very effective in weakening the institutional power of the TNI by splitting the officer corps along confessional lines. From the early 1990s onwards, non-Muslim officers found it harder to get promoted and were completely sidelined from strategic appointments. The key assignments were monopolized by officers seen as subservient to the whims of Soeharto and his entourage.

Thus by the time of Soeharto's resignation on 21 May 1998, the TNI had already lost much of its political influence to the executive. President Habibie's assumption of power did not change matters significantly, given that many generals perceived him as one of those who orchestrated TNI's institutional decline in the 1990s. The assumption of power under President Abdurrahman Wahid has thus occurred at a time when TNI is preoccupied with resolving lingering internal issues to prevent further institutional fragmentation.

3. Assessing the Extent of Civilian Authority Over the Military

While some progress has been made, the overarching problem with the restoration of civilian authority over the armed forces since the end of

the New Order is that it appears to have been done very much on TNI's terms. A change that appears to be merely technical, but is actually basic to Indonesian military's function, is the re-adoption of the name of TNI, an abbreviation of *Tentara Nasional Indonesia* or Indonesian National Army. This is the name used for the military, including the navy and the air force as well as land forces, in the late 1940s and 1950s. It was later replaced with ABRI, or *Angkatan Bersenjata Republik Indonesia*, the Armed Forces of the Republic of Indonesia. This included the police force.

The change in name was intended to bring Indonesia's military back to its true self as a force with defence as its main function, as opposed to an "armed forces" organization that included every institution with legitimate authority to use arms, including the police. This understanding places the military within the paradigm of civilian supremacy.

The dilemma that states face when embarking on a reform process is whether to prioritise establishing of democratic control or civilian control over the military. The two systems are not necessarily one and the same. Democratic control means that the military command structure is subject and accountable to democratic institutions such as the parliament, whereas civilianization means that non-military personnel dominate all defence and military decision-making processes, for example deciding on defence policy, grand strategy or promotions.

The problem in Indonesia is that the military was not subject to any higher authority, and it had full control of its decision-making process. The challenge during Indonesia's transition is how to move from that situation to one of civilian supremacy. Which steps should be undertaken and in what sequence?

Bringing military-decision-making under effective civilian control is not a simple task. There are not enough civilians with sufficient knowledge and expertise of military strategy, tactics and the technical aspects to run such a vast institution now. This difficulty of finding civilian experts in military matters will be one justification for the military retaining some control over defence policy-making. In addition, there is a risk that decisions made by unqualified personnel might be based on political loyalties

rather than good defence-based foundations. This would merely discredit the reform process and introduce even more uncertainties into the transition. Time is needed to produce a new generation of experts to take on these responsibilities.

Making security and defence policy-making a subject of democratic control is even less straightforward. In Indonesia, this means having to extract the military from its deeply embedded position in politics at all levels of government and placing it under the authority of a democratic institution, in this case, the DPR. This is potentially another long drawn-out process, but under current conditions, something that could be pursued before civilianization.

But it is still significant to stress that if civilianization falls too far behind democratization and civil-military reform relies not on elected members of parliament but on the non-elected military, then the democratic principle itself risks being distorted and corrupted. The degree of civilian control over the military is an indicator of the durability and stability of the new political structures and the depth of the democratization process.

The following twelve indicators are useful in measuring the Indonesian government's progress in "bringing the military back into the barracks":

- Abolishing TNI's constitutional privileges.
- Abolishing the influence of TNI over legislatures, both national and regional.
- Establishing a military doctrine that unambiguously acknowledges civilian supremacy.
- Establishing civilian authority over the intelligence services.
- Civilian supervision of promotions in rank or office.
- Effective separation of the TNI and the police.
- Removing the military from state enterprises.
- Civilian authority over defence matters.
- Withdrawal of officers from ministerial positions.
- Withdrawal of officers from the civilian administration.
- Abolishing the legal "immunity" of the TNI.
- Restructuring or abolishing the TNI's territorial structure.

3.1 Abolishing the Constitutional and Legal Bases of the Military's Dual Function

Indonesia's constitution and laws grant privileges to TNI that are incompatible with the concept of civilian supremacy over the armed forces. In the past, the main legal responsibility for domestic security, law and order fell to the military, and it had the freedom to determine when and how far this responsibility would be carried out. TNI succeeded not only in legalizing its political role but also in making it part of the constitution. The milestones in this process, which began under Soekarno and was consolidated under Soeharto, are as follows:

- Law No 80/1958 on the National Development Board, giving the military a role as decision-maker.
- Speech by Soekarno on April 22nd, 1959, asserting the role of the military as a functional group participating in decision-making and creating a just and prosperous society.
- Presidential decree by Soekarno on July 5th, 1959, accepting and legalizing the military as a functional group participating in all aspects of state business.
- Law No 20/1982, Article 28, which calls the military a "social force that acts as a dynamizer and stabilizer, in line with other social forces, (which) will perform its duties and guarantee the success of the national struggle in development and raising the people's standard of living".

This article goes on to say: "The Armed Forces will assist national development by increasing and strengthening national defence, by participating in decision-making in state business and improving *Pancasila* democracy and constitutionality according to the 1945 Constitution in all aspects of development."

Given the above, it is clear that removing the armed forces from political life requires systematic changes to the constitution and the laws. The constitution and laws, rather than acting as mere legal disincentives for the armed forces' political role, must be changed to provide a constructive and clear role for the armed forces in a democracy. At a time when TNI appears to be in search of a new purpose, constitutional amendment and

new laws can be an instrument for assisting the armed forces to readjust their role outside politics.

Recommendations:

- Revoke the TAP MPR (MPR decree) VII/MPR/2000 that grants the TNI seats in the MPR.
- Abolish the following laws:
    a) Law No 80/1958 on the National Development Board
    b) Law No 20/1982, Article 28

3.2   Abolishing the Influence of TNI and the Police Over the Legislature

The meeting of the MPR in August 2000 presented a crucial opportunity for civilians to strip the military from its seats in national and regional parliaments. Despite considerable pressure to remove officers from the legislatures by several political parties, backed by civil society organizations, the opportunity was missed when the largest parties failed to support the achievement of this important milestone in the consolidation of civilian supremacy over the armed forces.

The New Order regime placed the legislature in a position where it could be controlled by the military, both at the national level of the DPR and the provincial and district parliaments, the DPRD I and DPRD II. Legislators' role as supervisors of executive institutions, including the military, was non-existent. Hence it is not surprising that under Soeharto, legislators were never able to adequately discuss military issues such as the military budget.

Although the first year of *reformasi* produced a marked scaling-back of the armed forces' role in the national parliament through the reduction of its seats from 75 to 38, there were already signs that TNI's withdrawal would be a protracted process and require compromises by civilians. For instance, though TNI's representation in the national legislatures was scaled back, it has remained stronger in the regional parliaments, with a total of 10 per cent of seats reserved for officers. It is therefore crucial that the momentum to withdraw the military from the legislature be

maintained, in particular at the sub-national level.

This concession by the armed forces at the national level in exchange for better terms at the regional level appears to be a shrewd tactical move. The armed forces appear to have anticipated that the implementation of decentralization from 1 January 2001 would result in a substantial shift of power from the centre to the regions. Given that the main focus of devolution is the district, in the form of the regency (*kabupaten*) or municipality (*kotamadya*), it is notable that TNI officers have been extremely successful in being elected as district heads by regional parliaments.

The TNI's surprisingly resilient image in the provinces is another incentive for it to attempt to regain its political clout away from Jakarta. Recent polls on public perceptions of the armed forces indicate clearly that residents of Java and large urban areas are considerably more hostile to TNI than those living in the Outer Islands, with the notable exception of Irian Jaya.

There is speculation whether it is a coincidence that the TNI has greater representation in the political institutions of the very areas of Indonesia where conditions are most conducive for it to play a political role. Although some element of improvisation cannot be ruled out in the way the TNI is extending its influence in the regions, the fact that the army's territorial command structure remains largely intact after two years of transition indicates that the army is extremely well placed to remain a key political player in the regions. Indeed, no other organization, least of all political parties or civic organisations can claim a structure that stretches from the provincial down to the village level. The only exception is the state bureaucracy itself.

Given the current financial constraints posed on the country, the capacity of political parties to open local chapters is low. The territorial spread of the TNI is likely be an asset coveted by political parties at election time. It may open the prospects for the armed forces to become powerful kingmakers in years to come. Hence, instead of the armed forces' imminent "return to the barracks", it could signal its return into politics "through the back door".

Recommendations:

- Abolish the parliamentary seats reserved for the military at the national level in the DPR and in the provincial legislatures, the DPRD I, and the district legislatures, the DPRD II.
- Reinstate the citizenship rights of the armed forces personnel through its right to vote.

A less frequently cited obstacle to effective civilian control is neglect of the military and military issues by the parliament. Decisions regarding overall defence budget figures, as well as the division of defence expenditure between personnel, equipment, maintenance and development, are in the domain of the DPR and of great importance for the exercise of democratic controls over the military by a civilian authority. Yet few Indonesian members of parliament seem to show any genuine interest in defence matters. If they do, their interest focuses largely on one particular aspect of the military, not on overall issues of national security or defence restructuring. Parliamentarians also appear to lack insight into how the military operates.

Placing the military in the right political context, so that it serves the national requirements of the new Indonesia, is a complex and lengthy task that will require substantial parliamentary work. This work should give high priority to defining the role and place of the armed forces in society, determining their size, structure and strategic requirements and identifying national defence priorities. A key area requiring accountability and transparency is the financing of defence. Exercising oversight on the defence budget is perhaps the most effective way of overseeing the military.

Parliament is also responsible for keeping the military within the fabric of society and improving its public image. Civilian oversight of the military should be a national policy effort and above party politics. Parliamentary effectiveness depends on many factors, but is impossible without well-informed, knowledgeable members of parliament on the relevant parliamentary committees.

Recommendation:

- Strengthen the DPR's in-house civilian expertise in military affairs to advise the national parliament, especially the workings of Committee I on defence.

3.3 A Military Doctrine that Unambiguously Acknowledges Civilian Supremacy

TNI's doctrine provides an additional dimension to the challenge of abolishing the military's legal prerogatives. Though obviously this doctrine has no legal basis, it is intimately linked to the broader legal and philosophical debate on TNI's political role. It provides a key intellectual justification for the TNI's preoccupation with the management of the country's internal affairs and permeates the academic and practical training of the officer corps. By implication it exalts the political role for the military.

The doctrine is a cement that helps bind the legal base of the TNI's political role with its day-to-day duties. Two aspects of this doctrine merit particular attention: the concepts of national defence and of total struggle (*perjuangan*). Both concepts affect the creation of a territorial command structure that is both parallel and interlocking with the civilian government bureaucracy.

Democratization involves the introduction of basic principles of democracy, such as accountability and transparency, into security and defence policy-making through legal means. This requires extensive legislative work and continuous refinement. It should be made a relatively transparent process and easy to verify. This has been born out through civil-military reform in the southern cone countries of Latin America and the reform measures in the Central European states. It is possible to effect provided there is the political will and commitment to do so.

Recommendations:

- Ensure that TNI doctrine explicitly recognizes the supremacy of civilian authority over the armed forces and restricts its activities to defence against external threats.
- Changes to TNI's doctrine should be the outcome of a process of consultation and dialogue between the national parliament, the executive and the armed forces.

3.4 Abolishing the Legal "Immunity" of the TNI

Progress in this area has been erratic. The executive branch of government, in particular the Department of Justice and Human Rights, has demonstrated a commitment to create deterrents to future violations by the armed forces. However, there have also been some unexpected setbacks, as starkly illustrated by the blanket immunity granted by the MPR in August 2000 to officers suspected of past human rights abuses. Furthermore, when trials have taken place, there has been concern that the defendants were actually scapegoats "taking the fall" for their superiors. This position has been argued by human rights advocates regarding the recent trials of officers in Aceh and the exclusion of key people from the list of suspects for last year's massive outbreak of violence in East Timor.

Recommendation:

- Revoke the Article 28(I) of Chapter 10 (A) of the second amendment to the 1945 Constitution that prohibits prosecutions under retroactive legislation.

Hitherto, the military has been subject to its own judicial institutions and processes, which have shielded its personnel in cases of criminal acts covered by the law as it pertains to civilians. Until now, there have been no signs of fundamental change. Criminal acts by the military still cannot be tried under the regular laws and civilian investigators and judges do not have complete control over the processing of indictments for human

rights violations by military personnel. While the continued existence of military courts is not in question, their scope should be confined to alleged offences of a strictly military nature.

This point is important because it influences public support for the military, which is a prerequisite for stable civil-military relations in a democratic society. This public support requires an understanding of the military and of its professional and social needs. The key is whether the military is perceived as a threat to the functioning of democratic society or as a support to it. Change may be difficult in the short-term. The role of the media is crucial, as well as independent research institutes and NGOs in pushing for and monitoring these changes. It is important however that the media and NGOs avoid the danger of becoming political themselves.

Recommendation:

- Military personnel should become eligible for trial under civil courts for alleged violations of civil laws.

3.5 Civilian Authority over Defence Matters

The most important issue in this context is civilian involvement in defence policy and security matters. It remains to be seen to what extent this is possible in Indonesia, where the military are historically dominant, and there is also a question as to whether there are currently enough capable civilians, well-versed in military affairs, to take a role in defence and security policy.

Until now, defence matters have always been the military's exclusive domain. The Minister of Defence in the past was always a military officer who also served as commander of the armed forces. Even if the two positions were to be separated, the military chief would hold the determining role. This situation continued unsupervised until the end of the New Order.

Indonesia's current government has made the initial noteworthy changes

to this situation. The position of Minister of Defence is now assigned to a civilian while the post of armed forces commander, previously the preserve of the army, is currently held by a naval officer. It is not yet clear, however, how these two officials will manage defence co-ordination between them. In theory, the TNI commander is responsible for operational defence matters while the Minister of Defence regulates the political dimensions of defence and bridges the military and civilian realms.

There is no common civilian approach to defence matter in any fledgling democracy. Civilians in one branch of government are continuously monitored and challenged by civilians in another. Establishing civilian control can only be achieved after a consensus emerges among the civilian elite. In practice, civilians will have to establish authority over their fellow civilians before they can control the military. The lack of civilian expertise in defence matters will create a serious dilemma for the civilian administration.

Recommendation:

- Strengthen the Department of Defence's expertise in military affairs to ensure that executive decisions are informed by the complexities of operational defence matters.

On the other hand, civilian control is not simply a matter of subordinating the military to the authority of a civilian government. Another significant aspect of civilian participation in military matters involves co-ordinating and harmonising defence requirements with other national priorities. This requires establishing a balance between civilian control, managerial efficiency and security. If civilian control is to be effective, there is a need for bureaucratic mechanisms that implement top-level decisions, prepare the background work with other ministries, link the Minister of Defence's responsibilities to the military command and communicate the military's needs to the Minister.

A major aspect of restructuring civil-military relations involves delineating a clear division of responsibility between the Minister of Defence and

the TNI commander-in-chief. This relationship includes both peacetime and wartime command of the military, management of the defence budget, military intelligence and counter-intelligence, senior military promotions, equipment acquisition, force deployment, strategic planning and force structure.

Recommendation:

- Establish clear guidelines for determining areas of collaboration, mechanisms for communications and divisions of responsibility between the Defence Department and the military command.

3.6 Barring Serving Military Personnel from Ministerial Positions

A government degree prohibits active officers from serving in ministerial posts, ending a tradition that began under the Soeharto regime whereby generals were given key posts in the cabinet. This decree also abolishes the cabinet status for the posts of commander of the armed forces and national police chief.

While this highly visible change has been very positive and a symbol of changing times, the military's influence in the civilian bureaucracy is equally strategic and less visible. Therefore, when assessing the degree of withdrawal of military influence from civilian positions, it is useful to distinguish between the high-profile ministry appointments and the far more numerous appointments in the lower rungs of the civilian bureaucracy.

3.7 Barring Serving Military Personnel from Staffing the Civilian Administration

In April 1999 there were approximately 4,000 serving military personnel serving in the bureaucracy, and since then, there have been virtually no new appointments. Yet, in a political culture where personal loyalties often prevail over institutional links, it is equally important to ensure that the institutional interlocking between the bureaucracy and the military territorial command is not replaced by informal arrangements.

Throughout the New Order era, active military officers commonly held cabinet posts and other key civilian administration positions, a practice known as *kekaryaan* that fulfilled both political and financial purposes for TNI. This took two forms. The first was assignment, whereby officers filled key posts in the civilian bureaucracy and ensured that the military's territorial command co-ordinated the activities of the civilian administration. The second was channelling, which refers to civilian appointments for officers nearing retirement, who were thereby provided with lucrative financial opportunities to compensate for their low military salaries.

The TNI ended this practice in April 1999, apparently in response to public opposition to the holding of dual offices by military personnel, particularly in the cabinet. Four ministers in the first cabinet of President Abdurrahman Wahid came from the military, and all retired or resigned from military service this year. This prohibition is a step forward in democratization, but it needs to be established in national legislation rather than remain an internal decision of the military itself.

Recommendation:

- Codify into law the ban on active military officers serving in civilian posts in the government and the administration.

The practice of *kekaryaan* is extremely sensitive because it was the cornerstone of the military's strategy to exert political pressure at the local level. Appointed officers would optimize co-ordination between the civilian bureaucracy and the TNI's territorial structure. In an army establishment where loyalty and personal obligations to old leaders are paramount values, it remains to be seen whether the appointment of non-active officers to important civilian posts can help TNI preserve its political clout in local affairs. Given that its territorial structure is still in place, TNI is therefore capable to interlock informally with the bureaucracy through retired officers.

This is an important question, at least in the short run, given that the political landscape in regional parliaments creates an incentive for officers to capture important posts in the local administration. In past months, there has been an increased frequency in the election of non-active military men as mayors and the heads of regencies (*bupati*) and to a lesser degree as provincial governors. Provided that the outcome of these elections reflect the desire of the voters, the skills of officers can make a valuable contribution to the management of local affairs. The election of officers to key civilian posts can become problematic, however, if the TNI is given an unintended opportunity to regain lost political clout at the local level. Conversely, should the contraction of the territorial structure be implemented in the near future, this latent danger will be reduced dramatically.

Recommendation:

- Elections for regional heads, including provincial governors, should be conducted through direct vote instead of the current electoral college.

"Channelling", the financial form of *kekaryaan* as described above, poses few concrete threats to civilian supremacy but its abrupt end could prompt a backlash from the officer corps. Hence, the ban on *kekaryaan* is likely to meet with less resistance if it is enforced in tandem with measures aiming at short-term compensation for officers who suffer a loss of income.

Recommendation:

- Provide short-term compensation for officers removed from "channelling" positions in the civilian bureaucracy.

3.8 Civilian Control over the Intelligence Services

Under the paradigm of civilian supremacy, the intelligence services should be ultimately directed and controlled by civilians. But the practice in Indonesia has been that intelligence activities have always been regarded as the specific domain of the military. This situation is still unchanged. The state intelligence service, *Bakin,* is still dominated by the military while the military's own intelligence service, *Bais,* plays the dominant role in assessing Indonesia's security and defence situation. The structure and functions of the intelligence services need to be reorganized and efforts should be made to return the military intelligence service to a concern with defence intelligence.

Depoliticising the military is crucial to the development of a proper intelligence system. Overlaps between the military and particular political parties are dangerous in this regard. It may be useful to institute a screening process, reviewing the professional qualities and political history of soldiers and paying attention to their links with the previous internal military security and state intelligence service. But if implemented, such a measure should be carefully thought through so as not to undermine the officer corps, but so as to convey the understanding that an intelligence service requires politically neutral and professional staff.

It was suggested that a way to develop an appropriate division of labour is to have *Bakin* look after internal security, working in tandem with the police under the structure of the Department of Home Affairs, with *Bais* responsible for external and defence intelligence under the umbrella of the Defence Department. More important will be the slow but steady process of involving more civilians in the work of intelligence agencies.

Recommendation:

- Establish clear jurisdictional boundaries between the different intelligence agencies and have their work replaced by the police wherever justified.
- Increase civilian recruitments in the intelligence services.

3.9 Civilian Supervision of Military Promotions

Until now, promotions for high-ranking officers have been under the full and unsupervised control of the military. Promotions and demotions can be influenced for very personal reasons by powerful officers within the military. If the issue of promotions is to be included in the framework of civilian supremacy and military professionalism, then legislation must be passed that fundamentally changes the patterns of promotion for high-ranking officers, defined as three-star generals and above. This will require the involvement of civilian institutions, namely the executive and legislature. Good personnel policy is critical for effective civilian control of the military. Civilians in the legislative and the executive should be legally entitled to devise a new military structure, establish criteria for promoting, commissioning, assigning and retiring officers as well as to make decisions related to military educational matters.

Recommendation:

- Appointment of high-ranking officers to be conducted by the executive branch of government in consultation with the national parliament.

3.10 Effective Separation of the Military from the Police

The police were detached in April 1999 from the military, which had previously controlled them.. However, the separation of the police function of ensuring domestic security from the military function of defence seems to have reached only a halfway point. Although no longer part of the military, the Police of the Republic of Indonesia (*Polri)* are still under the co-ordination of the Department of Defence. But as a civil institution responsible for security and social order, *Polri* should be autonomous, or at least under the control of another department. *Polri's* militaristic concepts and methods have yet to be transformed.

The move to place the police under the office of the President is a good,

albeit temporary solution. The police should come under the Department of Home Affairs once that department has become effectively civilianised. A strong training and education policy is the best method of changing the militaristic outlook of police officers to ensure that reforms in the area of human rights are initiated and made effective.

Recommendation:

- Police to be placed under the authority of the Department for Home Affairs once that department has become civilianized.

3.11   Reducing the Military's Role in Business

Policy options for addressing the military's role in business require a solution to the chronic shortfall between the official defence and security budget and the military's operational needs. They must also prevent TNI from using business revenues to finance political activities. This year's shortfall is estimated to amount to 75 percent of TNI's costs. Consequently, the civilian administration's options are constrained by the current poor state of the national finances.

The problem is that TNI's businesses fill a critical gap in augmenting the low wages paid to personnel. At the same time, it has been established by default that the military has been creatively pursuing business ventures to raise funds to meet the 75 per cent shortfall. But the total result of such activity cannot be accounted and it is reasonable to assume that some of the funds are used to finance political activities.

The most oft-cited suggestion for meeting TNI's operational costs, while simultaneously making sure that these funds are not used for covert activities, is to legalize TNI's extra-budgetary activities and make them accountable to an auditing body devoid of military influence. The problem with this approach however is three-fold.

First, there is no verifiable mechanism to determine whether all of TNI's covert business activities have been comprehensively accounted. Secondly, there is sufficient evidence to surmise that a substantial amount of revenue

is raised through means that are illegal, if not criminal. It would be untenable for the government to legalize such activities. Thirdly, the armed forces have very little incentive to declare their true revenues.

Consequently, strategies to extricate the military from business must reckon with many issues ranging from the increase in official defence and security budget to the contraction of TNI's territorial structure. Despite the weaknesses outlined above, the most effective approach to achieve this goal is for the civilian government to establish managerial control over the military's known legal businesses while providing guarantees that the profits will remain in the hands of the TNI. Such measures would make it easier for government to track where funds are being allocated. This is not an easy undertaking, and recent attempts have met with strong resistance from the armed forces. Even if successful, this first step could prompt a shift of military businesses into illegal activities so that officers can retain control over the allocation of their revenues. Undoubtedly, such a shift would be detrimental to Indonesia's democratization.

Perhaps a more realistic if sobering solution must be sought to the dilemmas posed by attempts to regularize the military's business activities. The complexities highlight the interconnectedness of the problems and the need for a comprehensive solution to the continuing role of TNI in Indonesian politics.

Recommendation:

- Civilian structures accountable to the government should take over the management of the armed forces' known legal businesses while ensuring that profits remain with TNI.

3.12 Scaling Back or Abolishing the Territorial Structure

The military has hitherto limited changes to the territorial structure, its infrastructure and capacity to monitor domestic developments and exert political influence. This indicates that the armed forces still have the capacity to regain its past political might.

In the 1950s, the army recreated a territorial military apparatus that had previously existed in 1948-49, towards the end of the war for independence. Under the "territorial war doctrine", military commands were created in several provinces that mirrored the structures of civilian government. These were the *Kodam* or regional command, the Korem or provincial command, the *Kodim* or district command, the *Koramil* or sub-district command and the *Babinsa,* a unit at the village level.

At each level is a body consisting of high-ranking civilian officers, the police chief, military commander, senior attorney and senior judge. The military commander always heads this body, known as the Muspida or Regional Chiefs Convention. The aims of the territorial apparatus were to function as the right hand of the political establishment and create a dependence of the civilian political establishment on the military, as well as to keep an eye on all occurrences in the regions. It operated like a cellular control system in corporatist organizations.

Although TNI's recent pledge to dismantle some of its village-level posts (*babinsa*) in suburban areas is an encouraging start, it must be followed by further contraction or reorganization. The important targets for reform are the military commands at the higher administrative levels, district and provincial, especially in rural areas where the military influence is felt most intensely. In other words, the contraction of the territorial structure should be conducted precisely in the very areas where it is not taking place at this point in time.

Given the current pattern of TNI's shifting political activity from the capital to the regions, measures to reduce the political significance of the territorial command are essential. Incentives must be provided for changing the nature of the territorial command because it is a sensitive and technically complex task. It entails fundamental adjustment by military personnel in terms of their role as soldiers, as well as in respect of their incomes.

Involving servicemen in regional forums (or setting these up if they do not exist) and in international peacekeeping missions can create a substantial incentive for the military. It is no coincidence that the bulk of peacekeeping forces in the 1990s have come from Latin American and

African countries with a past history of military encroachment in politics. Such forums are instrumental in inculcating professional norms, and thus helping soldiers find a new purpose in their role that is clearly outside the domestic political sphere, while providing for very tangible and legal financial rewards. An additional possibility is to reassign TNI servicemen to the national police (*Polri*), but this is likely to meet with resistance from the armed forces who may perceive the reassignment as a loss of status.

Recommendation:

- Contraction of the military's territorial command should be combined with increased opportunities for TNI's institutional participation in international forums as a means to inculcate greater professional norms and raise the salaries of soldiers.
- The option of reassigning officers from the military to the police should be studied, while giving particular consideration to measures offsetting soldiers' perceptions of diminished status.

4. Indicators to Measure the TNI's Withdrawal from Politics

The following table is a list of indicators and the progress made so far in achieving the goals listed in this chapter. For most of the indicators, some progress has already been made, except in areas of civilian control of the intelligence services, abolishing legal immunity and the territorial structure.

INDICATOR	Progress		
	Yes	Some	None
1. Abolishing TNI's constitutional privileges		X	
2. Abolishing influence of TNI over legislatures		X	
3. Military doctrine that unambiguously acknowledges civilian supremacy		X	

4. Establishing civilian authority over the intelligence services			X
5. Civilian supervision of rank and office promotions		X	
6. Effective separation of National Police and TNI		X	
7. Abolishing military-controlled businesses		X	
8. Civilian authority over defense matters	X		
9. Withdrawal of officers from ministerial positions	X		
10. Withdrawal of officers from civilian administration		X	
11. Abolishing the legal "immunity" of the TNI			X
12. Restructuring or abolishing the territorial structure			X

5. Concluding Note

The structure of TNI's involvement in politics is such that its complete removal from politics in the short-term is unlikely. Therefore, the chances of a successful long-term strategy are higher if it carries a combination of incentives along with the disincentives. These push and pull factors should focus on the twelve spheres of TNI's political activity identified above.

What this assessment makes clear is that a strategy needs to be developed that recognises the interconnectedness of the issues at hand. This is critical in understanding the resilience of officers' role in government and in developing strategies to refocus the military's role in defence. Therefore, the most likely long-term solution to TNI's political role entails a comprehensive settlement based on dialogue and will require concessions from both the civilian government and military echelons.

Civil Society

Civil Society

1. Background

Civil society is one of the three important sectors of society, along with government and business. As one of the most important elements of the democratization process in Indonesia, its strengths and weaknesses determine both the speed and depth of the transition and it will, in time, help to sustain the democratic system itself.

The term "civil society" is used a great deal in Indonesia at present but surprisingly, there is no consensus about how it should be translated in *Bahasa Indonesia* and its elements are understood differently by many people. Civil society is an arena, a forum in which citizens associate to achieve a range of different purposes, some positive and peaceful, some perceived as negative and violent. Civil society as it is usually referred to in Indonesia means those organizations in which citizens associate in order to push for greater democracy in the country.

1.1 Institutions and Organizations

Civil society in this sense is made up of two components: civil society institutions and civil society organizations. The former are those institutions of society whose purpose is to promote democracy, the rule of law, transparency and accountability. These can include the media and the universities, and the task of civic-minded citizens is to make sure that they do not forget their purpose or get diverted from it.

Civil society organizations, which can be sub-divided into associations and foundations, are groups in which citizens get together to advance their interests. It is hoped that such groups will support democracy and good governance in the manner of YLBHI, the Indonesian Legal Aid Foundation. There is a chance, however, that a group could be extremist and anti-democratic, such as certain religious movements.

1.2 Associations and Foundations

There are basically two kinds of civil society organizations in Indonesia which are recognized in law but operate in very different ways: associations and foundations.

Associations, known as *perkumpulan* or *persyarikatan*, are formed democratically by citizens who want to get together to pursue their personal or group interests. They have members, and these members can hold the leaders accountable to them. These can operate at the local level like the *lembaga pembangunan desa* (village development institution), at the regional level like the *adat* (customary law) organizations, or nationally level like *Koalisi Perempuan* (Women's Coalition).

Foundations (*yayasan*) are groups of people who get together to help other individuals or groups. They are self-defined and accountable only to their founders. For mainly formal and administrative reasons, some non-governmental organizations use *yayasan* structures as a legal basis for their organization. The term LSM (*lembaga swadaya masyarakat*) is frequently used to refer to NGOs which work to empower people.

1.3 Changes since the New Order

For thirty-two years, the authoritarian government of Soeharto's New Order undermined the development of civil society, weakening independent powers and voices of authority in the belief that an open and participatory decision-making process would endanger national stability. In other words, the New Order tried to build a strong state by weakening civil society.

During the New Order, associations were very much under state control and it would not be correct to regard them as part of civil society. Examples of state-controlled associations include *Dharma Wanita* (a state-supported organization for the wives of civil servants) and PKK (Family Welfare Education). Foundations were not directly controlled in the same way, but they were greatly circumscribed and the range of their activities was dictated and monitored by the government

With the downfall of Soeharto and the advent of the current era, occasionally referred to as "New Indonesia", citizens' organizations of all

kinds have emerged, freed from the previous constraints. Foremost among them are the student activist groups, but there has also been a resurgence of *adat* organizations, new village governance structures and independent trade unions, as well as a resurgence of NGOs which previously existed on the sufferance of the government.

All these citizens' organizations have an important role to play, which includes counterbalancing the authority of the state and the government in directing policy. This is an area where, until now, the state has been dominant.

Until the collapse of the New Order, the government succeeded in crippling Indonesian civil society at every level by breaking up the networks within it, for example amongst interest groups, youth organizations and women's groups. Even informal institutions, like the traditional mechanisms of decision-making at the local level, lost most of their influence and function through being co-opted by the state.

The effect of this systematic emasculation of civil society was to weaken its ability to influence the government and hold it accountable. As a result, those civil and political organizations that did arise came not from the grassroots but from amongst students, academics, intellectuals and others committed to social and political activism. Members of these groups tried to understand the weaknesses of the peoples of Indonesia, then tried to speak up on their behalf while also attempting to reawaken their interest and willpower.

This is a crucial point, because it has implications for the current role of NGOs, students and other groups of "intellectuals". The technical requirements of setting up a new regime are complex and numerous, and there is a shortage of human resources as many of the old intellectual class who collaborated with Soeharto's New Order have since been discredited.

There is a lot of pressure on NGO leaders to join the government or that burgeoning class of Indonesians which is needed by the avalanche of foreign-funded projects, many of them intended to help this same ill-defined "civil society".

Current conditions in Indonesia are much more conducive to the development of civil society. Indonesians are welcoming the opportunities brought about by a newly democratic political life and the chance to improve the functioning of civil society institutions, which often existed only in name previously.

One condition for democracy, a fair and honest general election, has already been accomplished. After the June 1999 election, the new DPR/MPR took office and elected a new president. But the transition to democracy is far from complete. The general election was not a contest between policies, nor between representatives of the people in different areas. Rather, it was a contest between political parties drawing on traditional forms of support and dependent on charismatic figures as leaders.

1.4 The Role of NGOs

The mass media does not yet function as it should in the New Indonesia, having been sapped of vitality and direction by a long period of authoritarianism. Society itself is also uncertain as to whether action will be taken against instances of corruption, collusion and nepotism, and it expects much from the court trial of Soeharto, his cronies, and members of the military who violated human rights.

Citizens hope that the institutions of civil society will function better in the future, but they are confused and unsure as to whether these institutions are now truly independent and on the side of democracy and good governance, or whether they still retain elements of New Order control and influence.

NGOs, the main alternative voice to the government in the past, have also found themselves marginalized by the appearance of new outlets for citizens' voices. In the final days of the New Order in early 1998, for example, it was the students and their allies amongst the urban poor youth who pushed ahead the reform agenda, without the support of the NGOs.

In the aftermath of 1998, many types of citizens' organizations have appeared which are distinct from NGOs. While this may have deflated the egos of the NGO leadership who believed that they represent civil

society, it has also given the NGOs a breathing space in which to reassess their position and role in the radically different conditions of the post-Soeharto period.

The institutions of civil society are now being reformed and reinvigorated. But where does this leave the civil society organizations, which were highly critical of government in the past?

Two main agendas now need to be pursued simultaneously. Firstly, steps must be taken to recreate an arena for the active development both of the institutions of civil society and of civil society organizations that promote and strengthen democracy. Where the government and civil society organizations are pursuing the same agenda, then the role of the latter is to support and strengthen the government's capacity to advance democratic governance.

Secondly and at the same time, there needs to be constant vigilance to make sure that the institutions of civil society do not depart from their purpose of supporting democracy, and that civil society organizations are indeed promoting democracy rather than factionalism, extremism or personal interest. In other words, they should represent civil society as a whole and not speak in its name to advance their own interests, whether personal or institutional.

2. Empowerment

The most valuable role for civil society organizations at the present is to empower the people of the country so that they can associate with each other in ways that promote democracy and good governance. The most useful function that both the associations and the foundations can perform in this transitional period is to help citizens develop ways to bring their aspirations to the attention of the country's leaders, as well as helping to channel these aspirations in ways that promote democracy and good governance.

At the moment, only a small percentage of Indonesian people are empowered: that is, have the ability to organize themselves into self-

sustaining social, professional or rights groups, to advocate on behalf of their personal interests, those of their community or those of others. But the space now exists for civil society organizations to develop.

Civil society needs to be about empowering people and helping them to access their rights. The government, the bureaucracy and civil society organizations such as NGOs can all play leading roles, but it is essential that they are sympathetic to and ready to take account of local conditions. This would contrast with the New Order regime which often imposed a centralized model, ostensibly based on the more hierarchical practices of Java, but which was inappropriate elsewhere. An example of this is the *lurah* (village head) system, which was incongruent with local practice in Aceh with its confederal system of local decision-making.

Citizens' associations and NGOs are the essential vehicles through which civil society can be developed and its institutions strengthened. Both of them will be important for strengthening and empowering people, both at the local level where they can make sure that decisions are made from the bottom up, and for making sure that citizens can also make an input at the highest levels of decision-making.

Unhelpful cultural traits have played a part in hindering the development of civil society and empowerment in Indonesia, the most notable of which are deference and subordination to authority. Changes to education, a more responsive local government and an increasingly independent media should increase the numbers and level of critical and independent-minded individuals, who will then be able to make a positive contribution to debates within society.

Strengthening civil society and empowerment will also strengthen the idea of egalitarianism, which is important to make all citizens realise that they are a part of society with their own rights and duties.

3. Critical Issues and Possible Solutions

Civil society is a complex phenomenon. If the transition to a more open

society is to be smooth, then there are several issues which need to be addressed. These issues are discussed below.

3.1. The Role of Associations and NGOs in Supporting Civil Society

One of the fundamental problems in Indonesia's civil society at the moment is that there are no effective channels through which to realize people's aspirations and no effective institutions capable of empowering people at the grassroots level. The links between political parties and the populace are weak, so the former are unable to act as channels for popular aspirations. This creates the space for both associations and NGOs to play this role.

Recommendations:

- Associations and NGOs should support the implementation of good governance at the national level. In this context, the role of

  continued

  Associations and NGOs is to monitor public policies and decision-making processes through dialogue with the government itself, with

  the DPR and with the political parties.
- Associations and NGOs need to develop the mechanisms to monitor and strengthen their own input into public policy-making processes.
- Associations and NGOs need to be independent of any political parties, but they also need to maintain good communication with members of the DPR and those political parties which share common goals and values.

3.2. Developing and Enhancing the Effectiveness of Civil Society Organizations

Associations and NGOs are instrumental in developing and strengthening

civil society, but there are numerous problems with the way they operate. These problems reflect historical factors and the conditions faced by such groups during the New Order. They also point to the need for associations and NGOs to adapt to current circumstances and become effective and viable.

3.2.1 Financial sustainability and accountability

The most fundamental difficulty faced by many NGOs, to a greater extent than associations, is their ability to be financially self-sustaining and independent. Many of the larger organizations of both kinds are largely or wholly dependent on overseas financing. This makes them dependent on the decisions of external actors, which in turn makes long-term operations and planning uncertain. Local people often accuse such organizations of being overly influenced by those who supply the overseas financing.

Another problem is that in the past, the financial accountability of these organizations has been weak. In the case of associations the presumption is that the members will make sure that their leaders are financially accountable to them, though often this has not been the case. In the case of NGOs the only financial accountability required has been to the foreign financiers, and not to any parties within Indonesia.

It is important for associations and NGOs to expand and diversify their sources of income and in particular, to move from dependence on foreign financing to an engagement with local sources of funding. This in turn will require local accountability. The measures to be taken can come both from the government and the NGOs themselves.

Recommendations:

- The government must seek to engage representatives from civil society organizations in active and open dialogue when drafting any laws that will affect civil society organizations in Indonesia.
- NGOs should draw up appropriate criteria for establishing citizens' empowerment organizations.

- The government, in consultation with civil society organizations, should establish measures to encourage greater financial self-reliance and greater mobilization of local resources. This will include tax breaks for individual or corporate donations to civil society organizations and help with the development of locally endowed foundations, local fund-raising and businesses run by civil society organizations.
- The government, in consultation with civil society organizations and as part of its recognition of citizens' development organizations, should establish stricter criteria and demand greater transparency for the financial accountability of civil society organizations, in return for government funding or receiving tax breaks.
- A "mark of excellence" should be awarded to all civil society organizations that match strict criteria of management and financial accountability. This scheme should be established from within the community of civil society organizations itself.
- Civil society organizations should establish training centres, or units within existing training centres, to train association and NGO personnel in local resource mobilization and local accountability.

3.2.2 Management and organizational competence

Civil society organizations, both associations and NGOs, are often perceived as driven by personality rather than by cause or interest, and this perception has an impact on their membership and recruitment and the programmes they run. It also has ramifications on the reputation of such organizations with the public and the government, and on the readiness of local people or organizations to support their work.

This issue has two parts. The first concerns the governance of an organization: who runs it, who owns it and whose responsibility it is. The second part is the management of the organization: whether it is efficient and effective and whether it has an impact or not.

It is commonly agreed in many countries, and stipulated in Indonesian law, that organizations set up by citizens should have a board of governors

who do not personally benefit from the organization and who guide the work of its managers and staff. The governors are also the people who take responsibility for the organization. This principle has only been patchily applied in Indonesia and many organizations are run by their staff.

In many cause-orientated civil society organizations there has often been a disavowal of professional management competence, which is seen as the product of a despised business or government culture. The result is often organizations which have great commitment and enthusiasm but cannot be shown to have actually achieved much in pursuit of their objectives.

Recommendations:

- All civil society organizations should be required to publicly state their objectives and their board members and to produce an annual activity report which states what they have achieved and how much it has cost them to do so.
- All civil society organizations whose income is above a certain level should be annually audited by independent auditors and make these audits public.
- Civil society organizations should set up amongst themselves a self-certification agency to develop criteria for recognizing competence.
- Civil society organizations should themselves set up standards and marks of recognition and approval for training institutions that are competent to develop governance and management skills for civil society.

3.2.3 Improving competence in advocacy

Since the start of the transitional era that followed Soeharto's fall, both associations and NGOs have involved themselves greatly in what has been called advocacy (*advokasi*). This has reflected their desire to break down the barriers erected by the New Order and exert pressure for better

civil society institutions and governance.

At one extreme this energetic stance has meant endless demonstrations, while at the other it has led to a proliferation of academic papers. As stated earlier in this paper, the most useful role for civil society organizations is to support and strengthen the government, where it is strengthening civil society institutions, and to be ever-vigilant that civil society institutions are not departing from their pro-democratic purpose.

This requires civil society organizations to develop a range of skills beyond simple service delivery on the one hand, and unfocused shouting on the other. Organizations need to know how to educate themselves about issues of governance and development and they need to be able to analyze policy and think about it from the perspective of the poor and powerless. They need to be able to clearly enunciate their objectives, to build powerful coalitions of citizens and citizens' organizations and to know how to make their arguments both to the people and at the places where decisions are made.

Since one of the most progressive steps taken in the transition era is the decentralization of government power and resources to the regions, civil society organizations need to know how to operate within these new structures as well as at the national level - that is, with the DPRD I at the provincial level and the DPRD II at the level of the regency (*kabupaten*) or town, as well as with the DPR.

Recommendations:

- The DPR and DPRDs need to clearly inform civil society organizations about their structures and the ways in which the latter can approach them.
- Civil society organizations need to produce guidelines for

  themselves on how to access the knowledge and decision-making forums that they need to make an input into local and national debates.
- Civil society organizations need to undertake training in advocacy

skills in order to improve their competence and ability to build coalitions for advocacy.

- Civil society organizations also need to recognize and approve training courses for advocacy training.

3.2.4 Geographical coverage and representation

Associations of citizens that want to build up a body of members depend to a great extent on the enthusiasm of those whose original vision created the organization. Associations are often formed around emerging issues and on the initiative of a dynamic and driven leadership. Their creation is often contextual.

NGOs similarly depend on an individual or a group of individuals with a vision who are able to persuade others to join their cause. Because civil society organizations are self-starting and independent of outside control, they only exist where there is sufficient enthusiasm. This means that certain areas or regions are likely to have more civil society organizations than others.

There is no pressure, or indeed compulsion, for any particular organization to have a national base or agenda or to have an in-depth presence in a particular locality. This has strong repercussions on the claims of civil society organizations to represent the interests of Indonesian citizens. If a particular association or NGO is only active in a particular locality, it is boastful to claim national legitimacy.

The experience of the last two years has been that new citizens' organizations have sprung up all over the country, while existing organizations which were in the shadows during the New Order have become reinvigorated. But foreign funding, an important aspect of the growth of civil society organizations, has been skewed towards big NGOs and NGOs that are located in the major cities. Foreign financiers appear more than anything else to be motivated by bureaucratic convenience.

Another experience of the last two years has been the growth of networks of civil society organizations, often linked to the proliferation of e-mail capability. However, e-mail capability obviously reflects a relatively high level of income, which is often foreign-financed income.

In Indonesia there is inadequate sectoral representation and no concerted voice

that speaks for a given sector of civil society. There are sectoral co-ordinating bodies, and there are bodies which are fund-channelling structures, but no one organization is committed to representing a sector and how that sector can improve its influence and effect in the country.

Recommendations:

- ■ Civil society organizations should clarify who they are to the Indonesian public and government at the national, provincial and *kabupaten* level.
- ■ Civil society organizations should set up a co-ordinating body for themselves at the nationa, provincial and *kabupaten* levels.
- ■ The government should bring such bodies into discussions on policies and planning just as they do with representatives of the business community.

3.3. Empowering Civil Society at the Village Level

The advent of regional autonomy and other political changes since the end of the New Order have superceded Law 5 of 1974 which covered village government, but its after-affects are still felt within Indonesian society. This law was damaging because it destroyed local *adat* (practice based on local custom, often religious) and replaced it with a decision-making and implementation structure that was uniformly applied throughout Indonesia despite the existence of important local differences. For example, the structure of *lurah* (the head of a village or small urban district) was imposed everywhere, not just in those areas where it fitted in well with local decision-making structures.

In the wake of such negative experiences during the New Order, it is necessary to determine which institutions and channels can be used effectively by the people to reach decision-makers. Such channels are important as they relate to the interests of groups at the lower levels of society such as peasants, small businesspeople, housewives, labourers, industrial workers, and teachers.

Such people constitute the majority in society, but they are under-represented in the political process. A sense of alienation emerged between the people and the political process as independent and informal institutions representing particular interests were replaced by formal and official institutions like the *Rukun Tetangga* (RT) and *Rukun Warga* (RW), the lowest and second lowest administrative units

for residential areas respectively, and the *Lembaga Ketahanan Masyarakat Desa* (LKMD) or "village social defence group".

At the same time, the political parties and the DPRDs at the *kabupaten* level are neither ready nor structurally suited to serve the interests of people. Civil society organizations such as labour unions, youth organizations and teachers' unions worked for so long under New Order domination that they are not yet able to take over this role effectively.

The experience of being co-opted politically by the New Order has made people used to following a top-down approach manipulated by civil servants at the village level, rather than attempting to mobilize their own resources to control government policies.

However, the older, more democratic traditions are still there and can be re-invigorated, once the dead hand of the New Order is removed both *de jure* and *de facto*. These traditions will differ across the cultures of Indonesia, but nearly every culture has the equivalent of a village meeting to discuss current issues and the future of the community. These informal and traditional institutions coming from the grassroots level need to be empowered as a counterweight to the state authorities.

Recommendations:

- *Lumbung desa, rembuk desa, musyawarah bangunan[1]* and other informal groupings at the village level, whose memberships consist of prominent local and religious leaders and which are accountable to the community concerned, should be strengthened and empowered.
  Their main tasks are to communicate the wishes of the people to

  continued

  outside decision-makers, especially in the government.
- Formal and official institutions such as the LKMD, RT, RW, *lurah* and *camat* (district head) need to be preserved but their functions should be more as channels of the people's voice. Informal groupings such as *lumbung desa* should be the controlling body for the official institutions.
- Political parties should make sure that their cadres work through such channels at the village levels.

3.4. The Role of Political Parties in Civil Society

In traditional literature on civil society, political parties are not thought of as part of civil society. They are either part of the regime or they are the "government in waiting", hoping to be elected. It is suggested that political parties are driven by a desire to govern, rather than by a desire to associate for common objectives as do civil society organizations. But political parties are also a means to channel people's aspirations and if they are unable to perform this function, civil society is the loser.

In Indonesia, the political parties at present are far from accommodating people's aspirations and contributing to society in an independent and critical manner. They are often perceived as oligarchic in structure and leadership, disconnected from a constituency and unable to voice the real aspirations of grassroots supporters. It is vital to address what needs to be done to make political parties more reflective of the desires of those citizens' organizations that contribute to civil society.

The problems of the party system at this time are understandable given Indonesian political history. The system was distorted by Soeharto's New Order and Soekarno's Guided Democracy before it. Parties such as *Masjumi* and later the Indonesian Communist Party (PKI) were banned, while those allowed to exist were forced into unnatural coalitions. The government intervened with impunity in party affairs and adopted the "floating mass" theory which banned party organizations and activities even at the lowest levels, in effect denying parties their mass base.

Given this history, all that has been achieved by political parties since the fall of Soeharto is impressive. At the same time the problems, while understandable, are considerable. The proliferation of parties must be dealt with. Other elements in the electoral system, most importantly campaign financing rules and regulations, will be crucial to the development of parties in the coming years. The design of other elements of the political system, including the form of government and the relations between local and central government, will be among the key determinants of political party formation.

Civil society groups and individuals have chosen different ways of relating to post-Soeharto political parties. While the vast majority of civil society groups and individuals have chosen to remain independent of parties, many individuals who came out of NGOs and social movements, most importantly the student

movement, have taken an active part in setting up new parties.

Links between civil society organizations and political parties vary from country to country. While civil society discourse in Europe and North America is biased against NGOs and social movement groups participating in political parties, the same groups are playing key roles in building new political parties in Latin America and elsewhere. In the Philippines, for example, social movements and NGOs are active within parties. In Indonesia, the weakness of social movements may require that NGOs concentrate at this time on helping to build strong peoples' organizations.

Recommendations:

■ Political parties and the DPR should work with civil society to re-structure the party system by reducing the number of political parties.

■ Political parties and DPR should work with civil society to push the political parties to be more responsible in articulating their identity and policies, recruiting candidates and communicating with the grass roots.

■ Political parties and the DPR should create a structure which will control political parties' funding mechanisms.

■ The leaders of political parties should change their orientation from simply seeking power to engaging with issues. This needs to be done, specifically, by communicating with their constituencies.

3.5. The Role of the Media in Empowering Civil Society

The media is one of the most important institutions of democracy and of civil society. It was, however, strictly controlled during the New Order. The current press freedom dating from the 1998 Press Laws, is, therefore, a new experience which sometimes brings new problems. In the past, the government controlled the press by emphasizing the "responsibility" of the press to the people. Nowadays, the press itself has to define this responsibility.

In this era new-found press freedom, it is the duty of every Indonesian journalist to present the truth as far as is possible and be objective. Not all journalists live up to these high standards. Some are prepared to write whatever is desired by those

who can afford to pay, while not all journalists have free access to information and channels to the sources of such information.

Freedom of the media cannot exist without free access to information. Although there is legislation providing freedom of information, there are some restrictions too, particularly over access to government agencies. The problems rest with officials who are ambivalent about providing information.

These government officials are reluctant to implement the law because they have long been taught to keep information away from the public. Now they have suddenly been ordered to provide open access to information, but from the officials' perspective, sharing information means sharing power.

It is therefore imperative that all the parties concerned admit that the rights of the society to knowledge and information are more important than the rights of the government to withhold information. The public has the right to know what the government is doing and planning.

One of the most important requirements of media in a democracy is a regulatory framework that guarantees press freedom and access to information and governs relations between journalists and media owners. There are two options; a new press law could be introduced that strengthens press freedom, or a guarantee of press freedom could be incorporated into the constitution.

Recommendations:

- Introduce a new press law through an open and transparent process. People need to know who is involved in the law-making process and what regulations are being suggested.
- Press freedom should be protected from any unilateral action taken by government or media owners.
- A press law is crucial to protect the journalist from any forms of intimidation by angry members of the public.
- Media ownership has to be regulated in order to prevent a monopoly of the press by big conglomerates.

- For a strong and independent media to develop, the press laws need to work in conjunction with an act ensuring free access to information.

3.6. The Role of Education in Empowering Civil Society

During the New Order, civic education in both in the formal school system and through the institutions of adult education was oriented to support the legitimacy of the government through strongly top-down doctrines. It is now time to revise such doctrinal teachings in order to produce critical and democratic citizens.

It is important to replace those elements of past civic education, such as *Pancasila* Moral Education, National History, and National Civic Education, and encourage subjects which deal with aspects of life important to civil society, such as democracy, human rights and civic liberties. It is also important to introduce a revision of the received version of Indonesia's national history. This can only take place after an extensive process of discussion, in a carefully organized and participatory process, to ensure that the new syllabus is a balanced and sensitive representation of Indonesia's cultural, religious, ethnic and regional composition.

Recommendations:

- The Department of Education should commission a new syllabus for civic education in the formal schooling system. This should involve some input from civil society organizations. Teachers should be retrained in this new syllabus.
- Civil society organizations should get together to design and promote an adult education syllabus for civic education, which should incorporate information about the decentralization of government.
- Civil society organizations should organize the training of adult civic education practitioners.

Note
[1]*Lumbung desa* literally means the village rice store but it is used to refer to the way villagers come together to discuss economic planning for the future. *Rembuk* or *rembug desa* has the meaning of village discussion, and is the logical outcome of the *lembung desa*. *Musyawarah bangunan* also refers to village discussions about development.

Socio-Economic Development

Socio-Economic Development

1. Good Governance: The Path to Socio-Economic Reform and Development in Indonesia

The crises that Indonesia has experienced since late 1997 are as much political as economic, and Indonesia has been forced to attempt to tackle them simultaneously. The country is struggling to create a rule-based economic system in place of the discretionary, corruption-ridden, patrimonial system that operated over the past three decades. It is also attempting to establish a pluralist democracy both to underpin its economic system and as a goal in itself.

Indonesia's financial and economic collapse has led to a degree of introspection and a search for the causes of the crisis, as well as for obstacles to and strategies for recovery. The arenas, sectors, institutions and practices identified for reform or restructuring in the course of these consultative dialogues for socio-economic development include:

- The Letter of Intent signed by the government of Indonesia and the International Monetary Fund.
- The relationship between central and local government in the operation of regional autonomy.
- The relationship between foreign direct investment and local investment.
- The fiscal structure.
- Reform of the bureaucracy and public administration.
- The military and its business relations.
- Restructuring the private and quasi-private sector.
- Reform of labour relations.
- The role of corruption in undermining reform and development.

Economic recovery is a priority for Indonesia, and governance reform has been identified as the modality by which economic recovery and socio-economic development should be addressed. The focus on governance reform means a shift of emphasis in development policy away from the programmes of the past, which focused only on the economic aspects

of governance, to one which examines economic and political measures simultaneously.

This approach is an advance on economics-centred approaches, but it has some limitations that must be addressed. The parameters of governance reform cannot be determined simply by combining checklists of economic and political measures. Good governance is most likely to be secured through mutually-reinforcing institutions and practices that support economic recovery and sustain growth, and these institutions and practices must be the end-product of public deliberation and participation, ending in a degree of consensus. The deliberative process is both a means and an end in itself, but it is not necessarily linear or time-efficient. Furthermore, the institutions of governance must take root and be sustained over time before their impact can be assessed.

An emphasis on governance in effect demands a complete overhaul of the whole approach to public policy formulation and social organization and radically new approaches to development policy. However, Indonesia is attempting to address these issues in a context of a weak political regime, a depreciating currency, rising sectarian and communal violence, erosion of central authority and greater demands from the regions for political autonomy or even secession.

Although three years have passed since the eruption of the crisis, Indonesia's public policy must resolve key distributional conflicts. The first of these is with the investment community and is associated with asset sales and debt resolution. The second is between programmes and projects that directly affect the welfare of the community at large, in particularly the poor. The investment community is largely concerned with issues of fiscal and financial restructuring, the reform of the bureaucracy and judiciary and the handling of corruption. The broader community is also concerned with the restructuring of the judiciary and bureaucracy and with the boundaries of the state under regional autonomy. It is also particularly concerned with issues of poverty alleviation, the environment and natural resource management, labour relations, private-sector reforms and corruption.

In this transitional phase of reconstruction and reform, it is vital that the initial conditions established during the crisis are identified as the

baseline, and that movements along a revised analytical framework are tracked in such a way that cause can be linked with effect and policy instruments with results.

It is also necessary to highlight the point that the mechanisms of economic crisis and contagion may be different from the transmission channels of economic recovery.

Although "good governance" is now a popular reform concept, it remains a puzzle. Exactly how much institutions contribute to economic performance is still to be understood. It is not entirely clear either if good institutions in themselves drive growth, or whether this depends on the nature of one institution - the state - or on the interaction between the state and civil society. Unless the correlation between institutional design and development and economic performance can be established, many policy initiatives hitherto undertaken may not be fully relevant.

There does not seem to be a clearly identifiable optimum structure of governance that can serve as a universal model for developing countries. It is not even clear if different structures of governance are appropriate at different stages of development or whether these structures are linked to what the country can afford at that stage.

All practical approaches to introducing governance into the reform agenda proceed by inserting a checklist of desired attributes in the economic and political realm. However, without a strong theoretical structure that evaluates alternative combinations of the governance reform package and its application in a given context, the menu approach will remain nothing more than a list of good ideas. Undoubtedly this list of ideas will emerge in respect of this and other consultative dialogues on governance reform in Indonesia. But there will be attempts to anchor this inquiry within an evaluation of vital elements of the reform package.

This initial inquiry also encourages other discussions to continue the critical analysis and evaluation of the reform package within the context of social, economic and political transformation.

To lead to the development of mutually reinforcing institutions and sustainable practices, the reformed institutional structures must be rooted

in Indonesia's political and economic context and must draw on the critical factors that led up to the crisis. This means that more attention must be given to understanding Indonesia's national circumstances.

Despite the enthusiasm for governance reform, there are several sobering issues that should be kept in mind as they have implications for policy. There are limitations in both in scale and timing, and there is not always a clear analytical link between specific institutional arrangements and economic performance, as some institutions are both ends and instruments. It is also very important to sequence the reforms strategically and appropriately, as many institutions and processes are interdependent and reforms must be undertaken simultaneously if they are to bear results. There is a need to set manageable priorities, so as to avoid the danger of overloading the reform agenda. Another useful strategy is to lower expectations of the immediate gains that can be achieved through governance reform, and avoid linking reforms with conditionalities.

The revised institutional framework to support good governance can only be created and sustained on the basis of social consensus. To move out of this deep crisis towards lasting regeneration, growth and social cohesion, the institutional framework must be developed through deliberation and the participation of broad sections of the Indonesian political and economic community. This is an arena in which public-sector and private-sector co-operation and consultation is required. Such deliberations are the product of a democratic system grounded in the rule of law. This is a prerequisite for the transformation of Indonesia and cannot be regarded as a by-product of development.

While the acceptance of democracy is not widely contested after the fall of Soeharto, there is still a contest between models of democracy. There are signs that key actors in Indonesia may favour elitist democracy as opposed to a more deliberative and participatory democracy. Elitist democracy favours public control over the political process in the form of elections and the resolution of interests through group bargaining and interest mediation. Deliberative democracy, on the other hand, focuses on public participation in determining the common good and developing a social compact in relation to the structures and processes of government. It favours free speech, public discourse, transparency and access to information. Given the differences, it is important that planners and

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policy-makers have a clear notion of what type of democratic state and what model of market economy their governance reforms are seeking to create.

Despite the introspection that followed the onset of the financial and economic crises, several unanswered questions continue to bedevil policy makers and must eventually be addressed at more length in other consultative forums. At present Indonesia is fighting on many fronts. Its struggles include coping with enormous private-sector debts and salvaging a banking sector that is burdened by defaulting creditors and a weak currency. The government needs to develop credible policies to secure investor confidence and to undertake the redistribution of assets within a framework that is transparent and fair. Much attention should also be directed at creating employment and the delivery of basic services at affordable prices, so as to secure the confidence of the public that these issues are being treated as a priority.

The rupiah remains weak despite the fact that all monetary and macroeconomic aggregates show positive developments. This raises questions as to whether the currency is weak due to political, economic and security uncertainties in the country, or due to other factors like the slackening of monetary controls and a lack of resolve on the part of the central bank in respect of monetary policy.

The question also remains as to whether Indonesia is in a continuing state of crisis because of a national failure to address the problems, or whether this is due as well to factors that would tax the effectiveness of even the most competent regulatory authorities. Clearly it is important that national policy-makers have a better understanding of these issues, especially of how financial markets operate and the implications of different financial policies and forms of intervention and restraint by government. There is a need to focus on both the design and the implementation of financial policy.

2. Indonesia's Governance Agenda

The wish list of institutional improvements in Indonesia is indeed a long one. It implicitly recognises that economic and political governance are

entwined. The necessary improvements in political and economic practices range from cancelling flawed government contracts and improving procurement regulations to introducing regional autonomy, promoting community organizations and disbursing social safety net funds.

Indonesia's political governance agenda includes the introduction of anti-corruption measures, the creation of autonomous institutions including a judicial service rooted in the rule of law, a reform of the civil service and decentralization of administrative authority to lower levels of government. It extends to addressing the optimal size of the state, the empowerment of civil society as an indispensable instrument of social equality and ensuring community contributions to good governance.

2.1 Challenges During the Transition

There is danger that when the state is weak during a transition, the power vacuum created will give rise to local elites who can openly engage in corrupt practices and undermine the state. At the same time, the fall of the Soeharto regime has unexpectedly opened the political space and in this interregnum there is much more debate, discussion and a general refusal by the public to docilely accept the views of their leadership. As a result, policies are being challenged and are more difficult to implement by executive fiat. Political leadership has to adjust to this new reality. Although it is sometimes viewed as an anarchic situation, in effect it represents the exercise of greater democracy in decision-making.

The economic collapse caused a rise in unemployment and poverty. Linked to this was the rise in poverty-related problems of malnutrition and hunger, an increase in health problems and a decline in school enrolment. These secondary problems have long-term and negative social and economic consequences.

The collapse also highlighted the vulnerability of large numbers of Indonesians, especially the urban population dependent on the industry-based sectors of the economy. Without steady employment, many people were unable to afford the basic necessities of life and they could not rely on the state to provide any social welfare protection. The intensity and scale of the devastation was mitigated by the fact that Indonesia's population remains largely rural and agrarian, and the villages were able to absorb many people returning from the cities. This temporarily helped

to ameliorate the problem in urban areas, although it contributed to worsening conditions in rural areas.

Indonesia's crisis is associated with deep structural problems that relate to the economic decision-making institutions and processes established during the New Order period. During that time, business was concentrated in the hands of a small elite of wealthy and well-connected individuals who depended on political patronage rather than on business acumen.

Business ventures did not operate on the basis of real market forces and the economy was driven by rentiers rather than by entrepreneurs. Corruption and barriers to trade prohibited the development of a broad-based entrepreneur class whose activities could generate employment, and Indonesia also suffered from the lack of a market based on diverse economic activities that could use resources efficiently. Instead, the entrepreneurial spirit was stifled by the blatant support given to favoured businessmen. In fact the hidden cost of doing business in Indonesia was too high to make it competitive.

The artificially restricted base of the Indonesian economy led to wide economic disparities between the wealthy and poor, and between rural and urban sectors. Economic disparities also manifested themselves regionally, creating serious social problems as inequalities were marked along the fault-lines of religious and ethnic cleavages, and between traditional village communities and transmigrant groupings. In addition, there were wide disparities in employment and income opportunities between men and women.

The positive aspect of the economic crisis was that it engendered political changes. It gave Indonesians a chance to reshape and redesign their economic and political infrastructure. This includes state institutions and policy-making procedures at the national and local level, as well as business practices. Such changes, if well- designed and successfully implemented, increase the prospects of broader participation in all aspects of the economy in Indonesia and will generate greater social inclusion and cohesion.

For Indonesia to move on from its economic crisis, it must take steps to

restore public confidence in the economy and its potential to realize stable growth. This will require developing and implementing an economic recovery plan along with a governance agenda. On the economic front it must seek to bring back capital while addressing the economic disparities between social groups to prevent alienation, marginalization and structural inequalities. Economic policy needs to be forward-looking and inclusive both at the national and the local level. Standard norms and procedures of good business practice, supported by the rule of law, must be introduced with effective penalties for non-compliance. Economic planning and decision-making must be carried out in an open and clean environment, free of corruption. This can only happen with increased political stability and economic certainty.

3. Guiding Principles for Socio-Economic Restructuring

3.1 A Blueprint for Reform

Unlike the other countries caught up in the Asian economic crisis that began in July 1997, Indonesia has shown fewer signs of sustained economic recovery. The root of the problem is with the development paradigm that was entrenched during the New Order and emphasized growth, "stability" and a government-dominated "command and control" structure for all economic development policies. There was little room for the public either to have input into the decision-making process, or to criticize it. What resulted was a concentration of power in economic decision-making without any mechanisms to counter poorly conceived policies or to address the rampant corruption that could undermine even the best of policies.

The monetary crisis removed the veil from the complex problems created by the New Order, prominent amongst which was the centralized and patrimonial nature of the state. All economic, social, and cultural linkages between institutions and organizations now need to be re-established to ensure a more equitable distribution of prosperity and an improvement in the quality of life of all people.

This restructuring requires a blueprint for Indonesian economic development that prioritizes people's social needs as well as their economic needs.

This blueprint, while fundamentally reforming Indonesia's economic structures and relations, must also be attuned with the demands for social and political reforms. The process and the substance of the economic reforms must be compatible with the principles of democracy. Economic governance in Indonesia should be based on the following principles:

Recommendations:

- Developing a broad economic base to secure social welfare.
- Prioritizing the improvement of living conditions and the welfare of vulnerable groups in society, including women and less privileged social groups, in order to eliminate structural poverty.
- Providing equal opportunities and equal access for the advancement for all Indonesians.

continued

- Developing an economic paradigm that does not only focus on large-scale industry and trade but also fosters small and medium-sized business and focuses on the development of the agricultural and oceanic sectors, recognizing that the latter provide the livelihood for the majority of Indonesians.
- Eliminating poverty in the villages as well as the urban areas.
- Developing a balanced economic system that is open and transparent and eliminates corruption, collusion and nepotism, as well as the monopolistic and oligopolistic systems which provide protection and privilege only to a small political and economic elite.
- Developing an economic system that is not overly dependent on foreign loans. While Indonesia should not be isolated economically, it should maintain the integrity of the national economy.
- Creating an Indonesian economic development paradigm that places economic activity as a medium for advancing the nation's welfare and not as an end in itself.
- Developing an economic system that addresses regional

disparities.

Based on the above principles, the economic structure and system that is developed in the longer term should be based on further commitments to:

- Link economic development with the wider national development agenda. Economic development must be in tune with political, cultural and social life and strive to eliminate structural poverty as well as the culture of poverty that affects large segments of the population.
- Base economic development on the principles of sustainable development with emphasis on the efficient and sustainable use of natural resources.
- Take into account Indonesia's strategic position as an archipelago state. There are strengths and weaknesses that emanate from this. It is necessary to ensure that Indonesian waters are used for the benefit of the whole Indonesian nation.
- Take into account Indonesia's ethnic and religious diversity and demographic conditions, including the vertical and horizontal cleavages that divide society, and minimize the social and economic disparities within and between every group in society.
- Monitor the impact of economic development processes to prevent marginalization of any group, giving specific attention to the problems of equality and equity for women and other vulnerable groups in society.
- Support the agricultural sector and small to middle-scale industries to ensure their sustainability. The emphasis should be on fostering their self-reliance and not creating dependency on government.
- Focus on stimulating indigenous social and economic relations to stimulate greater self-sufficiency among communities.

3.2 Development Through the Rule of Law

To ensure sustainable long-term economic development, the economic blueprint must be implemented consistently and uniformly, under clear

regulations which stipulate the role of the state in the socio-economic life of the nation. Of vital importance to this endeavour is adherence to the principle of the supremacy of law.

There is still a tendency, which was rampant during the New Order era, to make arbitrary use of state-owned companies and the non-budgetary funds of government institutions, such as the state logistics board and the reforestation funds. This and other arbitrary practices must be checked.

Recommendations:

- Elimination of excessive intervention from the state in the market mechanism to prevent market distortions.
- Application of the rule of law, without any discrimination, to prevent exploitation and the unfair treatment of Indonesian employees.
- Equal and fair treatment of all economic subjects to give the same opportunities of success to all.
- Creation of a transparent process in awarding economic rights through licensing.
- Notwithstanding the recommendations that the state should not intervene to create market distortions, recognize that the State has a role to play in providing safety nets and support to vulnerable

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groups. Give special attention to vulnerable groups, such as the informal sector, through affirmative action programmes that will eventually "level the playing field".

3.3 The Letter of Intent

Indonesia's attempts to get out of the crisis have resulted in the signing of a Letter of Intent (LoI) agreement between the government and the International Monetary Fund (IMF). Until now, the LoI, a binding financial and institutional restructuring plan devised by the government

in conjunction with the IMF, is the only official blueprint for Indonesia's economic recovery.

The centrality of the LoI cannot be underestimated. Not only does the implementation of the LoI bring the IMF to Indonesia, but it also affects the terms of all other international financial agreements with Indonesia. For example, agreement with the Consultative Group for Indonesia and the Paris Club are conditional upon successful implementation of the LoI. Given the weakness of policy decision-making in Indonesia, the LoI takes on great significance as it sets an agenda for reform, both in the economic and governance spheres, and is binding on the cabinet.

However, the LoI as it stands is not sufficiently comprehensive to tackle the wide range of social and economic problems that beset Indonesia. It prioritizes monetary recovery but does not focus on the wider economy. The cabinet and government signed another LoI in September 2000 and are politically committed to IMF reforms until at least the year 2002. What is needed, however, is a longer-term strategy for developing a strong Indonesian economy. It is essential that the Indonesian economy should not be trapped in a culture of dependency and the use of foreign loans as the basis for all economic development.

The IMF-supported LoI agreement has engendered some strains. It is seen as the product of an exclusive and isolated group of technocrats and bureaucrats, not the result of an inclusive and democratic process of negotiation. For a long-term blueprint for reform to be successful, it must result from participation by all components within society and be perceived as a national agenda based on national consensus.
The following steps need to be taken:

Recommendations:

- Develop a bottom-up process to generate input for the blueprint on economic development so that it will be relevant for every region in Indonesia.
- Develop an inclusive approach to economic planning to prevent the marginalization of any group, especially women and other vulnerable groups. Conduct consultations on the impact of

potential policies and organize public hearings before the final decision is made, especially on those aspects that concern the life and culture of the whole society.

- Invest in the development of a transparent socializing process, to ensure that the long-term blueprint for development is the product of national consensus and is akin to a social compact.

4. Democratizing Economic Activity in the Regions

Regional autonomy enables regions to optimize their economic, geographic and socio-cultural potentials. This development paradigm has the potential to decrease the disparities that have developed between regions and which today threaten the state with disintegration. There are two approaches towards dealing with regional autonomy. One is a federalist approach encouraging proactive regional government and the other is a unitarist approach with a proactive central government.

The first approach leaves it to regional government to identify strategies and handle all issues except those except those that impact on the integrity of the state and the nation. The second puts the onus of government and administration on the central government, except for certain defined issues that are to be handled by the regions.

Regional autonomy in Indonesia is determined by Laws No 22 and No 25 of 1999. Law No 22 shows signs of supporting the federalist approach. This is reflected, for example, in Chapter Seven, Article One which states: "Regional authority covers authority in all governmental fields, except authority in foreign politics, security, defence, justice, monetary and fiscal affairs, religion, and "other areas of authority".

However, these last words indicate that regional authority is given with reservations. Article Two from the same chapter defines "other areas of authority" as including policies relating to national planning and macro-level national development, balancing budgets, the state administration system and state economic institutions, empowering human resources, natural resources and strategic high technology, conservation and national standardization.

The half-hearted dispensation of autonomy can also be seen from the essence of Law No 25/1999, which is not in accordance with Law No 22. The grants of relatively wide authority under Law No 22, are not backed up by basic changes to strengthen regional capabilities in respect of finances. It is an absolute precondition of effective regional autonomy that these two laws have a shared direction and support each other. Before they were submitted to parliament, the parties involved in designing the laws should have had discussions to ensure a compatible vision, and put both laws in harmony with each other from their inception to support the common objective of regional empowerment.

The complexities of the problem are more obvious at the implementation level. Autonomy is devolved to the *kabupaten* (regency) and *kota* (incorporated city) as mentioned in Chapter 11, Article 11: "The *kabupaten* and *kota* authorities covers all authority in government besides the exceptional authority in Chapter Seven, detailed in Chapter Nine". The framework of decentralization that is developed on the basis of Laws 22 and 25 does not fulfil demands for wider autonomy at the provincial level.

4.1 Regional Autonomy in the Face of Global Competition

Regional autonomy was conceived of as opening the widest possible opportunities for regions to optimize their potentials. It presumes that each region will have one or more pre-eminent features that give it advantage, which could come from location or natural endowments and resources. However, to realize the benefits of these endowments, it is necessary to prepare regions to become active participants in the global market. This requires putting in place structures and processes which include guarantees of free movement of all production factors, goods and services in Indonesia, regulatory frameworks to prevent corruption at the regional level and political processes that guarantee autonomy to local inhabitants to determine their aspirations.

Recommendations:

- Guarantee free movement in all production factors, goods and services in Indonesia.

- Create political processes that guarantee autonomy to local inhabitants to determine their aspirations.
- Reconsider simultaneously Laws No 22 and 25 of 1999, together with the three new political laws, to genuinely build the pillars for autonomy, starting from the lowest to the highest level of government.
- Create laws that complement regional autonomy by controlling the powers of the central government.
- Regulate both principles and practices at the central and regional levels to ensure that regional autonomy does not create new forms of corruption, collusion and nepotism.
- Regulate principles and practices that foster regional co-operation in order to optimize resource management. Area borders should not hinder rational economic decisions.
- Introduce incentive systems to ensure flexibility in the operation of regional autonomy.
- To ensure that regional governments are not expected to be control agents. Their role should be that of a facilitator ensuring that weak minority groups are not marginalized, and that development does not degrade the environment.

4.2 Civil Society and Economic Decentralization

This is the age of reform and democratization in Indonesia and every reform measure will be effective when there is direct participation from civil society at the central and regional level. This participation must be reflected in the legislation too. Support from the international community, especially the donor community, is needed to guarantee the smooth running of the autonomy process. A centralist and top-down approach is counter-productive for decentralization and will defeat the objectives of the government.

To prevent upheavals and distortions, there is a need for preparations at the central and the regional level to develop strategies, policies, programmes and institutions. At the central level, this has been partially executed through the enactment of a series of legislative steps towards

decentralization, namely Laws No 22 and 25 of 1999.

Approaches that directly decentralize to the lower level (*kabupaten* and *kotamadya*) may create, in the short term, more risks than benefits. One way to minimize these risks is for government to execute decentralization in stages, handing over authority and resources at the provincial level as well. This approach will require adjustments in the law. Therefore, while the revision and adjustment process is being executed, a comprehensive regulatory framework in the form of a *Perpu* (government regulation) is immediately needed to support decentralization. In fact this problem is addressed by establishing PP No 25/2000.

At the regional level, the expectations roused by decentralization are so high that numerous demands are created on the central government. This is natural considering that until now, the regions have not realized any political reforms yet and there is suspicion about the central government's commitment.

The reform measures conceptualized by the centre have not been internalized and are still being executed within centralized structures. The government continues to decide and formulate policies and the regions only execute them.

Recommendations:

- Establish a legal framework that fulfils the aspiration for autonomy at the provincial level and take steps to implement decentralization in stages. This includes establishing a *Perpu* on autonomy at the provincial level, revising Laws No 22 and 25 and strengthening efforts to increase awareness of the laws among the general public and among central and regional parliaments.
- Develop a strategic plan to implement decentralization, taking into account the need to guarantee continuous delivery of services,

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implementation of a balance between regions and a consistent fiscal policy.

- Maintain the momentum for decentralization by ensuring that central government immediately take steps to execute decentralization, especially in *kotas* (cities) and *kabupatens* (regencies) which are able to handle such needs as education, health, agriculture, and the development of roads. This strategy will ensure that trust is maintained and also will give more time to prepare the handling of the technical challenge of decentralization.

- As developing autonomy from a super-centralized system is a very complex process and covers various political, legal, socio-cultural and economic dimensions, the process of devolving power demands coordination and cooperation from all cabinet ministers with responsibility for economic development, industry, social welfare and poverty relief, and security.

- Decentralization should be extended to the grassroots, avoiding new concentrations of economic power at the local elite level.

- Horizontal relationships among the regions should be enhanced through economic activity.

- Development activities should be defined at the local level.

- Value-added tax should be shifted from central government to regional government in stages.

5. Investment and Natural Resource Management: Establishing a New Relationship

5.1 Sustainable Use of Natural Resources

Indonesia is rich in natural resources and has long attracted mining, logging and other resource-exploitation industries. But because Indonesia's economic growth is highly dependent on her natural resources, serious consideration needs to be given to adopting and implementing the concept of sustainable development, so as to ensure the preservation of natural resources for the benefit of present and future generations.

From the inception, Indonesia's development strategies focused on the

intensive use of natural resources. But natural resource preservation, including preservation of the environment, has not been a serious concern in development planning. Economic growth during the New Order era consistently showed a high rate of around 6-7 per cent a year, but this did not include a calculation of the costs of natural resource extraction leading to depletion and environmental degradation.

Furthermore, national income was not adjusted on the basis of the depletion or degradation of natural capital such as water, land, air, minerals and wilderness areas, nor was the cost of pollution calculated. If national income or economic growth figures were calculated after the consideration of these costs, the achievements would not be considered as inspiring. Every forward step of this type of "economic development" is a backward step for natural resources and the environment.

Natural resource management must balance the concerns of fairness between generations and fairness within generations. It is very important that natural resources are managed with prudence so that they can be bequeathed to future generations. Renewable natural resources should be used optimally, maintaining capital stocks. Non-renewable natural resources should be used efficiently with efforts taken to find substitutes.

Policies on natural resource use and exploitation should be based on a broad vision that aims to create sustainable development. It is vital that planners bear in mind that the environment and natural resources are Indonesia's legacy from the past and legacy to the future. Development plans and economic recovery programmes must prioritize these as strategic economic resources for careful management and exploitation.

To implement sustainable development, it is not possible to rely solely on market mechanisms. The market has inherent limitations and is particularly weak in respect of regulating public goods. The market has not hesitated in underpricing natural resources by excluding the element of depletion from its calculations. Industrial goods were also underpriced because the calculations did not include negative externalities

such as pollution.

Because of this, government intervention is needed to handle those issues that the market fails to address. Government has the capacity to handle such negative externalities through implementing taxes on industries that produce toxic waste or to compensate for pollution and natural resource depletion.

The government also has a role in setting standards in the use and management of natural resources and the environment. The role of *Bappedal,* a government body that oversees the exploitation of Indonesia's natural resources, needs to be more effective and the judicial system needs to be improved to be able to handle transgressions of environmental regulations more seriously, with stiff penalties adhering on the principle that "the polluter pays".

A mechanism needs to be established whereby regular reviews of past natural resource exploitation contracts could be done to ensure adherence to environmental standards. Empowerment of stakeholders with environmental problems is also vital. These stakeholders are often community members who feel the impact of environmental problems.

Even the wider society can become stakeholders because of their interest in environmental preservation. Environmental non-governmental organizations play strategic roles as interest groups, drawing attention to the problems and identifying strategies for the responsible management of these resources.

Tropical rain forests are the lungs of the world and therefore national and international society has an interest in them. The government should take decisive and effective measures to eliminate illegal logging. A comprehensive review on the mechanism for awarding timber concessions should be carried out, since in the past this was not done transparently. All timber concession licenses that do not meet sustainable forest management standards, such as those defined by the eco-labelling institute of Indonesia, should be revoked.

A more prudent approach needs to be taken in the exploitation of marine resources. It is imperative to protect the waters of Indonesia from illegal

fishing by foreign fishing fleets, particularly in the eastern regions, so local maritime patrols should be strengthened. There should be better local monitoring of fishing and other uses of natural resources, including through a system of natural resource accounting.

Recommendations:

- The market is weak at pricing costs of natural resource extraction such as depletion, pollution or other environmental damage. The government should regulate these costs through measures such as taxation of toxic waste production, pollution or other negative externalities.
- The government has a role in setting standards for the extraction and management of natural resources. *Bappedal* needs to be made more effective and the judicial system strengthened so that transgressions of environmental laws are firmly handled and subject to steep fines.
- A mechanism should be created to regularly review natural resource exploitation contracts issued in the past, to make sure that they continue to meet environmental standards.
- The wider society, as well as local communities, are stakeholders in the environment. Environmental NGOs can play a useful role in drawing attention to problems and suggesting solutions.
- The government must stop all illegal logging, review the mechanism for issuing logging licences and revoke all licences that do not meet acceptable standards of environmental management, such as those defined by the eco-labelling institute of Indonesia.
- Efforts to monitor the use of natural resources should be stepped up and local maritime patrols increased to stop illegal fishing by foreign vessels, especially in eastern Indonesia.

5.2 Empowering Environmentally-Friendly Local Investors

Exploitation of natural resources during the New Order era was centralized, in that the central government in Jakarta determined the locations for

exploration and exploitation of natural resources and decided which investors were awarded the contracts. Not only was the local government estranged from the decision- making process, but also most of the contracts were granted to large investors, mostly joint-venture companies. Local investors and companies could not be compete, and there was no level playing field for access to natural resources. In implementing regional autonomy through Law No 22/1999, efforts should be taken to ensure that a significant role is played by environmentally friendly investors.

Recommendations:

- Design an affirmative action programme to support environmentally friendly local investors and companies in gaining access to the sustainable use of natural resources.
- Ensure that a just tender process for investment projects can take place at the local level, open to all bidders.
- Local investment projects should adhere to the environmental and social impact assessment requirements, as defined by *Bappedal*, for their feasibility studies.
- Strict screening of investment proposals should be conducted, taking into careful consideration their environmental and social impacts.
- Empower local investors with the ability to adhere to the principles of corporate social responsibility as an asset and a form of leverage in competing against other investors.

6. The Fiscal Structure

The best indicator of the government's commitment to reform would be the annual budget, known by the Indonesian abbreviation APBN. It is through the allocation of resources that the government's sectoral priorities, as well as the strategic choices and plans that it develops, are best reflected.

During the New Order, the DPR had no role in influencing policy either through the formulation of legislation or through the allocation of resources. Even if DPR members wanted to play a more active role in the formulating of laws, they did not have the access to data and information on income and expenses. The draft APBN was never changed by the DPR. Budget increases and other changes introduced by the executive during the period were always agreed, and the DPR became a symbolic rubber-stamp institution, giving a constitutional basis for the execution of the government's activities. There was little synchronization between the annual budget, a five-year medium term plan (*Repelita*) and the Broad Guidelines for State Policy (GBHN) as a long-term plan.

Today, the DPR has greater powers to question the executive in respect of the draft APBN and even to change aspects of it. However, what has to be avoided is deadlock as an outcome of budget discussions. According to the 1945 Constitution, if the DPR and government do not agree upon the draft APBN offered by the government, then the government must use the APBN from the previous year. This is unrealistic, because the APBN agreed upon is more than a total sum. It includes line-item expenditures as well.

There are often many inconsistencies reflected in budget allocation. For example, a strong commitment to advance education is often expressed in debates and plans but is not reflected in the amount allocated for education. Similarly, commitments to empower women in all aspects of life, especially in poor villages, are expressed but rarely backed up with resources.

The government must also re-examine the way it plans to finance its deficit. Previously the government relied on foreign loans. It now relies, however, on both foreign loans and domestic bonds. But by issuing local bonds, it has the effect of "crowding out" debt issues by private-sector borrowers.

Recommendations:

- Provide mechanisms to ensure that APBNs are passed. If a deadlock occurs when discussing the APBN, there needs to be a consensus on ways of resolving it. For example, references to the previous year's budget should be permitted to secure approval for routine budgets, whereas development budgets should be discussed in detail until there is a complete and final agreement.
- Take measures to strengthen DPR members' competence and capability in discussing APBN.
- Secure from the government a binding commitment that increased tax income will be spent equitably to deliver social justice.
- Prioritize the development of democratic public budgeting processes, for example by allowing multi-year budget planning and

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  preparation. The current time constraints are detrimental to long-term planning and a timespan of 18 months would be more appropriate.
- To reduce the negative "crowding out" effect in the local capital market, the government must announce in advance a suitable timetable for issuing bonds, so as to allow the private sector to raise capital.

7. Restructuring the Bureaucracy to Support Socio-Economic Reforms

Indonesia has been identified as a country in which corruption is endemic, but previously, senior government officials refused to acknowledge this. Senior officials claimed instead that investor confidence was reflected in the high levels of growth and foreign investment, in an attempt to counter criticisms against the bureaucracy.

Nonetheless, the cost of corruption has been very high. Besides

undermining the institutions of government, and eroding the credibility and legitimacy of state actors, corruption has also had a tangible economic price.

The Indonesian bureaucracy today is overstaffed and grossly underpaid. Despite efforts at restructuring the bureaucracy from the New Order period until now, state employees' productivity has not improved. Each state employee serves 50 people, a number which has been constant for more than 25 years. State employees' official salaries have not been raised. Tthe minimum salary for a state employee today is lower than the regional minimum salary stipulated by regulation.

Since 1983 the private sector's role in the economy increased greatly with government efforts at deregulation. But the government did not do much to restructure the bureaucracy and make it a partner to the private sector. The government saw its role as providing an enabling environment for business, and recognised that it could only be accomplished through the bureaucracy, but the necessary transformation of the latter did not take place.

The government's function in the economy has changed from providing direct services, such as the control and supply of public goods and selected private goods, to indirect functions such as policy formulation, facilitation and co-ordination. It has also limited its direct functions to the supply only of certain public goods. As a consequence of those changes, the bureaucracy's structure became more decentralized and it now faces different expectations. These changes are reflected in an emphasis on key functions and on being more professional, transparent, supportive and fair.

Looking at the developed countries of East Asia, continuous growth through the private sector is supported by a strong, efficient and honest bureaucracy. There are three main indicators that a bureaucracy is honest and efficient:

- Recruitment and promotion based on achievement and through a competitive process.
- Adequate remuneration, whereby salary and incentives are competitive with those offered by the private sector.

- A clear career path.

In countries like South Korea, Japan and Singapore, competition for entry into the civil service is high and employees benefit from competitive salaries, often comparable with the private sector. Employees may gain scholarships for higher studies and training, further increasing the prestige of the sector and the quality of its human resources.

A clear career pattern is also an incentive to motivate first-division employees of the bureaucracy. For example in Indonesia, some state enterprises like *Perusahaan Listrik Negara* (PLN), the state electricity company, and Bank Indonesia, the central bank, pay salaries that are competitive with the private sector. A holder of an engineering degree who works for PLN will receive, after training, a salary of approximately Rp 800,000[1] per month, which is better than in some private-sector companies. But positions are not ranked clearly, and staff feel undermined by the prospects of political intervention.

In countries such as Singapore there are mechanisms to promote integrity. Besides good salaries, disincentives for corruption exist through a strong penalty system. In Singapore, every act of corruption, no matter how small, will be penalized by expulsion from state employment. Furthermore, the government will publish the names of expelled employees, making it difficult for them to find alternative work. The case in Indonesia is very different.

Although the growth rate in the number of state employees has decreased from 6-8 per cent a year in the past to an average of 3-4 per cent a year now, there is still a mismatch between the bureaucracy's needs and capacities. In some government institutions, changes in the government's role in a given sector has created an excess of employed capacity, while there can still be a shortage of capacity at the implementation level. Some positions call for advanced education, but there are limited numbers of people with degrees who are willing to take these positions.

An example of mismatches between capacity and demand is the Trade and Industry Department, where there is now excess capacity because of deregulation. Yet the government is reluctant to reduce the number of

unnecessary state employees because it is not politically popular.

Data shows that the aggregate quality of state employees has tended to improve over time. The ratio of state employee with the minimum education level of SMA (high school) increased in 1991/92. But the quality of employees available to be trained as decision-makers and planners is poor and the numbers are low. Undergraduates from distinguished universities like the University of Indonesia and the Bandung Institute of Technology are reluctant to apply for positions as state employees. As a result, the undergraduates who apply are usually from second-class universities. Even where there are employees from first-class universities, they stay there only for a short period in order to meet the requirements of a scholarship. After they have finished their obligatory term, they will resign and work in the private sector. The reason for this is that the salary system is not competitive.

With economic deregulation at the end of the 1980s, salaries in the private sector increased dramatically while many incentives received by state employees were cut. As a result, state employee benefits and pay fell far behind those of the private sector. A new graduate is only paid Rp 125,000 per month in the state sector after eight months' probation. In the private sector, a graduate can expect to obtain a minimum salary of Rp 350,000-800,000. The more senior the position, the wider this gap is.

As a result, it is difficult to recruit employees with high levels of competence and to ensure that they remain honest and incorruptible. In addition, the non-transparent recruitment system acts as a disincentive to public service employment. It is no secret that nepotism and bribery have infiltrated the recruitment system and pervade the system of promotions and lateral transfers to career positions that are considered "wet", meaning that they offer many opportunities for making money illegally.

As a consequence of the declining quality of key state employees, many career positions are being filled with academic professionals. But this in turn hurts the universities as they lose lecturers. Besides, this type of

recruitment further erodes confidence in the bureaucracy as an institution in which it is possible to develop a career.

The bureaucracy is one of the major economic actors that facilitates the flow of market mechanisms. Structural reform of Indonesia's bureaucracy must be initiated as a matter of priority. Reform requires more than initiatives to improve incentives in recruitment. It must also create a more conducive and transparent environment in which state employees can build their careers. Without reform in the public administration sector, the economic reforms that the government has planned will be ineffective.

7.1 The Future of Bureaucracy and Political Renewal

The bureaucracy is a service provider and must be demand-driven. This is not the case in Indonesia, where in the past the authorities have often corruptly given privileged access to entrepreneurs to exploit their economic interests, undermining the interests of consumers and society. The economy is disadvantaged and consumers suffer high losses as a result.

This kind of practice is common. Examples include the issuing of licenses in the trade of wheat flour, cloves, sugar, palm oil, rice and premix; in cases of toll roads, the former National Aircraft Industry (IPTN, now known as PT Dirgantara Indonesia), the commercial airline Sempati and Batam port, to name but a few.

Sub-optimal resource allocation distorts the economy and slowly weakens economic potential. This is reflected in Indonesia's economic growth patterns, which are lower than countries in the region. The value of other economic losses from corruption and other forms of distortion can be calculated, and a conservative estimate would estimate it at trillions of rupiah. Sub-optimal resource allocation may also weaken the pillars of the economy by promoting "false" development and profit generation that has no real base. In addition, it stimulates an unequal and unfair distribution of income.

As Indonesia embarks on strengthening regional autonomy, the bureaucracy has a challenging role to play. It is imperative that it becomes a partner

in this process and does not undermine it through corruption or by obstruction.

The bureaucracy is required to be an independent force. But merely improving the bureaucracy is not enough. More basic reforms are needed to ensure that other related institutions in society can also realize their potentials and function accordingly.

It is impossible to create a clean and authoritative government if institutions such as the bureaucracy and the military are intertwined in a distorted chain. Reform of the bureaucracy must be accompanied by a re-evaluation of the military's role. Changes can be made incrementally, at the most appropriate time and in appropriate stages. But what is required most is commitment and political will to initiate such changes.

Recommendations:

- Rationalize and reform public administration to be efficient and effective. Salaries need to be increased for public servants so that incentives to fall prey to bribery and corruption are removed.
- Reduce the ratio of public servants to the general public to realistic levels. Re-train public administrators to be responsive to the new paradigm in Indonesia.
- Review the process of recruitment and promotion in the bureaucracy to ensure that merit and efficiency are the criteria for recruitment.
- Ensure that the bureaucracy becomes accountable to the public, as a service-oriented and demand-driven institution.
- Provide competitive salaries and ensure that recruits can develop meaningful careers within the bureaucracy.

8. The Military and its Role in Business

The involvement of the military in businesses has long roots in Indonesia, going back even before the declaration of independence. Officers of the PETA, an Indonesian military unit formed by the occupying Japanese during the Second World War, enjoyed levels of welfare that were not

very different from the officers of the Dutch colonial government that the Japanese replaced. This is not only because of their salaries, but also because the Japanese authorities developed an independent economic programme, providing capital and assets to the PETA corps for their own benefit.

The People's Security Body (*Badan Keamanan Rakyat* or BKR) that was formed after independence also obtained special facilities and funds from rich ethnic Chinese and entrepreneurs. Following the creation of the Armed Forces (*Angkatan Bersenjata*) after the revolution era, there were fewer special treatments. But numerous rebellions and a shrinking of the government's budget in 1952 forced regional military commanders to find their own funds to cover personnel and operational costs. The armed forces' close involvement in businesses occurred when the government nationalized Dutch companies later that decade.

The impetus for military involvement in business during the New Order was the low budget allocated by the state for arms, expenses and soldiers' welfare. The military's "dual function" concept, which justified a social and political as well as a defence role, provided legitimacy for its involvement in various aspects of life, including business.

But in the course of these activities the military was responsible for uncontrolled excess, of which corruption was the most obvious bi-product. Furthermore, the monies raised were not used for purely military purposes but to support a lavish way of life among military officers and strengthen political cliques within the military. The use of Pertamina (the state oil company) is one such negative example of the military's off-budget activities.
Currently, the military's business activities can be categorized into four groups: co-operatives (*koperasi*) with soldiers' welfare as priority; business units; businesses run by non-profit institutions; and "influence and ease", which practice is outside the military's formal business structure. Rent-seeking became an acute disease in Indonesia's economy during the New Order, and the four categories of military business practices contribute to this malaise. One example is the electricity business, where a military-backed project charges 50 per cent more per kilowatt-hour than projects managed by PLN, the state power company which were

agreed at the same time.

As an institution the armed forces was a powerful element of the authoritarian bureaucratic regime, yet it is possible that the grand strategy was not in the hands of the armed forces itself. This can be seen from certain military businesses which were developed in co-operation with powerful private-sector operators, including those from the family of then-president Soeharto. These include timber, civil aviation, aircraft maintenance in Batam, a holiday resort in Bintan, fish processing and many others.

The military's influence over big business waned in the late 1970s as powerful civilian players became more influential. The involvement of the military and its senior officers, as well as retired officers, is still strong, but the motive was to retain their loyalty towards Soeharto. Some groups think the military was used as a front by other interests, as in cases of land reform, labour strikes and the use of assets controlled by the military, or used simply to guard big business in uncertain times.

A major task is to "purify" the military's role and at the same time assign to it an appropriate position according to its function. In the context of globalization, more specialist expertise is required to run businesses efficiently and the military has its own tasks of protecting national security and defence.

The following recommendations are suggested:

Recommendations:

- Removing the military from business is as crucial as the reform of the bureaucracy for optimizing socio-economic reforms in Indonesia.
- Dismantling the monopoly positions maintained by the military through government regulations.
- Privatising military-owned enterprises, or ensuring that the public interest is represnted in military-controlled funds and investments.

- Establishing mechanisms to ensure the military's transition away from business.

9. Encouraging Small and Medium Business Enterprises

The Indonesian economy is characterized by large-scale industry and business, largely financed by international capital, and a large informal sector. What is lacking is a strong, locally-based industrial and service sector. This is so because there are many difficulties associated with establishing such enterprises.

The absence of such enterprises has created a distorted economy. People have either become dependents on, rather than active stakeholders in, the formal economy, or they work in the informal economy. The latter remains unregulated and is a risky arena both for managers and owners. It also receives little support from the government.

Indonesia remains committed to development through international capital and its obligations are outlined in the Letter of Intent signed between the government of Indonesia and the International Monetary Fund. While it is important for Indonesians to support the terms of Letter of Intent, it is important that Indonesia does not rely only on the volatile resource base of international capital.

There needs to be a rise in domestic investment and growth of small and medium-sized business enterprises. This will help reabsorb the unemployed into the workforce at a lower cost. It is important to look at options to improve the prospects of small and medium-sized business enterprises and to use them as creative vehicles by which to jump-start the generation of employment opportunities.

There are many obstacles to starting up a business. They include a tangled web of bureaucratic requirements that are also gateways for corruption and bribery, as well as production and export quotas that are, in effect, barriers to the operation of market mechanisms. It also remains difficult for small and medium enterprises to receive high-quality skills training

to improve their human capital.

These barriers have prevented the development of an entrepreneurial class free to establish their own enterprises. Small and medium enterprises are often viewed as unrewarding, non-profitable activities. However, entrepreneurial activity is needed to build up an economy with a diverse base. The inter-relationship between an entrepreneurial class and a diversified economy are strong, and they combine to create a more resilient national economy which is insulated from the vagaries of the international markets and has the ability to provide greater employment opportunities at lower costs.

9.1 Benefits of SMEs

The advantage of small and medium-sized business enterprises (SME) is that they suffer less from the operational rigidities that sometimes undermine large businesses. An SME can adapt to a change in market conditions, such as a fall in demand, at a far quicker speed than large enterprises. This is so because their overheads and fixed costs are lower. It is also easier for an SME to change suppliers for lower-cost supplies, as well as adjust to the change in quality. Production processes are usually quicker, and the return on capital is more rapid that it is from large operations. This can protect SMEs significantly from changes in currency valuations or interest rates. In addition, industrial unrest is rarely an issue for SMEs.

The strength and importance of SMEs was seen during *krismon*, Indonesia's economic crisis, when small enterprises opened up to fill the demand created by the failures of large enterprises. The large enterprises were unable to adjust to market conditions. Credit given to SMEs rose sharply, especially by credit institutions such as Bank Rakyat Indonesia, a state bank which specializes in financing small business. Although there are no official figures for investment or new employment created by SMEs, there is strong circumstantial evidence indicating that small traders did benefit from these activities and significant entrepreneurial opportunities were created.

9.2 Challenges to SMEs

Although SMEs are able to survive the crisis better than large operations, there are innumerable problems associated with their start-up which include securing a plethora of licenses, dealing with import producer schemes and export quotas. For example:

- Licenses: SMEs require formal licenses recognized by the Ministry of Trade to operate in the industrial sector. It is necessary to obtain a total of 27 licenses whose cost is estimated at 10-15 per cent of operational costs. As a result, most entrepreneurs prefer to remain informal although they have to bear high hidden costs, paying for services and supplies they otherwise would not obtain.
- Import Producer Schemes: these dictate that to import certain commodities, the entrepreneur needs to be a producer and declare how much he or she will import. For a small business starting up, it is often not possible to make such declarations.
- Export quotas: these limit the amount of goods that can be produced in certain areas, whether or not there are producers or manufacturers of those goods.

To improve the situation for SMEs in Indonesia, help increase the size of the entrepreneurial class, encourage economic diversity and create employment opportunities, the government must take measures in several areas.

Recommendations:

- Reduce the burden of licenses on all enterprises. The current maze of regulations and licensing requirements is complicated, costly, time-consuming and detrimental to start-up. In effect, it acts as a barrier to entry into the market, and keeps firms and businesses in the informal sector.
- A short-term remedy to the problems of bureaucratic red tape is to establish "One-Stop Service Centres". The aim is to simplify the cost and paperwork involved in obtaining all necessary permits and licenses, by making them available at one place

and through one application process. However, this must be a temporary solution, as for business to be successful in the long run, bureaucratic requirements must as far as possible be eliminated.

- Reduce, with a view to removing, all levies that add to the hidden costs of production for SMEs. These can be legal or illegal, including for example the payment of local protection money. This can only be done in conjunction with stronger adherence to the rule of law in general in Indonesia.
- Improve competition. Tariffs and quotas, like licenses, act as barriers in the market. Where there is no overriding social rationale for retaining tariffs and quotas, they must be eliminated so as to create a more level playing field.
- Increase the availability of technical and managerial training skills

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for SMEs. For the moment, such training is provided by the state as part of a regulated partnership programme, but they are often inefficient and the training inadequate. In the longer term, training should be provided by the private sector.

- Encourage close co-operation between the owners and managers of SMEs so that, as a sector, they will have stronger voice to promote their views and needs. This would complement the existing FORDA (regional forums) that have developed in the last three years.
- As agriculture is the largest sector in which SMEs are found, there is a need to develop an overall strategy for the food and agricultural sector. Protectionism is affecting this sector.
- The removal of all subsidies, especially fuel, must be accompanied by impact control schemes.
- There is a need to educate legislators about the problems of SMEs.

10. Labour Relations Reform

10.1 Law Enforcement

Indonesia has a large labour force within the formal sector as much foreign

direct investment has gone into the manufacturing sector and light industries. Competitive wages and a docile labour force have been the publicized attractions that have helped Indonesia to secure considerable investment in these sectors.

Although there are laws and regulations to determine labour relations in Indonesia, the government has never seriously monitored the implementation of policies and there are no mechanisms for law enforcement at any level, be it at the national level or at the lowest, local level. In the past, the government has tried to reform itself by ratifying international labour standards such as ILO conventions, but the reform process is limited to the policy-making stages alone. There is also a lack of socialization and co-ordination of policies, with national policies failing to be implemented at the local level. In practice, each level implements policies according to its own understanding.

Recommendations:

- Steps must be taken to re-affirm the rule of law, and this includes the labour laws.
- Prioritize law enforcement in the labour field. Violations should be considered as criminal acts and processed accordingly.
- Empower legal institutions to uphold labour laws.
- Create channels of communication between central and regional government leaders to ensure that labour violations are addressed.
- Use the media effectively to build awareness against the exploitation of labour.

10.2 Corruption, Collusion and Nepotism within Labour Relations

The working conditions and practices relating to labour relations are very poor. However, entrepreneurs are never held accountable and required to improve standards because they are able to bribe union officials, law enforcement officials and officials from the Department of Labour to report on labour conditions favourably.

Many entrepreneurs are pressured into using security personnel to provide additional security and mediate relations with their workers. These operations often reach 30 per cent of total production costs.

Clearly employer-labour relations need to be redefined. Much of the corruption stems from the unrealistically low wages that are paid to workers and security

personnel. Although it is difficult to re-align wages during this economic crisis, steps must be taken to address it as a matter of priority. Wages and working conditions should be negotiated between parties so that the problems can be addressed through consensus.

Recommendations:

- Eliminate corruption in labour relations that lead to the exploitation of workers.
- Ensure that workers are paid realistic, living wages.
- Develop a legal mechanism to protect workers rights' more effectively.

10.3 Discrimination Between Women and Men Workers

Discrimination on grounds of gender continues to characterize labour relations in Indonesia. Facilities and even wages are accorded on grounds of gender and not based on the quality of work. The most common form of gender discrimination relates to wages, with women still considered as secondary earners, justifying lower wages than those received by men.

Furthermore, women workers suffer from additional gender-based discrimination, being subjected to pregnancy tests and the threats of dismissal if they take maternity leave or time off during menstrual cycles.

Recommendations:

- Wages should be based on the quality of work, not on gender.
- Women are also primary wage earners and arbitrary distinctions should not be based on gender.
- Gender-based discrimination based on women's reproductive functions should be prohibited by law and the law enforced.

10.4 The Regional Minimum Wage

The regional minimum wage (UMR) is determined on the basis of meeting the basic physical needs of labour as "human beings" rather than their needs as "social beings". The process of determining the level of UMR has been the subject of corruption and lacks transparency. The National Wages Council only involves one labour union, which is the government's labour union, and determines rates without consulting other labour unions.

The price analysis used to determine these rates are not linked to real conditions. It is based on estimations drawn from prices in the main market, which are lower than in the local markets, where commodities have passed through a

long chain of distribution.

During the determination of the UMR, the government and the entrepreneurs isolate the workers from social interaction in order to depoliticize them. While the process occurs, workers are kept away from communications and social interaction, so that the economic regulations can be determined and presented to the workers for acceptance.

The UMR are often considered to be the "maximum" regional wage, and are based on various nonscientific and non-economic criteria.

Recommendations:

■ The cost of daily needs must be based on realistic criteria and must be determined through a transparent and fair process.
■ There must be a representative mechanism to have labour unions represented on the National Wage Council.
■ The role of academicians in formulating wages of a company should be limited to an advisory capacity. Wage formulations should be based on the financial ability of a company and the standard index of daily needs.
■ UMR must be based on the minimum fiscal capacity of the company and the minimum living cost for labour. Wages should thus be linked to the prosperity of the company. To ensure that this is realized, companies must provide information regarding their financial status to the workers and unions to negotiate proper wages.
■ Government must formalize legislation to ensure minimum wages and the capacity to link wage increases with productivity.

10.5 Strikes

In Indonesia, strike action has not been recognized as a fundamental right of workers. Strike action is regarded as an act of hostility and violence, manifesting the selfishness of workers in articulating their demands. It is rarely considered as the last resort when demands are not fulfilled. "Peaceful" negotiation processes that normally benefit the entrepreneurs are regarded as the ideal.

Recommendations:

■ Labour and business must enter into negotiations to resolve

contested issues.

■ The right to strike should be recognized as integral to workers as the right to association and used judiciously.

10.6 Labour Dispute Settlement

At present, there is no time limit for resolving industrial disputes. Until now, the losing party has been able to appeal to the administrative court, which can take three years or more. During this time, the law does not protect the rights and obligations of both parties. This often means that the workers, who are financially weak, do not have any other option but to resign and find another job.

Recommendations:

■ A labour court must be established to address labour issues efficiently and limit the duration of legal process between workers and entrepreneurs. The labour court should be able to make an independent, final and binding decision within a prescribed and reasonable period.

■ During the dispute process, the entrepreneurs still have to ful fill their obligations towards the workers regardless of whether or not they want to hire those workers pending settlement of the case.

10.7 Child Labour

Given the poverty levels in Indonesia there are many children who are employed, notwithstanding international conventions securing the rights of the child and prohibiting child labour.

The government has ratified ILO conventions regulating the age limit for child workers and providing minimal standards to regulate work conditions for child workers. Nevertheless child workers are treated badly and lack welfare protection and access to education. Estimates indicate that there are about between four and 6.5 million on child workers in Indonesia who are mostly underpaid and working under the age limit, which is 15 years. They have no access to education and work more than the prescribed daily hours with some even exceeding a working day of 12 hours per day.

Recommendations:

■ Child workers should only be allowed to work after school. The government and the entrepreneurs must ensure that these children receive an education.

- Because of children's physical abilities, their working hours must be limited to five to six hours per day.
- As with women workers, child workers should get paid on the basis of the work they deliver.

11. An Open Policy-Making Process

Labour, social and economic relations must be conducted within the paradigm of democratization, which is the force that brought about a regime change and is the trend of the future. Labour relations should be developed and defined through laws that are drafted with the participation of the workers.

Recommendations:

- All government policies are for the benefit of the people. This stipulates that the government directly consults the people prior to drafting policies, to ensure that their inputs are included.
- Government's role is that of a facilitator, not as an absolute regulator, and this should be reflected in national policies and programmes.

12. Collusion, Corruption and Nepotism

By the late 1990s KKN, the acronym for collusion, corruption and nepotism, became a key word to characterize many of the ills of the New Order regime of President Soeharto. In the sphere of economics, it referred to the malign influence of the excessive payments of money, either to win favours or concessions, or simply to be able to survive in business. It also referred to the personalized nature of the business world in Indonesia, where connections to the highest levels of the elite ruling group alone ensured economic success.

These practices had a very negative impact on the market. Privileged yet inefficient businesses prospered. It impeded the development of an entrepreneurial class and perceptions of business were very negative both nationally and internationally. The hidden costs of business were very high and further distorted valuations and budgets. It created an environment of corruption, which undermined all other legal institutions such as the judiciary, bureaucracy and government.

Indonesia ranks 85th equal out of 89 countries in the 2000 Transparency International Corruption Perceptions Index (CPI). Where "10" is the top score, Indonesia only achieved 1.7. The score relates to perceptions of the degree

of corruption as seen by business people, risk analysts and the general public. Corruption has contributed to poor financial regulation and impeded proper crisis management, and perceptions of corruption undermine investor confidence. KKN must be rooted out if the Indonesian economy is to develop. For this to happen, structures of economic decision-making must be transparent, with clear chains of command in all decision-making processes, including appointments. The damage caused to the country by KKN cannot be understated and must be high on the agenda of governance reform. When a country is branded as a haven for bribery and corruption, it does not become an attractive investment site for either international capital, or for domestic entrepreneurship.

The effect of KKN also impacts directly on the cost of goods and services, both in the public and private sector, as well as on the creation of opportunities for investment and the generation of employment.

To cleanse the economic system of market distortions, changes are needed at all levels. They are especially required at the highest levels of the political and bureaucratic establishment.

Recommendations:

- Review appointment procedures for all high-ranking officials, from first echelon civil servants to directors of boards of all state enterprises.
- Directors of all state-owned enterprises must be scrutinized by an independent commission.
- Institutions such as that of ombudsman must be strengthened, and empowered to carry out full investigations of complaints against the state.
- The state must provide incentives to all companies to keep good records and accounts so that an accurate picture of their income tax liability can be ascertained.
- Tax-collecting services must be reformed to ensure that they carry out their real and intended duties with integrity and fairness.
- As detailed in Section 7 above, the bureaucracy needs to be reformed to become effective and honest.

Note
[1] The exchange rate on 3 October 2000 was 8730 rupiah to the US dollar.

Gender

Gender

1. Background

1.1 Gender and Democratic Transitions

Women's participation in decision-making is abysmally low in established as well as emerging democracies. In Indonesia too, where women make up slightly over 50 percent of the population, they have a disproportionately small representation at all levels of influence and decision-making and they do not have equal access to resources and benefits. This serious democratic deficit needs to be acknowledged and addressed.

While emerging democracies often lack the resources required to help women successfully navigate the political scene, gender equality is not a luxury that can be deferred for states and societies. Indonesia needs to make gender equality a priority if it is to evolve into a truly functioning democracy and realize its social, political and economic goals.

It is vital that the challenges and opportunities of gender relations during Indonesia's current transition to democracy are addressed now. It is also necessary to conceptualize the reform strategies that are needed to improve gender relations within such an environment.

1.2 Challenges for Gender During Transitions to Democracy

Gender relations often shift during democratic transitions. Equal rights in all fields are a "natural" and integral demand for a great many gender-sensitive activists. A gender-friendly constitution and national budget are necessary elements of such a transition. They ensure that a nation's laws will be so designed, and its resources allocated, to take all parties into account and leave no room for inequality.

Indonesia's transition created a "gateway of opportunities" for women. Previously ignored demands can be voiced with more strength and conviction. Political space is more available to women and to men and there is growing international support, in terms of funds and program, for increasing women's empowerment and participation in the

democratization process. But gender relations remain sensitive and go to the heart of social, religious and cultural relations, and changing them involves confronting vested interests that are entrenched and difficult to reach. For this reason, it is difficult to have this element of reform accepted as a priority.

There is a political dichotomy that exists almost everywhere, though more pronounced in some contexts than others, which associates so-called "women's issues" with "soft politics." Examples of these issues are health, welfare, family and child-related affairs and care of the elderly - in short, the politics of care. The other side of the dichotomy is that issues like defence, military and foreign policy and national budgets are seen as representing "real politics."

This dichotomy is both false and misleading. It is false, because women suffer equally from the impact of wars, famine or lack of resources, and because men are also integral to families, child-care and the elderly. Misleading, because it affects the perception of politics to such an extent that issues important to the advancement of human communities are not prioritized in national political agendas.

Amidst Indonesia's current economic troubles and political uncertainty, there is deep concern that the call for gender equality will be treated as marginal to the "real" issues of "national interest". As transitions involve shifts of power structures and power holders, there are those who may be more intent on maintaining their patriarchal privileges, at whatever expense. Hence, there is a real risk of gender issues being sidelined until "times are more stable or better".

With these challenges in mind, a working group on "Gender and Democratization", made up of noted activists, academics and politicians, came together to discuss those topics considered as most critical to ensure that women are both a part of and beneficiaries of the democratization process. The working group acknowledges that the discussion and subsequent recommendations focus on "women" specifically rather than "gender". However this slant was adopted because the gender bias is so tilted against women that their rights, status, and access to power and resources need to be addressed systematically. It is not an attempt to remove any rights or privileges accorded to men, replacing a patriarchy with

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a matriarchy. Rather, it is an effort to mainstream equitable gender relations within the context of democratization.

2. Strategies for Reform

The reform of gender relations is essential for the long-term sustainability of the democratic transition and its consolidation, and the earlier such an agenda of reform is embarked upon, the better it is for the process. But the challenges are so numerous and complex that determining what such an agenda should include is a bewildering task. Several countries in Asia, Africa, and Latin America, emerging from years of dictatorship, have had to build their democratic transitions on similar legacies, while grappling with the challenges of poverty, inequality and other structural problems. From their experiences, several lessons can be drawn. These include:

- Efforts should be targeted to take place on different fronts simultaneously.
- The role of the country's top leadership. For reform strategies to be effective, the country's leaders should be be directly targeted, and they need to be clearly supportive of these strategies.
- Partnership with NGOs. There should be active involvement by, and consultation with, non-governmental and grassroots organizations.
- Capacity-building programmes. There is a need to develop cross-sectoral and multi-dimensional capacity-building programmes.

For Indonesia, there is a need to tackle the root causes and assumptions that shape women's roles and duties. Gender sensitivity training and gender mainstreaming through public education is urgently needed as well. More crucially, the gender gap has to be recognized as a problem. If the problem is not realized, few will see the need for any solution. Many studies have shown the wide disparities in income, access to employment, political power, education and even healthcare available to men and women. These disparities need to be highlighted and the causes clearly explained to ensure that they are not regarded as normal

and acceptable phenomena.

Effective strategies for reforming gender relations need to involve the development of policy frameworks that include legislative and executive actions, as well as capacity-building initiatives and the building of cross-sectoral, multi-disciplinary partnerships.

2.1 The Legislative and Executive

It is not an easy task to ensure that consistent attention is given to gender issues at the executive and legislative levels.

The Vice-President of Indonesia is a woman, but this does not constitute a guarantee that gender concerns will be mainstreamed at the executive level. What is required is a way of institutionalizing a form of "gender screening" of all issues that pass through the offices of the executive. Japan's structural reforms provide a useful example of such an initiative, for they led to the prime minister's office encompassing the responsibility for Women's Affairs. Gender issues were thus mainstreamed in policy-making and gender expertise was integrated into the executive office.

Legislative action can redefine gender relations too. In countries such as South Africa and Guatemala, new constitutions have been drawn up which are recognized as far more gender-sensitive than their predecessors. There is also a need to ensure that proposals for gender-sensitive reform are pushed through the parliament. It will take many years before women's representation within parliament is a fair representation of their numerical strength. Yet experience from a number of countries indicates that the following strategies have been effective in creating a conducive environment for improving women's political participation and making legislators, men as well as women, more effective in addressing gender issues:

- Quotas for women within political parties and parliament.
- Mentoring of newer entrants to parliament by older members of parliament to enable them to be effective legislators.
- Gender-sensitivity training for all legislators, men and women.
- Creating cross-party alliances on shared gendered concerns.
- Building partnerships with male colleagues in the same party to

advance gender-sensitive legislation and programmes.
- Nurturing contacts with the media.
- Close networking with civil society and interest-based organizations.
- Setting up gender watchdogs in each of parliament's policy committees.
- Consistently networking with constituencies and listening to their difficulties and demands, then framing legislative responses to these concerns.

2.2 Capacity-building

The main aims behind capacity-building are to ensure that enough human and physical resources are assigned and adequate capacities developed to ensure that gender issues are integrated within different political, social and economic concerns. There must be a willingness to work with the cultural, social and political context of a society. This is also an area where international experts who bring in comparative experiences, offer the necessary resources and facilitate or mediate cross-sectoral dialogues, can be very productive.

2.2.1 Role of education

The curricula of educational establishments in many parts of the world contain gender bias. Images in books, arguments presented, narratives of history, even poetry: all these can confirm gender stereotypes that limit women's roles in society. A significant change in these curricula can therefore have a visible impact on the socialization of most children, especially from the primary school stage. To that end, the Department of Education needs to develop gender-training programs for all its various staff, from teachers to bureaucrats.

Public education on gender roles and relations would also contribute greatly to dispelling certain social assumptions about where a woman's place is, and to fighting discrimination. This will be a steep and uphill climb as the obstacles come in the shape of deep-rooted convictions based on culture, tradition and religion. Still, it is a necessary step in the long road towards changing the manner in which people think.

2.2.2 Role of culture and religion

Indonesia is the largest Muslim country, population-wise, in the world, and an umbrella to a number of other religious and cultural traditions. The influence of religious institutions is significant.

The predominant interpretations of religious texts, superstitions and folklore tend to support a male-dominated social structure. As a result, Indonesian women are often sidelined in both the public and private sphere. They are often assigned the supporting role, instructed to be subservient and obedient, and their primary duties are seen as being those of "wife" and "mother". Men are regarded as the "head of the household". This assumption has immense repercussions for equal, or in this case unequal access to employment, salary, business credit and education.

> *Men are leaders of women, because God has elevated [men] above [women], and because they (men) have given part of their wealth. The pious women are those who obey God and protect their bodies, when their husbands are not with them, because God has looked after them. Women whose* musyuz *are doubtful should be admonished and beaten. And if they obey you (men), do not try to trouble them. For God is Almighty.*[1]

> The Qur'an, Surat An-Nisa', QS 4, 34th verse

> *When women are independent, it will bring curses…a gong, a village fool, the* sudra*, women…all of them should be beaten.*

> Tultidas, from The Ramayana

> *Swargo nunut, neroko katut*
> To heaven by your leave; to hell by your command. [1]

> Traditional Javanese saying

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It is therefore necessary to target religious officials with training and awareness-raising programs sponsored by the state or by NGOs, as it is to identify the progressive elements among them as potential partners during the transition process. These religious partners are important in the attempt to legitimize and explain - in language understood by the majority of the people – the necessity to be gender-sensitive, as well as the positive and negative consequences of not being gender-sensitive.

Attitudinal obstacles are found at various levels: in national ideology, in the legal system and even in state-sponsored organizations that serve to further socialize the state's perception of gender roles.

For example, *Dharma Wanita*, *Persit Chandra Kirana* and other wives' organizations in Indonesia have perpetuated the idea that women will only play a supporting role to their husbands' careers within the formal structure. These organizations themselves do not provide space for women in the formal structure.

Within the national ideology, women are provided with lists of what the state has decided are qualities of femininity. These are found in the *Panca Dharma Wanita* (Five Values of Women) and *10 Program Pokok PKK* (Ten Basic Community Women's Programs).

> *The Indonesian Woman is: Friend and company of the husband*
> *Wife and manager of the household; Mother and educator of children;*
> *Earner of* extra *income and social worker; Indonesian citizen - Panca*
> *Dharma Wanita*

The implications of this strongly familial ideology go beyond validating the exclusion of women from public life. It provided a naturalized model of hierarchy and authority, and showcased the patriarchal family as a model for social behavior and for the unequal exercise of power and rights.

Within the context and sensitivities of culture and religion in Indonesia, the role of its women needs to be re-examined through open dialogue

and consultation. Opinion-makers have to be engaged in this process of adjusting public perceptions and attitudes as far as gender relations are concerned.

2.2.3 Role of the media

The role of the media is crucial in raising civic awareness. Positive ripples can be created by TV and radio programmes, especially soap operas, designed with the specific purpose of projecting a "progressive" image of working women, or women politicians, or even of simply informing women of their rights. Similarly, use of popular theatre and oral history, to narrate stories with a strong gender-related theme, have been successful in regions such as the Middle East and Latin America in promoting a positive image of women.

The media also plays a part in increasing women's political participation. Informing people about who is running for which political positions, and what their political agendas are, can be extremely useful public relations for any politician, but especially for women. The media can perform a fundamental service to the promotion of civic awareness by making available the airtime necessary to present women politicians to the public and by educating the public in the benefits of political participation.

Media personnel themselves need to be trained as regards gender, as those who work in media tend to be susceptible to gender stereotypes as well. Hence the need is to reach out, as it were, and provide this important sector with the necessary training, information and other resources.

2.2.4 Building bridges and consolidating partnerships

In what can literally be described as "engendering a democratic transition", it is not only desirable but also necessary to choose and work with a wide range of partners. For a government, creating partnerships with particular NGOs enables it to delegate part of the responsibility and make better use of its possibly meagre resources while still remaining in the picture. As

for the NGOs, a general feeling is that the co-operation with government enhances their legitimacy, enables them to widen their reach and provides them with the required support to push their projects through. All this is valid in contexts where civil society is allowed to operate freely and without governmental pressures and manipulation.

But partnerships are also valid because they enable each side to concentrate on what it can do best and thus achieve optimum use of resources while minimizing duplication. For instance, the issue of violence against women creates a space in which groups working on violence against women can create alliances with other organizations in the conflict-resolution field, and these in turn can help to generate government policy. This creative alliance could enhance the nexus of gender-conflict resolution-policy development.

Representative and wide-reaching partnerships are also essential as the changes that will take place will be controversial and may create a backlash by parties left out of the process. This has to be avoided at all cost.

Since gender issues are part and parcel of every single aspect of human life, it is necessary to reinforce the understanding that alliances between different sectors are mutually beneficial, and indeed necessary.

3. The Reform Agenda: Recommendations for Change

3.1 Women's Rights and the Law

3.1.1 Women's rights as human rights

The principles of human rights are universal and inalienable, indivisible and inter-dependent, and human rights are essential for participation in social and community life. Women should enjoy them as well, but for this to take place, social attitudes and perceptions about the status of women in Indonesia need to change.

Just as women have shared risks with their male counterparts, protesting against the Soeharto regime in 1998 and demonstrating in front of military institutions against violence and human rights abuses, they should also be accorded the same freedoms as their male counterparts.

These include civil and political rights, economic and social rights and more crucially, the right to be free from violence in both the public and domestic sphere.

Indonesia has signed several international conventions that would provide a solid basis on which to build its policies and laws. In 1984, Indonesia ratified the UN Convention to Eliminate Discrimination Against Women (CEDAW) and later the International Labor Organization's Convention No 100 pledging equal pay for equal work. In February 2000, Indonesia became the first Southeast Asian country to sign the protocol of the United Nations Convention for the Elimination of All Forms of Discrimination Against Women.

However, signatures and declarations do not translate directly into action. Ensuring that women get to enjoy the rights as stated in the international conventions is a steep uphill task. In the recent New York "Beijing Plus 5" meeting, the committee stated that out of the 189 countries that have signed CEDAW, only six have carried out the necessary actions to be seen as "adhering to the convention". In Indonesia, the NGO and international community has actively supported CEDAW: what is lacking is public awareness of the rights that it advocates. While public education is important, the leadership should also bear the responsibility of promoting women's rights, in the context of promoting equal rights.

Examples may be taken from South Africa and India, where constitutional reviews and amendments were made to ensure that equal rights are written into and guaranteed through the constitution. In South Africa, negotiations towards a new constitution provided a platform for women's demands to be incorporated. In 1992 the Women's National Coalition drew up the demands in what is known as the Women's Charter for Effective Equality. This concretized women's demands and was used for advocacy and lobbying purposes.

Women's groups in Indonesia have generated similar documents with specific amendments to the current constitution to guarantee and protect

gender equality. However, too few politicians in power have been willing to support and sponsor them.

A strong recommendation made was that Indonesia adopts a programme of affirmative action. Affirmative action was seen as a way to correct the current gender imbalance in society and provide women with the rights that have been denied to them so far. While this is a controversial recommendation, the working group feels that it would be most effective.

Opposition to affirmative action has been anticipated and in some cases, already vocalized. Some of the more vehement arguments already anticipated are firstly that women would be put in a privileged position and men would lose out in all opportunities, and secondly that it would create a precedent for other groups and sectors who could argue that they have been discriminated against and demand affirmative action in their favour as well.

The option could then be to initiate affirmative action programmes with a monitoring mechanism and review timeframe to ensure that targets and objectives are being met. This would ensure that the system is not self-perpetuating and that it does not simply lead to the emergence of new elite groups from amongst those who are most able to enjoy access to positive discrimination. Affirmative action programmes must be designed to correct the gender imbalance and not to favour women only.

Recommendations:

- Use CEDAW as a foundation for women's rights.
- Set up a parliamentary committee composed of members from different disciplines in the parliament, along with some expert advisors from civil society networks. This committee's responsibility would be to analyze existing legislation and identify gaps and inconsistencies with the CEDAW documents. It would then be the committee's obligation to come up with concrete policies and legislative amendments and propose them to parliament.

- Provide guarantees within the constitution against discrimination and for gender equality.
- Expand the national debate on constitutional review to include women in the negotiating process, thereby making the review and amendment process more inclusive. A possibility is to create a committee to review the constitution with a 33 per cent membership quota for women.
- Hold one or more national conferences to bring together relevant actors who can discuss present challenges to the constitutional review process. The outcome of this meeting(s) should be to make concrete recommendations to the policy-makers, together with agreed benchmarks for evaluation of this process, and a specific timeframe to secure objectives. Maximum media coverage of this event is necessary and could be secured by inviting the highest-level decision-makers in Indonesia and/or dignitaries of international renown.
- Provide for affirmative action programmes supported by a monitoring board, with the option for public review and adjustment of the policy, every five years.
- The working group recommends a five-year time line for all these options and recommendations to be placed into legal documents, with a ten-year timeline to monitor the effectiveness of the process.

3.1.2 Equality for women before the law

Article 27 of the 1945 Constitution states that "all citizens have equal status before the law". However, the laws themselves are often discriminatory. For example, the laws on marriage and wages show the way that certain social assumptions, like that of men being the "main breadwinner" and the "head of the household", contribute to the structural obstacles that women have to face:

- Marital Law, Article 31, Paragraph Three, which defines the husband as the head of the family and the wife as the household manager.
- Marital Law, Article 34, Paragraph One, also regards the duty of

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the husband as that of the main earner, and the wife as manager of the household.

- Minister of Labor Bulletin No. 7/1990 regarding wages, which include a definition of "permanent allowances" as wife and child allowances.

The working group also feels that "equality before the law" often does not necessarily lead to "equality of results and opportunity". One reason is that the judiciary is not representative enough. According to the latest statistics, women account for a quarter of the judges in the district courts and about a tenth in the Supreme Court. The other is the low level of gender awareness within the judiciary. Court cases, arguments and ruling tend to reflect very conservative views of women's roles in society.

One stark example of this is the manner in which rape is handled. There is a severe lack of sensitivity in dealing with rape cases in addition to the cultural factor of shame. Consequently, the real number of rape cases will never be known. The police so far have lacked the skills needed to handle reports of rape cases. These are often dealt so badly that the police report is almost as traumatic for the victim as the actual assault itself. Training is needed for the police to deal with such crimes where women form the majority of victims. Another issue is domestic violence.

The laws must recognize the special needs of women and the deep discrimination endured by them. This is especially crucial in the area of violence against women, which is dealt with in detail in section 3.7, below.

Anecdotal evidence also demonstrates that the law is meted out differently depending on gender. One such example is an incident when during a discussion with prosecuting lawyers, an NGO worker pointed out that whenever women were before the court, the
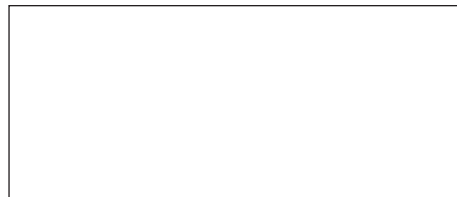
prosecutor would use mostly religious references to their duties and privileges. When a man is before the court, the argument tends to be far more legalistic. "If you use the religious argument for women, why then aren't the men subjected to the same line of questioning?" she had asked. There was no reply but hopefully, she added, a growth in awareness.

Recommendation:

- Review and re-draft current laws to highlight articles and clauses that obviously discriminate against women.
- Increase the number of female lawyers.
- Increase the number of women judges at all levels of the judiciary.
- Provide gender-sensitivity training for current members of the judiciary.
- Provide for laws that protect women from violence, state and domestic.

3.2 Women in Power and Decision-Making

According to the report on the UN to the Fourth World Conference on Women in Beijing in 1995, "nowhere is the gap between *de jure* and *de facto* equality among men and women greater than in the area of decision-making."

In Indonesia, despite making up half the population and just over 50 per cent of the registered electorate in the 1999 elections, women occupy only a small percentage of all the major policy and decision-making positions.

Indonesia ranked 109th in the UNDP Human Development Index 2000 in terms of women's political participation, out of 174 countries surveyed.

In 1997, the percentage of women parliamentarians in the MPR and DPR

was 12.47 per cent and 11.4 per cent respectively. Some argue that most were appointed representatives, often relatives of the political elite.

The first free general elections in 1999 saw women's representation fall to 8.6 per cent in the MPR, and 8.8 per cent in the DPR. While there was a fall in percentage representation, the elections did raise the calibre of those who were directly elected.

Number of women in state legislative bodies (2000)

	Women	Men	%
People's Consultative Assembly (MPR)	59	634	9.4
House of Representatives (DPR)	41	458	8.8
Supreme Court (Mahkamah Agung)	7	40	14.9
State Audit Board (BPK)	0	7	0
Supreme Advisory Council (DPA)	2	43	4.4

This trend of low participation is also reflected in all public office and within the civil service. From the lower levels of the Indonesian civil, Echelon IV to the highest, Echelon I, women are less than 20 percent of the entire service. They make up 17 percent of all civil servants at Echelon V and less than 4.5 percent of the top bureaucrats.

Once again, culture and religion play a part. The concept of "power" has traditionally been associated with the masculine. During the New Order, this perception of power was heavily socialized to consolidate a dictatorial, military-dominated style of government. This meant that there were few opportunities for women to act independently and little inclination on their part as well. It was socially implied that to be politically effective was to be less feminine.

This has political implications. In the days leading up to the 1999 general elections, the "threat" of Megawati Soekarnoputri, a woman, being elected president, drew negative reactions from many religious leaders. Some stated openly that a woman cannot be president of Indonesia.

At lower levels of government, women's representation is even lower. During the 1990s, only 1.4% of the country's 670,000 village heads were women.

Increasing the number of women represented in decision and policy-making bodies could do much to improve women's political participation. The strategies that would have the most immediate results on improving women's political representation are the quota system and affirmative action programmes.
The working group has argued that if Indonesia's electoral system is one of district-level elections, the chances for women are bigger. This however, does not discount the strength of the paternalistic system.

At ministerial levels, the working group also noted the existence of "typically female" ministries, such as the Department of National Education and Department of Health. The feminization of the cabinet positions has been extended to such positions as Social Affairs Minister and Women's Affairs Minister, which has since been renamed Women's Empowerment Minister. These perpetuate certain perceptions of women's roles and responsibilities.

Recommendation:

- Political parties take a lead by introducing a quota system to increase the number of women running in future elections.
- Adjust in-house rules and procedures to create a more gender-neutral environment.
- Provide training for current women parliamentarians to make them more effective and hence good examples for aspirants.
- Training needs to be in specific aspects such as presentation, impact of language, networking with media and in mentoring newer entrants into parliament.
- Provide gender sensitization training to male parliamentarians.
- Ensure the inclusion of women's representation and gender

perspective in all policy-making processes.

3.3 Institutional Mechanisms for the Advancement of Women

The main state mechanism for the advancement of women is the State Ministry for Women's Empowerment. However, it has been lamented that this state ministry does not have a sufficient budgetary allocation or real policy-making powers. Currently, less than half a percent of the national budget is allocated specifically for women.

Gender mainstreaming in all departments has started but is only at an infant stage. This needs to be speeded up and supported by the community though its impact needs also to be monitored. This would require training and keeping the necessary experts to assess the development of those programmes.

The working group also pointed out that a gender-mainstreaming obligation is written into each minister's mandate, but there is little awareness of this and so it has not been used to push for gender equality.

Institutional mechanisms ensuring gender equality need to be written into the regional autonomy laws as well.

Recommendation:

- Increase the powers of the State Ministry for Women's Empowerment to include policy-making powers as well.
- Appoint a special gender advisor to the president, who could be the minister of women's empowerment, to ensure access to and the consistent responsibility of the highest decision-making body in the country regarding gender issues.
- Increase the budget allocation for the state ministry to ensure that it can effectively implement its gender program.
- Speed up gender mainstreaming within departments, especially in the regions.
- Gender-mainstream all government blueprints (RIPNAS and PROPENAS) to ensure gender sensitivity in policy recommen-

dations and implementation.

- Create and strengthen national mechanisms with other governmental and non-governmental organizations to ensure monitoring of gender mainstreaming, for example by creating a national gender equality committee with some powers to criticize and recommend policy alternatives.

3.4 Women, Poverty and the Economy

Gender inequalities in the cultural and social spheres impact women's economic rights and privileges as well. According to the UNDP Human Development Report 2000, Indonesian women are 54.5 per cent of the labor force for the production of economic goods and services in 1999. However, as the employment figures from the civil service testify, women tend to form the majority of low-paying and low-ranking workers. The root cause of this is the assumption that only men are the heads of households, an assumption which is further reflected in salary scales, hiring and firing policies, opportunities for promotion and the rights to subsidies, known as *tunjangan*. The latter are based on the worker's family dependents, who are clearly defined only as "wife and children".

However, statistics from the National Statistics Board show how the "head of household" assumption glosses over many realities:

Percentage distribution of head of household by marital   status:

	Female	Male
Unmarried	9.85	2.42
Married	7.85	94.85
Divorced	13.77	0.56
Widowed	68.53	2.17

Percentage distribution of head of household by age:

	Female	Male

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< 25	6.46	3.31
25 – 44	22.55	53.95
45 – 59	33.80	28.32
60+	37.19	14.43

It is only within very distinct parameters, that include marital status and a defined age group, that men outnumber women as heads of households. Proportionally, there are more women heads of households in single parent families and among older women. The assumption that men are always the heads of households negatively affects the economic welfare of families in which women play that role.

Industrialization in Indonesia led to the employment of female labour in factories in rural areas, but the entry of women into manufacturing is not a harbinger of gender equity. Typically, women only earned 60-70 per cent of the wages earned by men for comparable work. Female labour is preferred by companies as they are perceived as more docile. Managers tend to be men. Indonesia has signed an international convention guaranteeing equal pay for equal work and there are certain rights accorded to women under national legislation, but often these are not followed.

Average monthly wages (rupiah) by area, type and sex

Area	Female	Male	
Male+Female			
Urban	219,398	322,168	288,498
Rural	137,127	207,335	186,753
Urban+Rural	183,042	266,826	240,732

The working group notes the following factors that have impeded women's involvement in economic development.

- Lack of access to business credit.
- Socially accepted wage differences between men and women for equal positions, including rights to subsidies for household

necessities.

- Existence of gender-specific occupations such as nurse, clerk, waitress, laborer for women and physician, supervisor and manager for men.
- The low number of women in managerial positions.
- The large number of women in informal sectors who are not protected by law.
- Law No 1/1951 forbidding women from work in mines, operating heavy equipment, working underground and at night. Exceptions are made only if the job is for the "benefit of the public", such as in the case of a nurse in a hospital.

Certain jobs have been defined as "women's jobs", while others are male-dominated. Feminized jobs also pay less. This contributes to the wage gap between men and women. In addition, women's labor has been commodified as cheap labor. This takes place not only in the manufacturing industry, but also in the migrant labor sector. Thousands of Indonesian women work overseas as domestic servants and contribute to national income through the money they send home, but receive little or no social support or legal protection from the state.

The economic crisis, in the context of globalization and the wider Asian crisis, has made the trafficking of Indonesian women a critical issue. Most vulnerable, among others, are migrant women workers. These women workers, or TKW (*tenaga kerja wanita)*, have to work without access to family or community ties and support and face the potential of sexual violence by their employers as well.

Women's contribution to the informal sector must be acknowledged. During the economic crisis, it was the informal sector that supported the rest of the economy by delivering basic goods and services when the more formal lines of distribution were affected. However, the value added

in the informal sector has never been calculated. Hence women's true contribution to the economy has not been appreciated.

Adding to the difficulties faced by women in the informal sector, government programmes to assist small businesses may have benefited men more than women. The income generating purposes of many state initiatives have failed to target and support women.

Recommendations:

- Revise salary scales for the public service and encourage the private sector to follow suit.
- Re-evaluate qualifications for "subsidy".
- Uphold international convention on "equal pay for equal work".
- Recognize women's economic contribution to the informal sector in financial/budgetary reports.
- Poverty elimination schemes should be analyzed and formulated with a gender perspective.

continued

- Provide easy credit to women, especially in the small and medium enterprise sector.
- Provide for better job training programmes to enhance the skills.
- Legislate against discriminatory hiring and firing policies.
- Provide social and legal protection and rights for migrant workers to improve work conditions.

3.5 Women and Education and Training

It has often been lamented that when a family has to choose between sending a boy or a girl child to school, it is the boy who goes. Statistics show that although the number of boys and girls in primary and secondary schools are about equal – 58 per cent female, 64 per cent male, this is not the case in higher education. Textbooks and curricula still maintain the values of gender inequality through pictures and texts. Once again this

perpetuates conservative perceptions of gender roles and relations.

Overall adult literacy is 77 per cent for women and 89 per cent for men. In universities, subjects have been "feminized" as well. More women tend to study the social sciences while the "hard sciences" are male-dominated. While this is not unique to Indonesia, women should be encouraged to take on technical fields of study as well. More crucially, it is urgent to encourage female graduates to move into the formal working sector, rather than the common scenario of getting married and leaving the formal work force.

Official statistics comparing the level of education with the salary earned show that with higher education, the wage gap between men and women is narrower. While the numbers do not show whether men and women received the same wage for the same work done, it does indicate some relationship between education and salary.

Average monthly wages (rupiah) by educational attainment and sex

Education Level	Urban		Rural		Urban + Rural	
	Female	Male	Female	Male	Female	Male
Never/Not Yet Attended School	82,341	149,700	69,783	130,861	73,219	134,772
Not/Not yet completed School	97,973	182,829	78,478	153,499	85,119	161,870
Primary School	121,771	235,921	99,151	178,653	108,769	199,044
General Junior High School	166,476	243,091	134,363	209,628	156,011	228,908
Vocational Junior High School	190,474	274,942	174,454	238,049	185,494	259,681
General	247,046	338,527	279,934	262,097	253,750	319,370

Senior High School					
Vocational Senior High School	261,578	345,048	268,229	318,532	264,007	335,034
Diploma I/II	334,638	417,342	302,853	368,581	323,548	395,187
Diploma III	393,156	566,473	291,080	401,132	376,512	530,552
Diploma IV	452,237	634,569	260,567	428,059	420,698	598,372
Total	**219,398**	**322,168**	**137,127**	**207,335**	**183,042**	**266,826**

Recommendation:

- Revise school textbooks to eliminate gender-biased or discriminatory implications.
- Impose quotas or affirmative action for the number of girls in schools.
- Provide appropriate and adequate resources for training and education for women and girl-children.

3.6 Women and Health

Indonesian women still face a very high rate of death in childbirth of 390 per 100, 000 births. The working group feels that better-quality and more accessible healthcare has to be available. This would include providing for practical needs such as access to clean water.

Recommendation:

- Provide for equal access to proper health care.
- Raise health-awareness issues through an intense media campaign.
- Research the possibility of community-based health insurance

schemes. These can use traditional methods of group saving or setting up funds, designed to specifically cater to illness.

- Involve the business community in co-sponsoring, along with the government, health schemes in different villages. In this way, the business gets added recognition at the community level and the government obtains financial support for local initiatives.

3.7 Violence Against Women and Armed Conflict

Conflicts are a context where both women and men stand to lose a great deal. For women, the concerns include acts of violence against them and their families and repercussions that include the loss of income, home and family. The inability to seek recourse to justice compounds this insecurity. It is not unusual to hear of women being specifically targeted as victims during a conflict, and it is equally clear that women can also be mobilized as fighters. In addition, various studies show that in conflict-societies, the incidence of domestic violence is on the rise. Together, these situations point to yet another gendered challenge that must be addressed during Indonesia's transition.

Violence against women takes place at the level of the state and in the domestic sphere. More than three decades of authoritarian, militaristic rule created an atmosphere of insecurity as far as personal rights are concerned. This has resulted in thousands of cases of violence against men and women going unpunished. In conflict zones such as East Timor, Aceh and Ambon, thousands of women became rape victims, some of whom gave birth to babies. Internal conflicts have also given rise to tens of thousands of refugees or internally displaced persons, a majority of whom are women and children.

The "Special Interest Group on State Violence Against Women in Indonesia and East Timor" stated that women in Indonesia and East Timor have experienced unprecedented levels of violence in all area of life since

the 1960s. The primary cause was attributed to state violence.

Repressive measures implemented by the military in cases of labor and natural resources disputes are also causes of violence against women. Consolidating a trend that seems to condone the use of violence was a formulation of draft legislation by the executive branch that gave absolute power to the state and military for repressive action in the name of national security and a human rights bill that does not recognize the state as a violator of human rights.

In addition, despite the work and advocacy done by NGOs, there is little or no protection for victims of violence and no prosecution of perpetrators due to the weak and ineffective criminal justice system.

The "shame" factor also prevents many cases of rape, molestation and domestic violence from being reported.

Recommendations:

- Provide for practical, gender-specific needs when rebuilding conflict areas, in terms of housing, road works, access to water and so on.
- Recognize domestic abuse as a crime and provide legal protection to women.

continued

- Provide adequate support networks for women.
- Set up adequate reporting and monitoring mechanisms to deal with violence against women.
- Counter the "shame" factor through public education and support programmes.

3.8 Women and the Media

The media is one of the most powerful tools in the creation and perpetuation of public perceptions about gender relations. However, the patriarchal system and some very old-fashioned ideas of femininity and

beauty remain and are perpetuated through the media.

Idealized women are seen to embody traits of submissiveness, quiet, soft-spokenness, vulnerability and willingness to be the supporting partner. These images and values often follow the criteria set by Dharma Wanita and the perception perpetuated by the formal state institutions. From the perfect 'traditional' hairstyle to the *kain kebaya,* a physically constricting form of female dress, these have been touted as national symbols of womanhood. They have also been criticized as serving to ensure limited mobility for women. In particular the *kain kebaya* has been depicted by critics as a cariacature of what women actually have to wear to perform the everyday work they do. In other words, the image of the idealized woman in the media does not reflect the realities women have to face.

The media industry has changed in recent years with more women entering that field. However, the corridors of power are still occupied and dominated by men and the there has been little change in the way gender relations have been presented and alluded to.

Recommendation:

- Support the promotion of prominent women as role-models and "success stories".
- Create a mechanism for monitoring the way that the media portrays gender relations.
- The government, together with the support of the business and larger NGO community, could devise a special prize or award for the best gender-sensitive coverage in the media.

3.9 Women and the Environment

Environmental degradation affects everyone. The burden on women is greater as they bear traditional responsibilities of providing water and fuel. Women need to have equal access to resources as well. Yet environmental decision-making tends to exclude women's needs and concerns and this has to be addressed.

Recommendation:

- Increase and efficiently utilize allocated resources for social development with a gender perspective.
- Provide greater co-ordination between government and NGOs in environmental decision-making.
- Set up a special commission to investigate lessons learned from neighbouring countries' experiences, and to recommend policies.

3.10 The Girl-Child

The value of the girl-child is often considered lower than the boy-child, and this attitude is an extension of society's values towards women. Because men are perceived to have better jobs, earn more money, and have greater access to economic resources and promotion, women and hence the girl-child are relegated to "second class" status.

The problem is also not just getting girls into school but persuading them to stay there. Girls often drop out of school in their mid-teens to get married or to work for the family, while boys may stay on because their parents put a higher value on their education.

Such cultural preferences have to change. Opportunities available to boy-children should also be made available to girl-children. One of the ways to make this happen would be through awareness-building and public education programmes. Grants could also be made for the education of girl-children, with the specific intention of correcting the gender imbalance.

Recommendations:

- Public education needs to highlight the bias against girl-children.
- The media should be encouraged to create documentary portrayals of successful Indonesian women, based on actual living examples from different regions and fields of activity,

which highlight the relationship between these women's success and their access to education.

- Through the media, spread more awareness on the equal value of girls and boys.
- Public grants within the parameters of affirmative action programs to assist with the advancement and development of girl-children.
- Legal protection for girl-children against abuse and discrimination.

4. Concluding Note

A comprehensive reform agenda is proposed here to address the core contexts within which gender relations and democratization in Indonesia must be pursued. The democratization process allows for better negotiating space to reshape gender relations and to amend policies and laws to support the relationship of partnership and participation.

The major debates over women's rights, including equal access to employment, equal pay and access to education, have been concluded in many countries. Indonesia, however, is still at the stage where women's rights and entitlements under the law are being negotiated. It is a long and difficult process.

The overall objective is to create an environment where both men and women may participate fully in society without discrimination or prejudice. It is crucial to highlight that gender equality does not mean according privileges to women at the expense of men. Rather it seeks a redefinition of gender roles and the correction of stereotypes and imbalances to ensure that every citizen has the same access to all resources.

Note
Data source: BPS (*Badan Pusat Statistik*) 1999 – Statistics Indonesia
[1]*musyuz* means abandoning their duties such as leaving home without permission from their husbands
[2]Meaning: women should follow and obey their husbands, even though it might be wrong, because it is their duty to do so.

Religious Pluralism

Religious Pluralism

"Religion is an inspiration, not an aspiration"
Abdurrahman Wahid

1. Background

Indonesia has often been held up as an example of religious pluralism successfully implemented in a state in which one religion, Islam, represents a large majority of the population. Examples abound of Indonesian Christians and Muslims co-existing and working together harmoniously for decades, while elsewhere in the world, religious differences have torn communities and nations apart.

This legendary harmony began to unravel in the latter years of the New Order. Since Soeharto's fall, Indonesia has been shaken by occurrences of religious violence and conflict which have seriously tarnished its international image as a bastion of religious pluralism.

At the core of the effort to preserve religious pluralism in Indonesia is the following question: was this pluralism no more than a construct of Soeharto's New Order, meaning that a false harmony was artificially maintained by the military regime? If this is indeed the case then Indonesia's religions, specifically Islam and Christianity, will continue to struggle for power and seek retribution for past wrongs. But there are reasons to hope, however, that this view is overly pessimistic.

2. Religious Pluralism: a Product of the New Order?

There is nothing new in the observation that Soeharto used a discourse of harmonious plurality as a way of maintaining control over an extremely disparate and varied society. Foreign and Indonesian scholars alike have pointed out that the New Order perpetuated the idea of a Javanese culture that held itself above petty clashes, in order to produce an image of Indonesia as a tolerant and conflict-averse society.

In this regard, scholars commonly point to the symbolic effect of Taman Mini, the amusement park created by Soeharto's wife in 1975. Taman Mini offered a miniature model of Indonesia which represented the country as a collection of beautifully varying cultures, ethnic traditions and languages, cheerfully co-existing not as entities in themselves, but as strands in the woven tapestry of the Indonesian nation.

In reality, religious pluralism presented even more of a challenge to the New Order regime than ethnic or cultural pluralism. Islam represented a large majority of the population - 88 per cent compared to nine per cent for Christianity, two per cent for Hinduism and one per cent for Buddhism, and this fact was a potential threat to true religious pluralism and to Soeharto's regime.

2.1 The New Order and Challenges to Religious Pluralism

Both Muslim and non-Muslim Indonesians have seen challenges to religious pluralism in the debate over whether or not to implement the Jakarta Charter[1], which stipulates that all Muslims should follow the *syari'ah* or Islamic law, as well as calls for the state to be more generally based on *syari'ah*.

These are not new issues, however. There had been a debate since pre-independence days over whether the state should be based upon Islamic teachings, or whether Islam should occupy the same position as other religions in Indonesia. This debate revived itself at numerous points during the Soekarno era in the form of a debate over the Jakarta Charter.

Soeharto responded to these challenges in several ways, perhaps in order to protect religious pluralism in itself and certainly in order to protect his regime. But these responses are now attacked as examples of the state overstepping its prerogative by interfering in religious affairs.

2.2 New Order Distinctions between "Spiritual" and "Political" Islam

Faced with the threat posed to religious pluralism and to his regime by those who sought a stronger political role for Islam in the state, Soeharto copied the strategy of Snouck Hurgronje, the renowned Islamicist and Dutch colonial administrator.

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Between 1889 and 1905, Hurgronje created a distinction between "cultural Islam" and "political Islam", supporting the former but allowing no freedom of movement to the latter.

In much the same way, Soeharto adopted a strategy of supporting and facilitating "spiritual" expressions of Islam, such as providing funds for the *Haj* pilgrimage and for the building of mosques. At the same time, signs of uprisings by political Islam were wiped out, as in the case of the Tanjung Priok killings of 1984. Soeharto's creation of institutions such as ICMI (*Ikatan Cendekiawan Muslim Indonesia*), or the Union of Indonesian Muslim Intellectuals) was also widely read as an attempt to co-opt Muslim leaders in the interests of the state.

2.3 The New Order's Use of State Institutions

Soeharto also used state institutions to hamper "political Islam" and control all religious expression. The Ministry of Religion was given the power to limit the number of religions allowed to be practised in Indonesia to five, with a bias towards the Abrahamic religions.

The Marriage Act of 1974 was an attempt to weaken the Islamic courts and do away with polygamy, which caused great consternation among some Muslim leaders. Other examples of state interference in religious life include the religious court system and the Marital Law, which rules out inter-religious marriages.

This kind of intervention reinforced the state's role in defining the various religious identities and giving them differential recognition. It has often seemed to benefit one religion at the expense of others and its effect has been to castrate the development of autonomous social mechanisms within each religion, which in turn fosters communalism.

Furthermore, the prejudices and mutual stigmatization among religions put a halt to religious dialogue. The state became the bridge between the religions, but at the cost of creating differences between them and preventing them from criticizing the regime. Placed at the mercy of the regime and its bureaucracy, the religions were impeded from being a force for democratization.

2.4 The New Order's Use of *Pancasila*

As well as employing state institutions to control religion, Soeharto also wielded the "state philosophy" of *Pancasila* to the same end. The first of *Pancasila*'s five fundamental principles is belief in one God, although it does not allow for a state based on any particular religion.

Although instituted by Soekarno, it was Soeharto who built up *Pancasila* into an inviolable state doctrine. As the *Pancasila* state has evolved, religions have been given nationalist duties, while the state has taken on religious duties.

The principles of *Pancasila* provide a bridge between the religions and the state, and amongst the religions themselves. *Pancasila* stresses that Indonesia is neither a secular nor a religion-based state. This neither-nor approach has postponed the formulation of the ultimate relationship between the state and religion, thus preventing religions from being a force critical of the state.

In 1984 the power of *Pancasila* was multiplied through a decree which required that all socio-political organizations, including religious organizations, had to adopt it as their sole philosophical foundation. This move was directed more than anywhere else towards Muslim organizations, which were seen as the last stronghold of resistance to Suharto's over-arching power.

2.5 The Reaction of Religious Communities to the New Order

During the New Order regime, Indonesia's Christians found what they saw as a "safe haven". The Muslims, who were the majority, felt that they were being marginalised, or at least that their role was not proportional with that of the Christian elite which was given economic and political benefits by the regime. Christian proselytizing among the Muslims caused further animosity.

The reaction amongst Muslims has been the growth of hard-line groups and the political jargon of "proportionalism". Fortunately within Islam, and within Christianity to a limited degree, a new approach is growing which views religion less as a sectarian political force and more as an ethical force that champions the principles of democracy. These are understood to include tolerance, openness, human rights, the rule of law and even the separation between religions and the state.

3. The Post-New Order Politicization of Religion

Upon Soeharto's fall from power, religious organizations burst into what has been described as a "euphoria" of political activity. This was particularly the case with Muslim organizations, which felt they had been oppressively fettered.

Of the 143 political parties that formed in the months after Soeharto's fall, over 40 were based on Islam. The public discourse was suddenly replete with discussions of "political" Islam in the print and electronic media as well as at public meetings and in intellectual circles. The debate over the *syari'ah* and the Jakarta Charter, hardly heard at all since 1968, suddenly became a popular topic of discussion.

This politicization was not limited to Islam. Christian activists and leaders also formed parties and entered the political arena. But due to the sheer numbers of the Muslim majority and the volatility of the subject of "political" Islam, it was the politicization of Islam that dominated the public discourse.

Subsequently, but not necessarily consequently, serious religious conflicts began to emerge in regions which continue to experience them today, like the Moluccan islands, parts of Sulawesi and the islands of Nusa Tenggara. Areas where Muslims and Christians had lived side by side for decades erupted into brutal conflicts in which religious difference was the most apparent factor.

The causes of these ongoing conflicts are not easy to pinpoint. The most common and most convincing explanations are multi-layered ones

which pay attention to historical patterns stretching back from the New Order through the Old Order to colonial times. Tensions have emerged between Christian and Muslim communities, notably in places where the latter have been augmented by immigration from other parts of Indonesia. Both communities have been perceived at various times as getting disproportionate amounts of government aid and benefits, with the result that long-term hostilities and resentments have been created.

This social inequity and a shift in power from Christian to Muslim elites has provided a background for incendiary actions by unidentified political actors who have an interest in creating unrest and chaos in these parts of Indonesia. While the reality is far from clear, it does seem that the lifting of the artificially-enforced religious harmony of the Soeharto era has, at the least, created a climate in which long-repressed resentments can explode without fear of reprisal.

4. The Future of Religious Pluralism: Some Hopeful Indicators

Democratizing forces in Indonesia now are confronted with the formidable task of building a democratic, pluralist society that is based upon true conviction and honest dialogue among the various players. Given the historical record and continuing religious conflicts in Indonesia, it is tempting to assert that religious pluralism and harmony are entirely artificial constructs and that, if given free reign, the religions of Indonesia - specifically Islam and Christianity - will continue to struggle for political power and seek retribution for the wrongs of the past.

There are at least two indicators, however, which suggest that this may be an overly pessimistic view. They allow for hope that Indonesians have a political culture that embraces religious pluralism and will ultimately reject a sectarian or anti-pluralistic system.

One of these indicators is the way that *Pancasila* has evolved in the public discourse. *Pancasila* was created as a means of establishing national cohesion and, as discussed earlier, was expertly wielded by Soeharto as a means of control and domination. But it has apparently taken on a meaning for the Indonesian people that makes it more than merely

an instrument of the state.

It is not that Indonesians are unaware of *Pancasila*'s discursive uses. After Soeharto's fall there was a fair amount of discussion in the media and the public sphere in general about whether to retain *Pancasila*, given its history as a means of control. What emerged from this discussion was an affirmation on the part of NGOs, activists and the 48 political parties which took part in the 1999 elections that *Pancasila* was the most appropriate "philosophical foundation" for the state. Major Muslim organizations like *Nahdatul Ulama* and *Muhammadiyah* opted to change their *organizational* foundation from *Pancasila* back to Islam, but even these organizations chose to retain *Pancasila* as their *national* foundation.

Scholars have long pointed out that *Pancasila* represents an "ideology of tolerance"[2]. It became evident following the end of the New Order that this was not merely rhetoric to Indonesians, but something which they felt was integral to the national culture of Indonesia and something that they wished to retain, even when given the freedom to discard it.

Another indicator that might give hope for the further development of religious pluralism in Indonesia comes from analysis of the 1999 election results. Given the large majority of adherents that Islam has in Indonesia, only the Islamic parties have any true potential for imposing an anti-pluralistic system.

Of the more than 40 Islam-based parties which were formed after Soeharto fell, only 21 were large enough to participate in the elections. Of those 21, a distinction can be made between formalist and pluralist Islamic parties. Formalist parties are those which are based solely on Islam or the Qur'an, while pluralist parties use Islamic symbolism or have Islamic constituencies but hold pluralist agendas and include *Pancasila* in their philosophical basis.

Of the 10 formalist Islamic parties participating in the election, only two gained enough votes to enable them to participate in the next election. The total vote for formalist Islamic parties was 16 per cent, compared to 22 per cent for the pluralist Islamic parties. This gave a combined "Islamic vote" of only 38 per cent, far short of a majority and of expectations in Islamic circles.

Taken together, these two indicators point to the conclusion that there is hope for the future of religious pluralism in Indonesia because Indonesians themselves are committed to it. It would appear that a national culture of tolerance and pluralism has taken root in the hearts and minds of Indonesians and that this culture has revealed itself in a willingness to retain the *Pancasila* ideology and to reject political parties based on sectarian exclusivity.

While there are sceptics who believe that this is the result of 30 years of "enforced pluralism", there is reason to believe that religious pluralism may have grown beyond a mere tool for control into an ideology embraced by the majority of Indonesians.

5. Strategies for Building Religious Pluralism

Given the reality of religious conflict and violence in many parts of Indonesia, what can pro-democratic forces, both national and international, do to encourage the growth of this ideology? Three strategies present themselves: dialogue, participatory activities and the fostering of a national culture based on religious pluralism.

5.1 The Role of Dialogue

Dialogue is a time-honored method that has often been used in Indonesia. However, most of the inter-religious dialogue that has taken place has been at the elite level among intellectual and religious leaders in Jakarta, or between university students and activists at the regional level. This has been useful to an extent, but many activists working on inter-faith or inter-communal relations are acknowledging that the level of this dialogue needs to shift from the elite to the grassroots and that the content of the dialogues must focus on the reconciliation process.

Youth groups, radical student groups, and fringe elements of society should be pinpointed, courted, and drawn into the radius of the dialogue if change is to occur. The strategies used to reach these groups and engage them in dialogue will be different from those used amongst the elite, and time needs to be spent on developing targeted strategies to reach these groups.

There has also been a tendency for inter-religious dialogue in Indonesia to focus on the Abrahamic religions and exclude Hinduism and Buddhism. This tendency is largely due to the existing tensions in Indonesia between Islam and Christianity, and it limits the scope of a dialogue that would be richer if it drew on a wider base.

5.2 Participatory Activities

It has been found time and time again when seeking to break down barriers, whether of ethnicity, religion or class, that actual contact with members of the "Other" is one of the most effective means of reducing stereotyping, false rumours and hostility.

During the 1999 elections in Indonesia, several international organizations found that members of differing religious and ethnic groups were able to work well together in voter-education networks, and that this experience of co-operation resulted in more positive perceptions on both sides.

Certain Indonesian NGOs and social organizations have also employed the "summer camp" method of bringing together members of different religious and ethnic groups for a period of time in which the experience of living side by side, working and playing together has been effective in revealing that "they are just like me".

Once again, careful pinpointing of specific target groups will be important, in order to bring together groups that would not otherwise have contact. This is also obviously more of a preventive than a repair strategy. In areas in which severe violence and conflict has already occurred, it could be adapted to bring together victim groups and share experiences in order to serve the therapeutic purpose of allowing the expression of pain, as well as to show that both sides of the conflict have experienced similarly bitter trauma. In these cases, distribution of humanitarian relief or medical aid might be the "participatory activity" used to bring together members

of opposing religious groups.

5.3 Building Awareness of a National Culture of Religious Pluralism

It has already been shown in this chapter that there is some level of commitment and political will within Indonesian society towards pluralism. This commitment can be fostered by creating a public discourse about this element of national culture and by instilling a sense of pride in it amongst Indonesians.

This can be done in the same way that any public discourse is created: through the media, talk shows, essays and columns, study groups and so on. The point is to create a public discussion about religious pluralism which will illuminate the ways in which post-Soeharto Indonesia has embraced it as an important part of national identity. In a sense this is using Soeharto's *Pancasila* technique to promote religious pluralism rather than purely as an instrument of control. If a tolerant, pluralist attitude becomes coterminous with "being Indonesian", then anti-pluralist, sectarian groups will have the ideological weight of nationalism to deal with.

It goes without saying that democracy-builders in Indonesia have a complex struggle ahead of them. Religious pluralism, as one of the essential building blocks of a democracy, should be a primary area of concern. It will be an especially complicated effort, given the historical use of religious pluralism as an instrument of New Order hegemony.

Nevertheless, there are indications that it has evolved into a force of its own and has been embraced by Indonesian society as an important part of Indonesian national culture. The task of democratizing forces in Indonesia now is to take this nascent pluralism and nurture it until it grows into a formidable political force which sectarian, anti-pluralistic elements will be unable to counter.

6. Rearranging the Relations Between Religion and State

Modernization in the past was carried out forcibly using authoritarian

means and its results were measured by quantity rather than quality. It was a highly centralized process, dominated by the bureaucracy and the military. Religion was used as a tool for domination, especially towards the end of the New Order.

This centralization and the dominance of the bureaucracy and the military resulted in an imbalance between the elite and the masses. At the same time, cultural ties became dislocated and local forms alienated from their natural development. Under such conditions, violence became the most common form of expression.

It is imperative that the role of religion be repositioned within a more democratic Indonesian society, in a way that heeds the following basic principles.

6.1 Basic Principles for the Realignment of Religion within Society

In a democratic nation, every group has an equal right to speak out and to associate. But there should be a constitutional guarantee that the foundations of the nation will not be modified by anyone or any group in power.

The right to embrace a religion is the most basic of human rights and all legislation on religion should pay attention to those rights. The state should not define a religion, but should leave it to the people to define their own. The inclusion of religious identity in legal documents such as identity cards compromises the state's guarantee on upholding human rights.

In principle, the role of the state as far as religion is concerned is to guarantee the right and the freedom to embrace a religion or to convert to another. Because religious symbols are easily used to define a group's identity, which in turn promotes tension, the state has the duty to protect citizens from discrimination and compulsion from members of other religions. Yet the people have the duty to develop the spiritual dimension of religion so that it benefits the whole of humanity.

To guarantee these rights, parliament must ratify an anti-discrimination law and amend Article 29 of the 1945 Constitution, especially Paragraph

Two. The Constitution should read: "The state guarantees the freedom of religion that includes the right of every citizen to embrace a religion, to convert and to perform religious duties according to his or her religion and belief".

7. Analyzing the Problem

As the religions reposition themselves, one of the issues they will have to focus on is the concessionary nature of their past relations with the state. By giving out concessions to the religions in an attempt to control them, the state has shown its authoritarian character.

At the same time the religions, in accepting those concessions, became trapped in elitism. The relationship between religion and state came to be defined by close personal relationships and informal lobbying among the religious and political elite. The public remained what New Order terminology described as a "floating mass" with no means to achieve its aspirations, while the state and religion worked together to obstruct the participation of the public.

Another problem is that a religion which is accustomed to being the dominant one in society can find it difficult to thrive in the non-exclusive context of religious pluralism. In reality, the privileged status of being "dominant" is actually the result of manipulation in the political interests of an authoritarian regime, or of mobilization for sectarian interests. This basic problem is especially marked in Indonesia and still prevails today.

Religion has become a "language of power", either serving as part of the power structure or legitimizing it. Such a role has long been part of the history of the relations between states and religions: in Christianity, since the Byzantine emperor Constantine made Christianity the state religion, and in Islam since the Umayyah sultanate.

This undemocratic situation will end once religion leaves the sphere that uses the language of power and returns to its spiritual mission as a source of ethical and moral inspiration. Religion will then revert to the language of moral authority, which is the most substantial contribution

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religions make. Religions should stop defining themselves as part of the power structure, a position enjoyed only by the elite, and become part of the whole society.

To make sure that this process continues, members of religions should create associations to manage different interests within the religious community. These could include associations for learning, gender education, nature conservancy and so on. With these mediation processes, religion would no longer be primarily about the sharing of power with the state, but rather would focus on fulfilling social needs that directly affect the well-being of the people. This non-state approach to managing religious autonomy will in turn support and strengthen the democratization process.

From this perspective, the issue of the status of Islamic religious law, or *syari'ah*, can be addressed by stressing the ethical aspects of religion. The constitution needs to maintain the neutral stance of the state vis-a-vis the religions, and to guarantee religious freedom to the public.

This does not mean that religions cannot develop institutions that maintain their power and ethical influence in the public sphere. Each religion should be in a position to present its ethical demands along with other religions, and provide input to the public sphere from its own ethical perspective.

Recommendations:

- Avoid approaches that stress uniformity and conformity, as they are likely to fail.
- The state should let society take care of its own religious affairs as far as possible. Social mechanisms appropriated by the state, such as control of marriage through the Marital Law, should be returned
  to society to regulate.
- There should be an anti-discrimination law that guarantees the freedom to embrace any religion, including the right to

convert from one religion to another. But the state's role in providing protection

from discrimination should not reduce the autonomy of society.

- Religions need to move from a "language of power" to a "language of moral authority".
- There is a need to develop cross-religious associations at the grassroots level, institute education on citizens' rights and foster religious virtues which are inclusive, substantial and contextual.
- In the case of the Moluccan conflict, the parties most responsible for the peace of the region are its citizens. The state has to take the necessary measures to restrain conflict for a sufficient period before the reconciliation process can begin. Religious leaders and parties with similar concerns can help the process with cross-ethnic and cross-religious humanitarian assistance.
- The curriculum needs to include education in citizenship. Religious education should stress inclusiveness and the ethical and moral dimensions of religion, rather than its formal-ritual and scriptural dimensions.
- Through re-education, the theological legacy of the past that creates distrust in other religions can be criticized or even eliminated. This in turn will foster a religious attitude that is more contextual.

Note
[1] The Jakarta Charter refers to the famous seven-word phrase "*dengan kewajiban menjalankan syariat Islam bagi pemeluk-pemeluknya*" which means "with the requirement for Muslims to carry out Islamic law". The phrase was meant to be included in the preamble of the 1945 Constitution but, after a change of heart by the nationalist and non-Muslim parties, it was dropped just before the constitution was proclaimed on 18 August 1945.
[2] Ramage, Douglas, 1995. Politics in Indonesia: Democracy, Islam and the Ideology of Tolerance. London: Routledge

Recommendations
for Reform

Recommendations for Reform

Constitutionalism and the Rule of Law

Unicameral or Bicameral Legislature?

- Indonesia should adopt a bicameral legislature with the second chamber composed of representatives elected by the regions.

Composition and Powers of the Legislature

- The legislature should be composed only of elected representatives.
- Military representation in the legislature should be phased out.
- The legislature should enact all legislation, take initiatives in drafting codes of conduct, ratify treaties and review international contracts.
- The legislature should exercise oversight over the military regarding:
    - a) expenditure within military budgets
    - b) appointment of senior officers
    - c) military deployment in specific capacities other than routine exercises or training
    - d) the intelligence-gathering functions of the military
- The legislature should exercise oversight over, or monitor:
    - a) expenditure of public funds
    - b) appointment of senior public officials
    - c) the performance of the executive
- The legislature should conduct its business so as to be transparent and accessible to the public.
- The legislature should be empowered to review public policies.
- The legislature should receive reports from public bodies, independent institutions, watchdog bodies and members of the executive.

Powers of the Executive

- The constitution must define the powers, duties and functions of the president and cabinet. These must include:
    - a) the power to make subordinate laws only within the guidelines and for purposes contained in the authorizing statute
    - b) the duty to consult with parliament and the governor of the central bank to ensure that economic plans and fiscal

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policies are compatible

c) the duty to govern in accordance with principles of good governance, exercising powers transparently and in accordance with the rule of law

d) that appointments to public offices, boards and parastatal committees be made public and preferably through a competitive appointment process

e) that tendering for the supply of goods and services to the state must be transparent

f) that there be a duty to furnish reports on request to parliament and to other constitutional bodies such as an ombudsman and a controller-general

g) that there is a requirement to abide by codes of conduct enacted by parliament

- The constitution must rationalize institutions through reform, and this should include the abolition of the Supreme Advisory Council (DPA).

Presidential Elections: Direct or Indirect

- If a directly elected presidential system is adopted, the candidate should be required to win a majority of the votes in a majority of the regions.
- One of two other measures should be adopted:
  a) a two-round runoff election to eliminate multiple candidates
  b) a parliamentary vote to endorse the finalist candidates

Oversight and Accountability: President and Parliament

- Include clearly defined criteria in the constitution under which the president can be removed through no-confidence motions or through impeachment proceedings.

Codes of Conduct

- The constitution must provide for a code of conduct to be endorsed by national and regional legislators as well as executive officers.
- The legislation providing for a code of conduct should be passed within a prescribed period.
- The code of conduct should require a full disclosure of assets before taking office and upon leaving office. Such disclosure should be made to

a prescribed authority and within a prescribed period of time.

- Severe penalties for bribery and corruption must be prescribed by law.
- Where parliamentary or executive immunity is provided, such immunity should be limited to acts carried out during the course of duties as a public official, not extended to all acts.

Securing Regional Autonomy

- The following should be included within the constitution:
    a) the concept of regional autonomy
    b) commitment of resources to ensure that regional autonomy is effective
    c) definition of the powers and functions exercised by each tier of government.
- The powers of central government should include defence, the judiciary, finance and foreign affairs, while other powers should be shared with or devolved to the regions.
- Create through the constitution a second chamber that is composed of elected representatives from the regions.
- Ensure that the second chamber has the powers, capacities and resources to provide effective representation for regional interests.
- Identify through the constitution the electoral system by which regional representatives will be elected.
- Legislation on regional autonomy must be sufficiently clear to ensure that national government has the residual power to intervene under clearly defined circumstances, and to help regions when there is a system failure or crisis.
- The national government must have a constitutional responsibility to assist grossly underdeveloped regions to attain a basic standard of development.
- Establish within the constitution a body or mechanisms to act as a forum for ongoing dialogue between regions.
- Set up a national institution for dispute management between and within regions and between regions and central government.
- Establish a fiscal and financial framework that guarantees minimum financial capacity to second and third levels of government.
- Allocate powers to collect and impose taxes based within an appropriate authority and macro-economic framework.

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- Second and third tiers of government must be entitled to sufficient secure revenue so as to be able to undertake development plans.
- Resources and financial allocations must be made with due regard for national minimum standards.
- Compensation should be made available to regional governments for costs in respect of environmental and other losses associated with national resource exploitation.

Strengthening the Rule of Law and the Role of the Judiciary

- Constitutional provisions are needed to secure the independence and integrity of the judiciary, including:
  - a) clear and transparent procedures for appointment of judges
  - b) clear provisions outlining the exceptional circumstances in which judges can be removed, and how
  - c) protection of terms, conditions and tenure of judges
  - d) protection for the judiciary from control or interference by the executive
  - e) drafting a code of conduct for judges which includes a requirement for a declaration of assets
- The rule of law should be strengthened by providing for judicial review of legislation and executive acts.
- The following institutions should be created and empowered through the constitution with defined tasks and objectives:
  - a) a special constitutional court to undertake judicial review
  - b) a human rights court to support the National Human Rights Commission
  - c) transform the National Law Commission into the National Law Institute and empower it by law to take responsibility for legal planning and legal reform
- Create transitional institutions to increase public confidence in the state's commitment to provide justice to its citizens, such as "truth commissions" to address issues of transitional justice.

Institutions to Support and Protect Democratic Principles

- The following institutions should be included within the constitution:
  - a) an ombudsman to ensure accountability and performance of

the executive, legislators and bureaucracy
  b) a controller-general to review public expenditure, the award of government contracts and allocation of funds by parliament
  c) an independent electoral commission to ensure the integrity of the electoral process
  d) a human rights commission to hold state officials accountable for human rights violations
- The following should be ensured through the constitution:
  a) definition of the powers and functions of the above institutions
  b) the state's commitment to adequately finance and support the above institutions
  c) the appointment of persons of integrity to these commissions through a transparent process
- Consideration of a fiscal and financial commission to support regional autonomy through the collection of information and the making of recommendations on regional allocation of funds.

Political Parties and the Electoral System

- The constitution should provide protection for voting and political parties through:
  a) the right to vote in elections at least once every five years
  b) the right of people to associate in political parties and participate in government through their elected representatives
  c) the role of the independent election commission in ensuring free and fair elections
- Legislation should be enacted, consistent with constitutional principles and norms, to provide:
  a) an electoral system that guarantees proportional representation with a reasonable national threshold, for example of two per cent, and provides for regional constituency lists
  b) consideration of gender and ethnic balance in representation
  c) regulation of campaign financing and to ensure transparency in the funding of political parties

The Fundamental Rights and Duties of State and Citizen

- The constitution should incorporate a comprehensive set of 'Directive Principles of State Policy' addressing the need to provide basic goods

and services, good governance, and a human-centred development policy.

- These principles should guide laws, governmental action and public policy.
- Ensure that the constitution and all laws drafted are compatible with international human rights standards.
- Indonesia should ratify all international human rights conventions.
- Ensure that a comprehensive list of "Directive Principles of State Policy" and charter of "Fundamental Rights and Duties of State and Citizen" be included in the constitution.
- Ensure that these rights are not be abridged except in exceptional circumstances.

Amendments to the Constitution

- An amendment of the constitution must require a majority of two-thirds of all members of parliament, and if there are two houses of parliament, by a two-thirds majority vote of both houses.
- The charter on "Fundamental Rights and Duties" can neither be amended nor abridged without a two-thirds majority vote in favour from the total membership of parliament, and if there are two houses, a two-thirds vote of both houses.

Regional Autonomy

Making Decentralization Work

- Decentralization can prevent the disintegration of Indonesia. Steps must be taken to make it work quickly.
- Decentralization and its proper funding must be guaranteed in a constitutional amendment.
- A bicameral national parliament should be considered, in which regional representatives dominate the upper chamber.

Making Decentralization Democratic

- Greater efforts must be made to build popular participation into the new structures of regional government.

- Elected regional assemblies must be empowered by the provision of special training as well as expert advice.
- Legal loopholes permitting political corruption at the regional level need to be closed.
- Finding new ways of promoting the rule of law at the regional level needs to be made an urgent priority.

Paying for Decentralization

- Law 18/1997 needs to be reviewed to allow regions to raise local taxes more effectively, as envisaged under Law 22/1999.
- Poverty-stricken regions need special attention to ensure that decentralization does not make them even poorer.
- Law 25/1999 needs to be amended, or its implementing regulations reviewed, to reduce the bias against regions that are poor in natural resources.
- Regional governments need to have guaranteed rights of independent access to resource information affecting their region.

Resolving Conflicts

- There is a need to develop non-confrontational ways of resolving conflicts between the centre and the regions, for example through voluntary regional autonomy associations.
- Societal groups need to be involved in new forums to mediate conflicts between and within Level II regions.

Civil-Military Relations

Abolishing the Constitutional and Legal Bases of the Military's Dual Function

- Revoke the TAP MPR (MPR decree) VII/MPR/2000 that grants the TNI seats in the MPR.
- Abolish the following laws:
    - a) Law No 80/1958 on the National Development Board
    - b) Law No 20/1982, Article 28

Abolishing the Influence of TNI and the Police Over the Legisla-

ture

- Abolish the parliamentary seats reserved for the military at the national level in the DPR and in the provincial legislatures, the DPRD I, and the district legislatures, the DPRD II.
- Reinstate the citizenship rights of the armed forces personnel through its right to vote.
- Strengthen the DPR's in-house civilian expertise in military affairs to advise the national parliament, especially the workings of Committee I on defence.

A Military Doctrine that Unambiguously Acknowledges Civilian Supremacy

- Ensure that TNI doctrine explicitly recognizes the supremacy of civilian authority over the armed forces and restricts its activities to defence against external threats.
- Changes to TNI's doctrine should be the outcome of a process of consultation and dialogue between the national parliament, the executive and the armed forces.

Abolishing the Legal "Immunity" of the TNI

- Revoke the Article 28(I) of Chapter 10 (A) of the second amendment to the 1945 Constitution that prohibits prosecutions under retroactive legislation.
- Military personnel should become eligible for trial under civil courts for alleged violations of civil laws.

Civilian Authority over Defence Matters

- Strengthen the Department of Defence's expertise in military affairs to ensure that executive decisions are informed by the complexities of operational defence matters.
- Establish clear guidelines for determining areas of collaboration, mechanisms for communications and divisions of responsibility between the Defence Department and the military command.

Barring Serving Military Personnel from Ministerial Positions and Staffing Civilian Adminstration

- Codify into law the ban on active military officers serving in civilian posts in the government and the administration.
- Elections for regional heads, including provincial governors, should be conducted through direct vote instead of the current electoral college.
- Provide short-term compensation for officers removed from "channelling" positions in the civilian bureaucracy.

Civilian Control over the Intelligence Services

- Establish clear jurisdictional boundaries between the different intelligence agencies and have their work replaced by the police wherever justified.
- Increase civilian recruitments in the intelligence services.

Civilian Supervision of Military Promotions

- Appointment of high-ranking officers to be conducted by the executive branch of government in consultation with the national parliament.

Effective Separation of the Military from the Police

- Police to be placed under the authority of the Department for Home Affairs once that department has become civilianized.

Reducing the Military's Role in Business

- Civilian structures accountable to the government should take over the management of the armed forces' known legal businesses while ensuring that profits remain with TNI.

Scaling Back or Abolishing the Territorial Structure

- Contraction of the military's territorial command should be combined with increased opportunities for TNI's institutional participation in international forums as a means to inculcate greater professional norms and raise the salaries of soldiers.
- The option of reassigning officers from the military to the police should be studied, while giving particular consideration to measures offsetting soldiers' perceptions of diminished status.

Civil Society

The Role of Associations and NGOs in Supporting Civil Society

- Associations and NGOs should support the implementation of good governance at the national level. In this context, the role of Associations and NGOs is to monitor public policies and decision-making processes through dialogue with the government itself, with the DPR and with the political parties.
- Associations and NGOs need to develop the mechanisms to monitor and strengthen their own input into public policy-making processes.
- Associations and NGOs need to be independent of any political parties, but they also need to maintain good communication with members of the DPR and those political parties which share common goals and values.

Developing and Enhancing the Effectiveness of Civil Society Organizations

- The government must seek to engage representatives from civil society organizations in active and open dialogue when drafting any laws that will affect civil society organizations in Indonesia.
- NGOs should draw up appropriate criteria for establishing citizens' empowerment organizations.
- The government, in consultation with civil society organizations, should establish measures to encourage greater financial self-reliance and greater mobilization of local resources. This will include tax breaks for individual or corporate donations to civil society organizations and help with the development of locally endowed foundations, local fund-raising and businesses run by civil society organizations.
- The government, in consultation with civil society organizations and as part of its recognition of citizens' development organizations, should establish stricter criteria and demand greater transparency for the financial accountability of civil society organizations, in return for government funding or receiving tax breaks.
- A "mark of excellence" should be awarded to all civil society organizations that match strict criteria of management and financial accountability. This scheme should be established from within the

community of civil society organizations itself.

- Civil society organizations should establish training centres, or units within existing training centres, to train association and NGO personnel in local resource mobilization and local accountability.
- All civil society organizations should be required to publicly state their objectives and their board members and to produce an annual activity report which states what they have achieved and how much it has cost them to do so.
- All civil society organizations whose income is above a certain level should be annually audited by independent auditors and make these audits public.
- Civil society organizations should set up amongst themselves a self-certification agency to develop criteria for recognizing competence.
- Civil society organizations should themselves set up standards and marks of recognition and approval for training institutions that are competent to develop governance and management skills for civil society.
- The DPR and DPRDs need to clearly inform civil society organizations about their structures and the ways in which the latter can approach them.
- Civil society organizations need to produce guidelines for themselves on how to access the knowledge and decision-making forums that they need to make an input into local and national debates.
- Civil society organizations need to undertake training in advocacy skills in order to improve their competence and ability to build coalitions for advocacy.
- Civil society organizations also need to recognize and approve training courses for advocacy training.
- Civil society organizations should clarify who they are to the Indonesian public and government at the national, provincial and *kabupaten* level.
- Civil society organizations should set up a co-ordinating body for themselves at the nationa, provincial and *kabupaten* levels.
- The government should bring such bodies into discussions on policies and planning just as they do with representatives of the business community.

Empowering Civil Society at the Village Level

- *Lumbung desa, rembuk desa*, *musyawarah bangunan*[1] and other informal groupings at the village level, whose memberships consist of prominent local and religious leaders and which are accountable to the community concerned, should be strengthened and empowered.

  Their main tasks are to communicate the wishes of the people to outside decision-makers, especially in the government.
- Formal and official institutions such as the LKMD, RT, RW, *lurah* and *camat* (district head) need to be preserved but their functions should be more as channels of the people's voice. Informal groupings such as *lumbung desa* should be the controlling body for the official institutions.
- Political parties should make sure that their cadres work through such channels at the village levels.

The Role of Political Parties in Civil Society

- Political parties and the DPR should work with civil society to re-structure the party system by reducing the number of political parties.
- Political parties and DPR should work with civil society to push the political parties to be more responsible in articulating their identity and policies, recruiting candidates and communicating with the grass roots.
- Political parties and the DPR should create a structure which will control political parties' funding mechanisms.
- The leaders of political parties should change their orientation from simply seeking power to engaging with issues. This needs to be done, specifically, by communicating with their constituencies.

The Role of the Media in Empowering Civil Society

- Introduce a new press law through an open and transparent process.

People need to know who is involved in the law-making process and what regulations are being suggested.

- Press freedom should be protected from any unilateral action taken by government or media owners.
- A press law is crucial to protect the journalist from any forms of intimidation by angry members of the public.
- Media ownership has to be regulated in order to prevent a monopoly of the press by big conglomerates.
- For a strong and independent media to develop, the press laws need to work in conjunction with an act ensuring free access to information.

The Role of Education in Empowering Civil Society

- The Department of Education should commission a new syllabus for civic education in the formal schooling system. This should involve some input from civil society organizations. Teachers should be retrained in this new syllabus.
- Civil society organizations should get together to design and promote an adult education syllabus for civic education, which should incorporate information about the decentralization of government.
- Civil society organizations should organize the training of adult civic education practitioners.

Socio-Economic Development

Blueprint for Reform

- Developing a broad economic base to secure social welfare.
- Prioritizing the improvement of living conditions and the welfare of vulnerable groups in society, including women and less privileged social groups, in order to eliminate structural poverty.
- Providing equal opportunities and equal access for the advancement for all Indonesians.
- Developing an economic paradigm that does not only focus on large-scale industry and trade but also fosters small and medium-sized business and focuses on the development of the agricultural and

oceanic sectors, recognizing that the latter provide the livelihood for the majority of Indonesians.

- Eliminating poverty in the villages as well as the urban areas.
- Developing a balanced economic system that is open and transparent and eliminates corruption, collusion and nepotism, as well as the monopolistic and oligopolistic systems which provide protection and privilege only to a small political and economic elite.
- Developing an economic system that is not overly dependent on foreign loans. While Indonesia should not be isolated economically, it should maintain the integrity of the national economy.
- Creating an Indonesian economic development paradigm that places economic activity as a medium for advancing the nation's welfare and not as an end in itself.
- Developing an economic system that addresses regional disparities.

Development Through the Rule of Law

- Elimination of excessive intervention from the state in the market mechanism to prevent market distortions.
- Application of the rule of law, without any discrimination, to prevent exploitation and the unfair treatment of Indonesian employees.
- Equal and fair treatment of all economic subjects to give the same opportunities of success to all.
- Creation of a transparent process in awarding economic rights through licensing.
- Notwithstanding the recommendations that the state should not intervene to create market distortions, recognize that the State has a role to play in providing safety nets and support to vulnerable groups. Give special attention to vulnerable groups, such as the informal sector, through affirmative action programmes that will eventually "level the playing field".

The Letter of Intent

- Develop a bottom-up process to generate input for the blueprint on economic development so that it will be relevant for every region in Indonesia.
- Develop an inclusive approach to economic planning to prevent the

marginalization of any group, especially women and other vulnerable groups. Conduct consultations on the impact of potential policies and organize public hearings before the final decision is made, especially on those aspects that concern the life and culture of the whole society.

- Invest in the development of a transparent socializing process, to ensure that the long-term blueprint for development is the product of national consensus and is akin to a social compact.

Regional Autonomy in the Face of Global Competition

- Guarantee free movement in all production factors, goods and services in Indonesia.
- Create political processes that guarantee autonomy to local inhabitants to determine their aspirations.
- Reconsider simultaneously Laws No 22 and 25 of 1999, together with the three new political laws, to genuinely build the pillars for autonomy, starting from the lowest to the highest level of government.
- Create laws that complement regional autonomy by controlling the powers of the central government.
- Regulate both principles and practices at the central and regional levels to ensure that regional autonomy does not create new forms of corruption, collusion and nepotism.
- Regulate principles and practices that foster regional co-operation in order to optimize resource management. Area borders should not hinder rational economic decisions.
- Introduce incentive systems to ensure flexibility in the operation of regional autonomy.
- To ensure that regional governments are not expected to be control agents. Their role should be that of a facilitator ensuring that weak minority groups are not marginalized, and that development does not degrade the environment.

Civil Society and Economic Decentralization

- Establish a legal framework that fulfils the aspiration for autonomy at the provincial level and take steps to implement decentralization in stages. This includes establishing a *Perpu* on autonomy at the provincial level, revising Laws No 22 and 25 and strengthening efforts to increase

awareness of the laws among the general public and among central and regional parliaments.

- Develop a strategic plan to implement decentralization, taking into account the need to guarantee continuous delivery of services, implementation of a balance between regions and a consistent fiscal policy.
- Maintain the momentum for decentralization by ensuring that central government immediately take steps to execute decentralization, especially in *kotas* (cities) and *kabupatens* (regencies) which are able to handle such needs as education, health, agriculture, and the development of roads. This strategy will ensure that trust is maintained and also will give more time to prepare the handling of the technical challenge of decentralization.
- As developing autonomy from a super-centralized system is a very complex process and covers various political, legal, socio-cultural and economic dimensions, the process of devolving power demands coordination and cooperation from all cabinet ministers with responsibility for economic development, industry, social welfare and poverty relief, and security.
- Decentralization should be extended to the grassroots, avoiding new concentrations of economic power at the local elite level.
- Horizontal relationships among the regions should be enhanced through economic activity.
- Development activities should be defined at the local level.
- Value-added tax should be shifted from central government to regional government in stages.

Sustainable Use of Natural Resources

- The market is weak at pricing costs of natural resource extraction such as depletion, pollution or other environmental damage. The government should regulate these costs through measures such as taxation of toxic waste production, pollution or other negative externalities.
- The government has a role in setting standards for the extraction and management of natural resources. *Bappedal* needs to be made more

effective and the judicial system strengthened so that transgressions of environmental laws are firmly handled and subject to steep fines.

- A mechanism should be created to regularly review natural resource exploitation contracts issued in the past, to make sure that they continue to meet environmental standards.
- The wider society, as well as local communities, are stakeholders in the environment. Environmental NGOs can play a useful role in drawing attention to problems and suggesting solutions.
- The government must stop all illegal logging, review the mechanism for issuing logging licences and revoke all licences that do not meet acceptable standards of environmental management, such as those defined by the eco-labelling institute of Indonesia.
- Efforts to monitor the use of natural resources should be stepped up and local maritime patrols increased to stop illegal fishing by foreign vessels, especially in eastern Indonesia.

Empowering Environmentally-Friendly Local Investors

- Design an affirmative action programme to support environmentally friendly local investors and companies in gaining access to the sustainable use of natural resources.
- Ensure that a just tender process for investment projects can take place at the local level, open to all bidders.
- Local investment projects should adhere to the environmental and social impact assessment requirements, as defined by *Bappedal*, for their feasibility studies.
- Strict screening of investment proposals should be conducted, taking into careful consideration their environmental and social impacts.
- Empower local investors with the ability to adhere to the principles of corporate social responsibility as an asset and a form of leverage in competing against other investors.

The Fiscal Structure

- Provide mechanisms to ensure that APBNs are passed. If a deadlock occurs when discussing the APBN, there needs to be a consensus on ways of resolving it. For example, references to the previous year's budget should be permitted to secure approval for routine budgets, whereas development budgets should be discussed in detail until there

is a complete and final agreement.

- Take measures to strengthen DPR members' competence and capability in discussing APBN.
- Secure from the government a binding commitment that increased tax income will be spent equitably to deliver social justice.
- Prioritize the development of democratic public budgeting processes, for example by allowing multi-year budget planning and preparation. The current time constraints are detrimental to long-term planning and a timespan of 18 months would be more appropriate.
- To reduce the negative "crowding out" effect in the local capital market, the government must announce in advance a suitable timetable for issuing bonds, so as to allow the private sector to raise capital.

The Future of Bureaucracy and Political Renewal

- Rationalize and reform public administration to be efficient and effective. Salaries need to be increased for public servants so that incentives to fall prey to bribery and corruption are removed.
- Reduce the ratio of public servants to the general public to realistic levels. Re-train public administrators to be responsive to the new paradigm in Indonesia.
- Review the process of recruitment and promotion in the bureaucracy to ensure that merit and efficiency are the criteria for recruitment.
- Ensure that the bureaucracy becomes accountable to the public, as a service-oriented and demand-driven institution.
- Provide competitive salaries and ensure that recruits can develop meaningful careers within the bureaucracy.

The Military and its Role in Business

- Removing the military from business is as crucial as the reform of the bureaucracy for optimizing socio-economic reforms in Indonesia.
- Dismantling the monopoly positions maintained by the military through government regulations.
- Privatising military-owned enterprises, or ensuring that the public interest is represnted in military-controlled funds and investments.
- Establishing mechanisms to ensure the military's transition away from business.

Encouraging Small and Medium Business Enterprises

- Reduce the burden of licenses on all enterprises. The current maze of regulations and licensing requirements is complicated, costly, time-consuming and detrimental to start-up. In effect, it acts as a barrier to entry into the market, and keeps firms and businesses in the informal sector.

- A short-term remedy to the problems of bureaucratic red tape is to establish "One-Stop Service Centres". The aim is to simplify the cost and paperwork involved in obtaining all necessary permits and licenses, by making them available at one place and through one application process. However, this must be a temporary solution, as for business to be successful in the long run, bureaucratic requirements must as far as possible be eliminated.

- Reduce, with a view to removing, all levies that add to the hidden costs of production for SMEs. These can be legal or illegal, including for example the payment of local protection money. This can only be done in conjunction with stronger adherence to the rule of law in general in Indonesia.

- Improve competition. Tariffs and quotas, like licenses, act as barriers in the market. Where there is no overriding social rationale for retaining tariffs and quotas, they must be eliminated so as to create a more level playing field.

- Increase the availability of technical and managerial training skills for SMEs. For the moment, such training is provided by the state as part of a regulated partnership programme, but they are often inefficient and the training inadequate. In the longer term, training should be provided by the private sector.

- Encourage close co-operation between the owners and managers of SMEs so that, as a sector, they will have stronger voice to promote their views and needs. This would complement the existing FORDA (regional forums) that have developed in the last three years.

- As agriculture is the largest sector in which SMEs are found, there is a need to develop an overall strategy for the food and agricultural sector. Protectionism is affecting this sector.

- The removal of all subsidies, especially fuel, must be accompanied by impact control schemes.

- There is a need to educate legislators about the problems of SMEs.

Law Enforcement and Labour Relations

- Steps must be taken to re-affirm the rule of law, and this includes the labour laws.
- Prioritize law enforcement in the labour field. Violations should be considered as criminal acts and processed accordingly.
- Empower legal institutions to uphold labour laws.
- Create channels of communication between central and regional government leaders to ensure that labour violations are addressed.
- Use the media effectively to build awareness against the exploitation of labour.

Corruption, Collusion and Nepotism within Labour Relations

- Eliminate corruption in labour relations that lead to the exploitation of workers.
- Ensure that workers are paid realistic, living wages.
- Develop a legal mechanism to protect workers rights' more effectively.

Discrimination Between Women and Men Workers

- Wages should be based on the quality of work, not on gender.
- Women are also primary wage earners and arbitrary distinctions should not be based on gender.
- Gender-based discrimination based on women's reproductive functions should be prohibited by law and the law enforced.

The Regional Minimum Wage

- The cost of daily needs must be based on realistic criteria and must be determined through a transparent and fair process.
- There must be a representative mechanism to have labour unions represented on the National Wage Council.
- The role of academicians in formulating wages of a company should be limited to an advisory capacity. Wage formulations should be based on the financial ability of a company and the standard index

of daily needs.

- UMR must be based on the minimum fiscal capacity of the company and the minimum living cost for labour. Wages should thus be linked to the prosperity of the company. To ensure that this is realized, companies must provide information regarding their financial status to the workers and unions to negotiate proper wages.
- Government must formalize legislation to ensure minimum wages and the capacity to link wage increases with productivity.

Strikes and Labour Dispute Settlement

- Labour and business must enter into negotiations to resolve contested issues.
- The right to strike should be recognized as integral to workers as the right to association and used judiciously.
- A labour court must be established to address labour issues efficiently and limit the duration of legal process between workers and entrepreneurs. The labour court should be able to make an independent, final and binding decision within a prescribed and reasonable period.
- During the dispute process, the entrepreneurs still have to fulfill their obligations towards the workers regardless of whether or not they want to hire those workers pending settlement of the case.

Child Labour

- Child workers should only be allowed to work after school. The government and the entrepreneurs must ensure that these children receive an education.
- Because of children's physical abilities, their working hours must be limited to five to six hours per day.
- As with women workers, child workers should get paid on the basis of the work they deliver.

An Open Policy-Making Process

- All government policies are for the benefit of the people. This stipulates that the government directly consults the people prior to drafting policies, to ensure that their inputs are included.
- Government's role is that of a facilitator, not as an absolute regulator, and this should be reflected in national policies and programmes.

Corruption, Collusion and Nepotism

- Review appointment procedures for all high-ranking officials, from first echelon civil servants to directors of boards of all state enterprises.
- Directors of all state-owned enterprises must be scrutinized by an independent commission.
- Institutions such as that of ombudsman must be strengthened, and empowered to carry out full investigations of complaints against the state.
- The state must provide incentives to all companies to keep good records and accounts so that an accurate picture of their income tax liability can be ascertained.
- Tax-collecting services must be reformed to ensure that they carry out their real and intended duties with integrity and fairness.
- The bureaucracy needs to be reformed to become effective and honest.

Gender

Women's Rights and the Law

- Use CEDAW as a foundation for women's rights.
- Set up a parliamentary committee composed of members from different disciplines in the parliament, along with some expert advisors from civil society networks. This committee's responsibility would be to analyze existing legislation and identify gaps and inconsistencies with the CEDAW documents. It would then be the committee's obligation to come up with concrete policies and legislative amendments and propose them to parliament.
- Provide guarantees within the constitution against discrimination and for gender equality.
- Expand the national debate on constitutional review to include women in the negotiating process, thereby making the review and amendment process more inclusive. A possibility is to create a committee to review the constitution with a 33 per cent membership quota for women.
- Hold one or more national conferences to bring together relevant

actors who can discuss present challenges to the constitutional review process. The outcome of this meeting(s) should be to make concrete recommendations to the policy-makers, together with agreed benchmarks for evaluation of this process, and a specific timeframe to secure objectives. Maximum media coverage of this event is necessary and could be secured by inviting the highest-level decision-makers in Indonesia and/or dignitaries of international renown.

- Provide for affirmative action programmes supported by a monitoring board, with the option for public review and adjustment of the policy, every five years.
- The working group recommends a five-year time line for all these options and recommendations to be placed into legal documents, with a ten-year timeline to monitor the effectiveness of the process.
- Marital Law, Article 31, Paragraph Three, which defines the husband as the head of the family and the wife as the household manager.
- Marital Law, Article 34, Paragraph One, also regards the duty of the husband as that of the main earner, and the wife as manager of the household.
- Minister of Labor Bulletin No. 7/1990 regarding wages, which include a definition of "permanent allowances" as wife and child allowances.
- Review and re-draft current laws to highlight articles and clauses that obviously discriminate against women.
- Increase the number of female lawyers.
- Increase the number of women judges at all levels of the judiciary.
- Provide gender-sensitivity training for current members of the judiciary.
- Provide for laws that protect women from violence, state and domestic.

Women in Power and Decision-Making

- Political parties take a lead by introducing a quota system to increase the number of women running in future elections.
- Adjust in-house rules and procedures to create a more gender-neutral environment.
- Provide training for current women parliamentarians to make them more effective and hence good examples for aspirants.

- Training needs to be in specific aspects such as presentation, impact of language, networking with media and in mentoring newer entrants into parliament.
- Provide gender sensitization training to male parliamentarians.
- Ensure the inclusion of women's representation and gender perspective in all policy-making processes.

Institutional Mechanisms for the Advancement of Women

- Increase the powers of the State Ministry for Women's Empowerment to include policy-making powers as well.
- Appoint a special gender advisor to the president, who could be the minister of women's empowerment, to ensure access to and the consistent responsibility of the highest decision-making body in the country regarding gender issues.
- Increase the budget allocation for the state ministry to ensure that it can effectively implement its gender program.
- Speed up gender mainstreaming within departments, especially in the regions.
- Gender-mainstream all government blueprints (RIPNAS and PROPENAS) to ensure gender sensitivity in policy recommendations and implementation.
- Create and strengthen national mechanisms with other governmental and non-governmental organizations to ensure monitoring of gender mainstreaming, for example by creating a national gender equality committee with some powers to criticize and recommend policy alternatives.

Women, Poverty and the Economy

- Revise salary scales for the public service and encourage the private sector to follow suit.
- Re-evaluate qualifications for "subsidy".
- Uphold international convention on "equal pay for equal work".
- Recognize women's economic contribution to the informal sector in financial/budgetary reports.
- Poverty elimination schemes should be analyzed and formulated with a gender perspective.
- Provide easy credit to women, especially in the small and medium

enterprise sector.
- Provide for better job training programmes to enhance the skills.
- Legislate against discriminatory hiring and firing policies.
- Provide social and legal protection and rights for migrant workers to improve work conditions.

Women and Education and Training
- Revise school textbooks to eliminate gender-biased or discriminatory implications.
- Impose quotas or affirmative action for the number of girls in schools.
- Provide appropriate and adequate resources for training and education for women and girl-children.

Women and Health
- Provide for equal access to proper health care.
- Raise health-awareness issues through an intense media campaign.
- Research the possibility of community-based health insurance schemes. These can use traditional methods of group saving or setting up funds, designed to specifically cater to illness.
- Involve the business community in co-sponsoring, along with the government, health schemes in different villages. In this way, the business gets added recognition at the community level and the government obtains financial support for local initiatives.

Violence Against Women and Armed Conflict
- Provide for practical, gender-specific needs when rebuilding conflict areas, in terms of housing, road works, access to water and so on.
- Recognize domestic abuse as a crime and provide legal protection to women.
- Provide adequate support networks for women.
- Set up adequate reporting and monitoring mechanisms to deal with violence against women.
- Counter the "shame" factor through public education and support programmes.

Women and the Media
- Support the promotion of prominent women as role-models and

"success stories".

- Create a mechanism for monitoring the way that the media portrays gender relations.
- The government, together with the support of the business and larger NGO community, could devise a special prize or award for the best gender-sensitive coverage in the media.

Women and the Environment

- Increase and efficiently utilize allocated resources for social development with a gender perspective.
- Provide greater co-ordination between government and NGOs in environmental decision-making.
- Set up a special commission to investigate lessons learned from neighbouring countries' experiences, and to recommend policies.

Appendices

Appendix I: Country Data and Map

Geographical Area : 9.8 million square kilometers over 17,000 islands
Population (1999) : 206,517,000
Increase since 1998 : 1.04

Provinces	Percentage of population	Percentage of land area
SUMATRA DI. Aceh, North Sumatra, West Sumatra, Riau, Jambi, South Sumatra, Bengkulu, Lampung	25.09	21.28
JAVA DKI Jakarta, West Java, Central Java, DI Yogyakarta, East Java, Banten	6.63	56.68
NUSA TENGGARA Bali, West Nusa Tenggara, East Nusa Tenggara	3.80	5.24
KALIMANTAN West Kalimantan, Central Kalimantan, South Kalimantan, East Kalimantan	28.50	5.52
SULAWESI North Sulawesi, Central Sulawesi, South Sulawesi, Southeast Sulawesi	9.98	7.15
MALUKU and IRIAN JAYA North Maluku, Maluku, Irian Jaya	26.00	2.12

Religion : 88% Muslim, 9% Christian (Protestant and Catholic), 2% Hindu, 1% Buddhist
Language : *Bahasa Indonesia* is the national language.

Political Information

Indonesia declared independence on the 17 August 1945. The first constitution was announced on 18 August 1945. It had only 37 articles.

Another constitution was adopted in 1950 after Indonesia gained full independence. It had 146 articles and drew heavily on the United Nations Universal Declaration of Human Rights that was drawn up two years earlier. The 1950 constitution was then suspended in 1959 with a "return to the 1945 Constitution".

The 1945 Constitution underwent an amendment process during the 2000 MPR Annual Session. It addressed several key issues: civil-military relations, the separation of powers and checks and balances, the decentralization of power to the regions, and a Bill of Rights.

Government:

1945 – 1959 : Parliamentary Democracy
1959 – 1965 : Guided Democracy
1965 – 1998 : New Order
1998 – 1999 : President B J Habibie
1999 –   : President: Abdurrahman Wahid
                    Vice-President: Megawati Soekarnoputri
                    Chairman of the House of Representatives: Akbar Tanjung
                    Chairman of the People's Consultative Assembly: Amien Rais

The President of the Republic of Indonesia is elected by the People's Consultative Assembly (MPR). The Vice-President is elected separately by the same assembly.

The legislature is made up of a House of Representatives (DPR). 462 members were directly elected in June 1999 and another 38 members appointed to the house to represent the military and police. This house is also part of the 700-member MPR. Within this assembly, 200 members are

appointed, representing the regions (130) and also "functional groups" (65). For the 1999-2004 Assembly, 5 seats are unaccounted for.

House of Representatives (DPR) and the People's Consultative Assembly (MPR) (1999 – 2004)					
	DPR		MPR		
Fraction	**Men**	**Women**	**Men**	**Women**	**Total**
PDI-P Partai Demokrasi Indonesia-Perjuangan	138	15	31	2	186
Golkar Golongan Karya Reformasi	104	16	60	3	183
PPP Partai Persatuan Pembangunan	55	3	10	-	68
PKB Partai Kebangkitan Bangsa	49	2	7	-	58
Reformasi	40	1	7	-	48
PBB Partai Bulan Bintang	12	1	1	-	14
KKI Kesatuan Kebangsaan Indonesia	11	-	2	-	13
PDU Perserikatan Daulat Umat	9	-	-	-	9
PDKB Partai Demokrasi Kasih-Bangsa	5	-	-	-	5
TNI/POLRI	35	3	-	-	38
Utusan Golongan	-	-	59	13	72
TOTAL	**458**	**41**	**177**	**18**	**694**

Parties with elected seats in the DPR: PDI-P (153), Golkar (120), PPP (58), PKB (51), PAN (34), PBB (13), PK (7), PDKB (5), PNU (5), PKP (4), PDI (2), PDR (1), PP (1), PSII (1), Masyumi (1), PNI FM (1), PNI MM (1), PBI (1), IPKI (1), PKD (1), PKU (1)

The Republic of Indonesia is divided administratively into 28 provinces. In 1999, the provinces were further subdivided into 346 *kabupaten* and *kotamadya* (regencies and municipalities), over 4,004 sub-districts and 69,065 villages.

Governors, regents and mayors will be elected heads of government of the provinces, regencies and municipalities.

Social Data

Human Development Index (UNDP)   109 out of 174

Gender-related Development Index (UNDP)   109 out of 174

Urban Population   38% of total population

Life Expectancy   65 years

Infant Mortality   47 (/1000 live births)

Number of households   51.2 million
Average number of persons per household   4.03

Education (1999/2000)

    Female   46.3% of total enrollment
    Male   53.7% of total enrollment
    Primary enrollment rate
(net)   95.1
    Secondary enrollment rate (net)   55.2
    Tertiary enrollment   2,285,170

Poverty and Income Distribution

(February 1999)

Gini Index of Income Inequality[1]   0.32
Access to sage water   65% of total population

Labour Market (August 1999)

|	
Unemployment rate	6.4
Female	6.9
Male	6.0
Participation rate	67.2
Female	51.2
Male	83.6
Real wage percentage change	+12.0 (1998 – 1999)
Women as a percentage of total employment	35.6
Female/Male wage ratio	0.79

Economic Data

	1999	2000 (2Q)
Gross Domestic Product (million USD)	143,353	35,407
% change from previous year/quarter	0.3	4.1
Gross National Product (million USD)	138,500	-
GNP per capita	680	-
Consumer Price Index	20.5	2.0
% change from previous year		
Foreign Trade, BOP and External Debt		
Trade balance (million USD)	20,643	6,353
Export of goods	51,242	15,212
% change from previous yr	1.7	22.7
Import of goods	-30,599	-8,849
% change from previous yr	-4.2	-221.5
Current account balance	5,781	2,095
% of GDP 4.0		4.8 (Q1)
Foreign direct investment	-3,270	-942
Total external debt	148,097	144,282 (Q1)
% of GDP	103.3	92.2
Reserves (including gold)	26,445	28,461 (Q1)

References:

Jakarta Statistics Office; *Statistik Indonesia* 1999 – *Badan Pusat Statistik* (BPS – Statistics Indonesia); The World Bank Country Report; The World Bank Quarterly Report; UNDP Human Development Report 2000; UNDP Transition to Democracy Report (on the UNDP Technical Assistance Programme for the 1999 Indonesian General Elections)

Note

[1] The Gini Index on Income Inequality is an expression of income inequality in a society. This index ranges from 0.000 indicating zero inequality to 1.000 meaning a maximum degree of inequality. The Gini index usually falls between 0.220
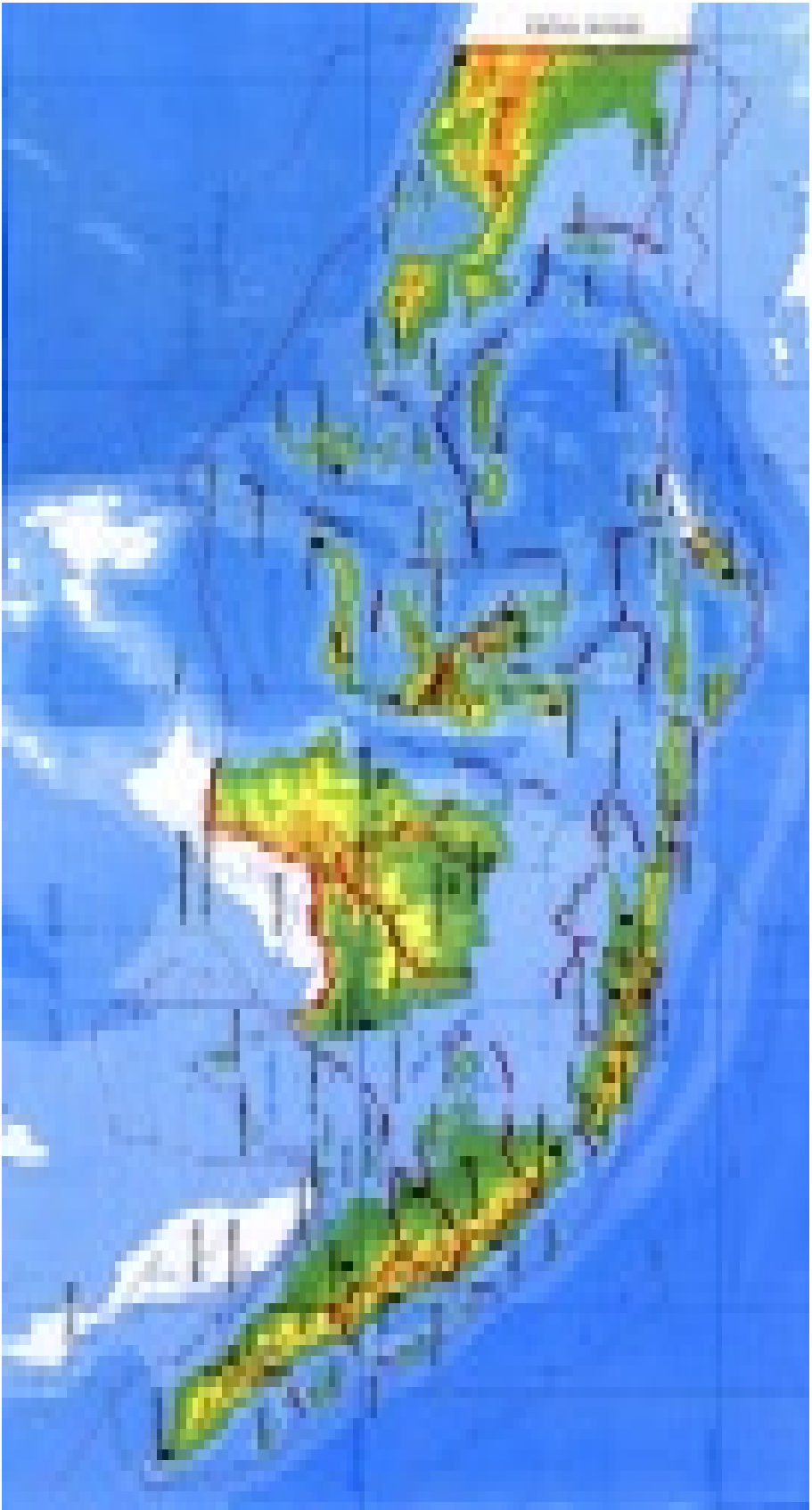
Appendix II: Forum for Democratic Reform Members

Civil-Military Relations

Colonel Bambang Haryadi, MSc, serves as the Chief of the Information Division at the National Defence College (Lemhannas). He is a graduate of the Military Academy (1973). Colonel Haryadi obtained his Master's degree from the University of Wyoming, USA (1999). His area of interest is civil-military relations in Indonesia.

Tommi A. Legowo is the Head of the Political and Social Change Department at the Centre for Strategic and International Studies (CSIS). He is a graduate of the Faculty of Social and Political Sciences at Gadjah Mada University in Yogyakarta. He obtained his Master's degree in Political Theory from the Department of Government, University of Essex, England. His areas of interest are civil-military relations, parliamentary politics and regional autonomy.

Daniel Panjaitan is the operational manager of the Jakarta Legal Aid Foundation (YLBHI). He is also a member of the National Defence College (Lemhannas) Civil-Military relations working group. Daniel Panjaitan is a graduate of the University of Indonesia's Faculty of Law (1994).

Professor Dr H. Arrohman Prayitno is a professor of Psychiatry at the Faculty of Medicine, University of Trisakti, and chairperson of the Nationality, Democracy and Human Rights Team (*Kadcham*). He is currently preparing a paper on improving civic education. Dr Prayitno is a former Surgeon-General of the Indonesian Navy with the rank of First Admiral. He is a regular lecturer at National Defence College (Lemhannas), is Vice-President of the Indonesian Psychiatric Association, and a member of the Independent Commission on Violence in Aceh.

Ezki Suyanto is an Executive Committee member of the Commission for Disappearances and Victims of Violence (Kontras). When Kontras

was formed in 1998 from a coalition of NGOs, as a trained journalist, Ms Suyanto was the representative of the Alliance of Independent Journalists (AJI). She was the Vice-Coordinator of Kontras between 1998 until March 2000. Ezki Suyanto is a law graduate from the University of Trisakti.

Dra. Fajari Iriani Sophiaan Yudoyoko, M.Si, is a graduate of and now a lecturer in Political Science at the University of Indonesia. She is currently Chairperson of the department. She has participated in international seminars and conferences in the United States, the Netherlands and the Philippines, and has contributed articles on the Soviet Union to *Jurnal Ilmu-Ilmu Sosial* and *Media Indonesia*, and to *Kompas* on the armed forces of Indonesia.

Civil Society

Dr Abubakar Eby Hara is a lecturer of Political Science at both the University of Jember and National University, Jakarta. He obtained his doctorate in International Relations from the Australian National University in Canberra, writing his thesis on *The Claims of Asian Values and Asian Democracy: Some Implications for International Society*. Dr Eby Hara's areas of interests include the globalization of democracy and international relations.

Lili Hasanuddin is the deputy director of the Indonesian Foundation to Strengthen Civil Society Participation, Partnership and Initiatives (Yappika), a non-governmental organization that aims to strengthen civil society and democracy in Indonesia. He manages Yappika's programmes, which include projects to increase grassroots empowerment and national advocacy. He is involved in several national NGO working groups, examining issues such as the electoral system, ways to establish non-violent mechanisms to address separatism and human rights violations, and to raise public awareness about the 2000 draft law on foundations. He was previously involved in advocacy to promote community based forest management practices within the National Forest Management's policies. Lili is a graduate of the Faculty of Forestry, Bogor Agriculture

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University.

Hendrajit was appointed Deputy Editor of *DeTAK*, a leading Indonesian politics and news magazine, in July 2000. After graduating from the Department of Social and Political Science, National University, Jakarta, in 1992, he began working as a political reporter for *Detik*. He began working at *DeTAK* in 1998 as a political editor. From 1989-1990 he was vice-president of the Indonesian Student's Association for International Studies. He was born in 1963.

Professor Dr Nazaruddin Sjamsuddin is a professor of Political Science at the University of Indonesia from where he obtained his undergraduate degree. He holds both his Master's and doctorate on comparative politics from the Department of Politics, Monash University, Australia. He is presently the Chairperson of the Indonesian Political Science Association (AIPI). Professor Nazaruddin is a prolific writer with numerous articles on the subject of Indonesian politics to his name.

Constitutionalism and the Rule of Law

Apong Herlina, SH, currently has her own private law practice specializing in business law. She is a director of the Jakarta Legal Aid Foundation (YLBHI), where she has worked since 1989. She is also a member of the Academic Documentation Team at the Department of Justice, and a founder of the Indonesian Women's Association for Justice (APIK). Since 1999, she has also worked with UNICEF as a member of the team concerned with laws on child protection, and as an executive director of the Foundation for Advocacy and Community Development.

Dr Ir. Wayan Koster, MM, is the Secretary General of DPP Prajaniti Hindu Indonesia. He is also a lecturer on Statistics, Research Methodology and Calculus at the University of Tarumanagara. He obtained his doctorate from the State University of Jakarta. Dr Koster's areas of specialist interest include administration and education. He is an active political observer and commentator.

A. A. Oka Mahendra, SH, is an Expert Staff member at the Ministry of Law and Human Rights. He was formerly a member of the National Election Commission (KPU) and Deputy Chairman of the Indonesian Electoral Committee. He is a former Candidate Judge at the Denpasar District Court, and a member of the House of Representatives (DPR) from 1971-1997. Oka Mahendra has written several books including *Law on Patent* (1991), *Law on State Prosecutors* (1993), *Petition from Senayan* (1996), *Legal Disclosures, Democracy and Land Problems* (1996) and *National Leadership and the Dynamics of the House of Representatives* (1997). He received his law degree from Gadjah Mada University, Yogyakarta in 1969.

Hinca Panjaitan, SH, MH, is a Media Law Ombudsperson. He is also a reporter with Internews Indonesia.

Professor Dr C. F. G. Sunaryati Hartono, SH, after graduating from the Faculty of Law and Social Sciences at the University of Indonesia in 1955, served as the first female judge in East Java until 1958. After obtaining a Postgraduate Diploma in Law from University College London, London University in 1962, she was appointed a Senior Lecturer in Law at the Padjadjaran University, Bandung, in 1964. She has taught many subjects, including comparative law, economic law and international economic law. From 1974-1988 she was legal advisor to *PT Industri Telekomunikasi Indonesia* (state telecommunications company), after which she became the head of the Law Reform Agency, Indonesian Department of Justice. In her retirement she was appointed Vice-Chairman of the National Ombudsmen Commission, established by Presidential Decree in 2000.

Yuli Swasono, SH, is a staff member of the Legal Reform Consortium (KRHN). He obtained his degree from the Indonesian Law Studies and Legal Systems Department at the Faculty of Law, University of Surabaya. He has contributed commentaries to the local press regarding law reform in Indonesia.

Gender

Nursyahbani Katjasungkana, SH, is an member of the MPR (1999–2004), and Fraction Secretary (*Utusan Golongan*). She is also the

Secretary-General of the Indonesian Women's Coalition as well as a member of the Indonesia Women's Association for Justice, a legal aid association. Ibu Nursyahbani is also on the Board of Governors for the Partnership to support Governance Reform in Indonesia.

Tati Krisnawaty heads the Advocacy Department of *Solidaritas Perempuan*, a women's grassroots based NGO specialising on migrant workers rights. She is a member of the National Human Rights Commission Against Violence Against Women (*KOMNAS Perempuan*), having recently organized a conference on 'Witness Protection for the Victims of Violence'. Ibu Tati is an advocate of protection for witnesses and victims of violence, including the rights of women migrant workers. She recently petitioned the government to impose a one hundred day ban on the export of women migrant workers to Saudi Arabia. She is now pursuing her PhD degree in India.

Chusnul Mariyah is the Director of the University of Indonesia's Graduate School of Political Science. An active feminist, she also delivers lecturers on gender mainstreaming and women's political participation to major political parties. She is also often interviewed for television and radio on politics and gender relations.

Ida Ruwaida Noor is a member of the Sociology Department at the Faculty of Social and Political Science, University of Indonesia (UI). Ibu Ida has been active in the Gender Development and Studies Unit, and the Women and Gender Research Centre of UI. She is also a member of the Steering Committee for Women's Care Forum. Her primary interests focus around women, family and gender, especially in urban areas. She is currently studying for an S2 (Master's) Sociology Degree at UI.

Dr Tamrin Amal Tomagola is a Sociologist at the University of Indonesia's Faculty of Social and Political Science. He was formerly an advisor to the State Minister for Research and Technology. Dr Tamrin obtained his doctorate in the Sociology of Knowledge and Culture from the

University of Essex, England. His thesis was on the impact of the media on the public perception of Indonesian women. Dr Tamrin is frequently interviewed for his expertise on the politics of Maluku.

Debra Yatim is the founding member of Women for Peace and Justice (PEKA) and also the Director of *Komseni* Communications, a public relations firm specialising on arts and culture. She is a woman's rights activist, specializing in creating public awareness campaigns. She is a co-founder of Kalyanamitra Women's Information and Documentation Centre, and is currently implementing a media-watch and community-sensitizing campaign against violence against women.

Regional Autonomy

Workshop Participants:

Adi Abidin, Senior Advisor, Ministry of Regional Autonomy
Asli Amin, Bappeda (Chairperson), East Kalimantan
M. Hasbi Arbi, Bappeda (Senior Staff), Daerah Istimewa Aceh
Pardamean Daulay, Yayasan Handal Madardhika, North Sumatra
Drs. TH Hermanus, Sekda (Chairperson), East Nusa Tenggara
Zulfan Heri, Univerisity of Riau (ISDP), Pekan Baru
Andi Mallarangeng, Expert Staff, Ministry of Regional Autonomy
At. Manongga, Sekda (Senior Staff), East Nusa Tenggara
Hendra Martojo, Sekda (Chairperson), Jepara, Central Java
Drs. Surya Damli Nasution, Bappeda (Senior Staff), North Sumatra
Elvi Rumengan, Sekda (Staff), North Sulawesi
Herliyan S.,Bappeda (Senior Staff), Riau
Lalu Said, University Nusa Tenggara Barat
Benny Subianto, Jakarta-based independent researcher
Sutarti, SH, Bappeda (Secretary, Daerah Istimewa Yogyakarta
Drs. Wagiyohadi, Bappeda (Chairperson), Kabupaten Pontianak
Syebi Syouib, Sekda (Chairperson), Kabupaten Pontianak
Drs. A. Kahar Taslin, Bappeda (Chairperson), North Maluku
Ir. Eashton Voenay, Bappeda (Chairperson), Kupang, East Nusa Tenggara
M. Waturandang, PEBDA (Senior Staff), North Sulawesi

Wisnu, Multilateral Relationsm, Ministry of Regional Autonomy

Religious Pluralism

Tim MADIA (*Masyarakat Antar Dialog Agama*)

The Society for Inter-Religious Dialogue was formed in 1995 to promote religious pluralism and harmony through open dialogue sessions. The membership is informal with events and programmes organized by a small core committee.

Sylvana Ranti-Apituley in addition to being a member of MADIA, is the Secretary for the Women's Community for Justice and Humanity. During the 1999 general elections she was involved with inter-faith voter education projects. Ibu Sylvana Ranti-Apituley also lectures on church history at the Jakarta Theological Seminary.

Reverend Martin Lukito Sinaga holds a Master's of Theology degree and is a lecturer at the Jakarta Theological Seminary. He is currently serves as pastor at the Simalunjur Christian Protestant Church. Reverend Martin is involved with community work in Medan, where he travels to promote greater inter-faith dialogue and activities.

Ahmad Sueady is both a member of MADIA and the *Pesantren* and Society Development.

Jeirry Sumampow is both a member of MADIA and the Communion of Churches in Indonesia.

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A. Gaus A.F., Yayasan Wakaf PARAMADINA
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Dr Musdah Mulia, Lembaga Kajian Agama dan Jender
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Budi S. Tanuwibowo, Mejelis Tinggi Agama Khonghucu (MATAKIN)
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Socio-Economic Development

Faisal H. Basri is currently Rector at the Perbanas Business School, Jakarta; a Commissioner at the Supervisory Commission for Business Competition, and an MBA programme senior lecturer with the Faculties of Economics, Social and Political Science (FISIP). Faisal Basri is a founder of the National Mandate Party (PAN) and currently Deputy

Chairperson, responsible for research and development. He is actively involved in several NGOs, including the Ethics Council of the National Corruption Watch, of which he is Chairperson. He served as an Assistant to the President on Economic Affairs (2000). To date, he has completed over 50 research reports and 160 published articles and books.

Rekson Silaban is currently Vice-President of the central board of the Indonesian Prosperity Trade Union (SBSI), the largest independent trade union in Indonesia. He was previously Director for International Affairs at SBSI, a position he held for five years, until 2000. Rekson Silaban obtained a degree from the Faculty of Economics, Simalungan University, North Sumatra. He was born in Pematang Siantar in 1966.

Romawaty Sinaga is the co-ordinator of International Relations Department at the National Front for Indonesian Workers Struggle (FNPBI) trade union. She graduated in International Politics from the Department of Social and Political Science, University of Indonesia (1998). From May 1998 until May 1999 she was the External Relations Officer at the Committee for Workers for Reform (KOBAR). She was born in Medan in 1975.

Ben Subrata is a graduate in mechanical engineering from Sussex University, England. After being involved in the construction and operation of edible oil refinery projects, in 1983 he joined the *Gunung Sewu* group where he held senior management positions. The following year he established *Sewu New York Life*, now one of the largest companies in Indonesia. In 1989 he set up the company's mining group, of which he remains a President Commissioner. He was Group Managing-Director

Appendix III: Supplementary Contributors

Robin Bush has recently returned to the United States having spent two years in Jakarta (1998-2000) as Programme Officer for The Asia Foundation's Islam and Civil Society Programme. She is now living in Minneapolis where she is writing up her doctorate on Islam and Indonesia.

Nicholas 'Fink' Haysom was Associate Professor of Law at the Centre for Applied Legal Studies at Wits University, South Africa and a practicing lawyer when in May 1994 he was appointed Legal Advisor to President Nelson Mandela. In this post he participated in various legislative drafting or policy task teams, especially in the areas of defence, finance and executive ethics. He also chaired the panel to shortlist commissioners for the Truth and Reconciliation Commission. He was closely involved in constitutional negotiations leading up to the interim and final Constitutions of South Africa, as well as in negotiations for the National Peace Accord. He is currently chairman of the committee negotiating constitutional issues in the Burundi peace talks.

Richard Holloway is the civil society development adviser at the Civil Society Support and Strengthening Project at USAID. He has written extensively on civil society for Pact, JHU-SAIS, USAID, World Bank and CIVICUS. He was previously OXFAM representative in Indonesia, and has worked with CUSO in Asia, and with PACT in Bangladesh and Zambia.

Jomo K. S. is a professor in the Applied Economics Department at the University of Malaya, Kuala Lumpur. He is the author and editor of many books on Malaysia and Southeast Asia, including *Southeast Asia's Misunderstood Miracle* (1997), *Tigers in Trouble* (1998), *Southeast Asia's Ersatz Industrialization* (2001) and *Southeast Asia's Paper Tigers* (2001).

Dr Azza Karam is the Director of the Woman's Programme at the World Conference on Religion and Peace (WCRP) in New York. She was the

Director of Programmes at the Centre for the Study of Ethnic Conflict at the Queen's University Belfast in Northern Ireland, prior to which she worked as a senior Programme Office at International IDEA, where she set up and managed the Gender and Middle East Programmes.

Gerry van Klinken is currently working in Yogyakarta, Indonesia, as resident director for a consortium of Australian universities (Acicis). He has degrees in geophysics, which he taught in Malaysian and Indonesian universities in the 1980s, and in Indonesian history. He has taught and carried out research in Asian Studies at various universities, including Sydney, Brisbane and the Australian National University in Canberra. Since 1996 he has been editor of the quarterly magazine *Inside Indonesia.*

Dr Manuel Montes is a Program Officer with the Ford Foundation in New York. Other institutions Dr Montes has worked with include the East-West Center in Hawaii and the Institute for Southeast Asian Studies (Singapore). Dr Montes has written many papers and commentaries on the Asian financial crisis and the banking crisis that accompanied it.

Joel Rocamora heads the Institute for Popular Democracy in Manila, a research institute working closely with Philippine civil society. Joel obtained his doctorate from Cornell University, specializing on the Indonesian Nationalist Party. With the fall of the Soeharto regime, he is reviving his interest in Indonesia.

Dr Leonard Sebastian is currently a Senior Fellow at the Institute of Defense and Strategic Studies (IDSS) located at the Nanyang Technological University in Singapore. Previously he was with the Institute of Southeast Asian Studies where he specialized in Indonesian Civil-Military Relations. Dr Sebastian obtained his doctorate from the Australian National University.

The following lent invaluable advice or contributed to workshops and meetings associated with the *Democratization in Indonesia: An Assessment* project:

General Jose Almonte, former National Security Advisor, Philippines

Trevor Buising, Consultant, Brisbane, Australia

Jamie Davidson, Doctoral Candidate, University of Washington, United States

Reverend Priscilla Everson, Commission for Gender Equality, South Africa

Dr Kusnanto Anggoro, Centre for Strategic and International Relations, Indonesia

Cornelis Lay, Faculty of Social and Political Science, University of Gadjah Mada, Indonesia

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Robert Simanjuntak, Institute for Economic and Social Research, University of Indonesia

Appendix IV: About International IDEA

Objectives

Created in 1995 by 14 countries, International IDEA promotes and advances sustainable democracy and improves and consolidates electoral processes world-wide. It provides a forum for discussion and action among individuals and organizations involved in democracy promotion. Global in ownership and scope, independent of specific national interests, and flexible and quick in its responses, International IDEA is the only international organization with this unique mandate.

Members

According to its Statutes, membership of International IDEA is open to governments and inter-governmental organizations. There are currently 19 member-states: Australia, Barbados, Belgium, Botswana, Canada, Chile, Costa Rica, Denmark, Finland, India, Mauritius, Namibia, the Netherlands, Norway, Portugal, South Africa, Spain, Sweden, and Uruguay. In addition, associate membership is open to international non-governmental organizations. There are currently five associate members: International Federation of Journalists, International Press Institute, Parliamentarians for Global Action, the Inter-American Institute for Human Rights and Transparency International. International IDEA also has formal agreements and co-operates closely with Switzerland, International Commission of Jurists, Inter-Parliamentary Union, the United Nations development Programme, and the Inter-American Development Bank.

In Action

International IDEA:
- Promotes and advances sustainable democracy world-wide.
- Helps countries build capacity to develop democratic institutions.

- Provides a meeting-place for and facilitates dialogue between democracy practitioners around the world.
- Increases knowledge about elections and election observation.
- Promotes transparency, accountability, professionalism, and efficiency in elections in the context of democratic development.
- Develops and promotes norms, rules and guidelines that apply to multi-party pluralism and democratic processes.

Secretariat

Secretary-General
The Secretary-General is Bengt Säve-Söderbergh. The Institute, based in Strömsborg, Stockholm, has 55 staff members from about 30 different countries.

Board of Directors
Sir Shridath Ramphal (Chairperson), former Secretary-General of the Commonwealth and Co-Chairman of the Commission on Global Governance.
Ambassador Thorvald Stoltenberg (Vice-Chairperson), President of the Norwegian Red Cross, former High Commissioner of UNHCR, former Norwegian Foreign Minister and Minister of Defence, and former UN Special Representative in the former Yugoslavia.
Mr Martti Ahtisaari, Co-Chairperson of the New York-based EastWest Institute and Chairman of the International Crisis Group, Brussels, former President of the Republic of Finland.
Mr Ignacio Astarloa Huarte-Mendicoa, Professor of Constitutional Law, former Secretary-General of Chamber of Deputies and Secretary of the Central Election Commission.
Ms Cheryl Carolus, High Commissioner for the Republic of South Africa in London, UK.
Dr Adama Dieng, Secretary-General of the International Commission of Jurists.
Ms Kuniko Inoguchi, Professor at the Faculty of Law, Sophia University, Tokyo.
Ms Mónica Jiménez de Barros, Executive Director of PARTICIPA and

member of the Truth and Reconciliation Commission, Chile.

Mr Manmohan Malhoutra, former Assistant Secretary-General of the Commonwealth and adviser to the former Prime Minister of India, Mrs Indira Gandhi.

Ms Maureen O'Neil, President of the International Development Research Centre, Canada.

Dr Erling Olsen, former Speaker of the Danish Parliament and Professor of Economics at the University of Roskilde, Denmark.

Lord Steel of Aikwood, Former President of Liberal International, Presiding Officer of the Scottish Parliament, and Member of the House of Lords, UK.

Ms Aung San Suu Kyi, General Secretary of the National League for Democracy in Burma and Nobel Peace Prize Laureate.

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