Post-Suharto Indonesia:
Democratic Consolidation and Continuing Challenges

In light of its far-reaching political and institutional transformation, Indonesia has received comparatively little attention in scholarship and media. Trailing in the shadow of two Asian giants, China and India, Indonesia’s steady democratic consolidation and economic recovery has gone largely unnoticed by the general public. This article will summarize some of the key developments over the last ten years and provide an outlook on future challenges.

Indonesia’s regime change caught many by surprise. Few observers had predicted the rapidness by which the Suharto regime broke apart, nor the swift emergence of Indonesia as one of the world’s largest and most decentralized democracies. In 1998, the Asian financial crisis and persistent public protests swept General Suharto out of office paving the way for systemic change. After thirty years of authoritarian rule, Indonesia embraced political and institutional reforms that were remarkable by any standards. In June 1999, for the first time in forty-five years, Indonesians were called upon to select national and local representatives in free and fair elections. In January 2001, after a short preparation period of eighteen months, the central government fully devolved local tax and service powers to 350 district governments. To facilitate this administrative decentralization, over 2.5 million civil servants were transferred from Jakarta to the local level.

Remarkable is also the steady consolidation of Indonesia’s democracy. While Thailand and the Philippines, the other two democracies in the region, experienced political upheaval and democratic backsliding, Indonesia sailed in comparatively calm waters. Over the last decade, Indonesian citizens have casted their vote for more than 1,600 national representatives, 500 governors and mayors, and 30,000 local councilors – without notable incidences of vote-rigging, violence or intimidation. The absence of conflict, combined with high voter participation (often above 80 percent) and high replacement rates of local politicians (roughly 40 percent), underline the fact that Indonesia’s democracy is gradually maturing. Regardless of ethnicity and social status, millions of Indonesian citizens have become well-informed about local and national politics and increasingly motivated to vote out poorly-performing incumbents.

Democratic consolidation is also observable in political party structures. Political fragmentation, reflected in the proliferation of splinter parties in Indonesia’s lower house (DPR), is gradually diminishing: the number of parties that were admitted to parliament dropped from 20 in 1999, to 16 in 2004, to 9 in 2009. Moreover, although Indonesia is the world’s largest Muslim nation, the majority of its voters favor non-religious or multi-faith agendas. While Shari’a-based initiatives have gained support in a handful of local parliaments, national politics remains essentially secular and centrist: since the last legislative elections in April 2009, the three leading parties – the Democratic Party (PD), the Indonesian Democratic Party of Struggle (PDI-P), and the Party of Functional Groups (GOLKAR) – who campaigned on moderately nationalist platforms control 63 percent of the popular vote. Islamic parties, on the other hand, saw a sharp drop in public support: from 38 percent in 2004 to less than 25 percent this year.

Another stabilizing factor in the Indonesian political outlook is the re-election of President Susilo Bambang Yudhoyono. Since taking office in 2004, SBY, as he is popularly known, has stood out for his strong determination to eradicate public corruption. His unwavering commitment to a countrywide anti-corruption program became a decisive factor in this year’s presidential race. The fact that the president allowed the corruption court to sentence a close relative, the father of his daughter-in-law, to four years in jail for corruption, boosted his credibility and paved the ground for a landslide victory. In July 2009, Yudhoyono received 61 percent of the vote, placing him in a good position to push ahead with much needed anti-corruption initiatives and public sector reforms.

Yet, the challenges for the upcoming presidency remain enormous. It is one thing to introduce formal frameworks of democracy and decentralization, but quite another to fully internalize these frameworks in a country that looks back at decades, if not centuries, of clientelistic and patrimonial governance. It is therefore unsurprising to find that Indonesia – even ten years after its institutional transition – continues to score low in international governance comparisons: according to Transparency International and the World Bank, Indonesia ranks 126th (out of 180) in the global ‘corruption perception index’ and 122nd (out of 183) in the ‘ease of doing business index’. With the introduction of regional autonomy, these
governance problems are no longer concentrated solely in Jakarta, but have been decentralized to hundreds of district governments. What is interesting to observe is that local governments have reacted quite differently to the uniform devolution of power. While some districts have substantively improved public services and administrative practices, others continue to exhibit poor service provision, sustained administrative inefficiencies, and high levels of public corruption.\(^1\) What explains this variation in local governance? What factors determine whether districts promote broad-based reform initiatives or revert to clientelism and rent-seeking? Implicit in these questions, is a conception of democracy that goes beyond formal elections: one that takes a closer look at the political economy of local decision-making and seeks to identify conditions under which democratic norms dislodge clientelistic and patrimonial ones. The identification of such conditions is a difficult but crucial task; not least because Indonesia’s public sector reforms may fall short of expectations without an adequate understanding of what drives change at the local level.

Existing district-level studies\(^2\) point to three key determinants of local policy variations. The first one is government leadership. Empirical findings show that good policies emerge predominantly in cases where local mayors are both skillful and motivated enough to streamline bureaucracies and initiate reforms. Encouraged by prospects of reelection, social prestige, and national recognition, some mayors have successfully forged local and national coalitions, weakened bureaucratic resistance, and cleared the way for comprehensive government improvements. Reform pressures arising from citizen groups and local parliaments, on the other hand, have been less significant in this early transition stage. While societal groups continue to be constrained by collective-action problems and dependant on government support, local politicians are often exposed to perverse incentives (e.g. intransparent, nationally-determined party positions) aligning them closer to national elites than to local constituencies. This underlines one of Indonesia’s ongoing challenges: while formal democratization, such as the peaceful introduction of multi-level elections, has progressed smoothly, substantive democratization, such as the replacement of clientelistic with egalitarian norms, lags behind. In the meantime, local policy outcomes continue to be determined – for better or worse – by the quality of local government leadership.

Shifting from agency to structural perspectives, we can identify two additional factors that have a direct bearing on local governance. The second determinant is the distribution of economic power. If economic assets are highly concentrated in specific sectors, groups or firms, government leaders are more inclined to strike collusive deals with business elites than to advance broad reforms that benefit society at large. More diversified, multi-sectoral economies, on the other hand, help to keep preferentialism and corruption in check: simply because local leaders who run for reelection need to attend to a large variety of interest groups. The third determinant is the presence of independent media. Districts with a history of investigative journalism and access to modern communication technology – such as online newspapers, blogs, and discussion forums – are in a better position to monitor and scrutinize government behavior. This media-based transparency exerts a rising pressure on local leaders and encourages them to refrain from predatory or corrupt practices.

To be sure, at this point in time, only a few districts are endowed with these reform-enabling conditions. A key challenge for the Yudhoyono administration is therefore the creation of additional incentive structures that stimulate more reformist leadership, economic diversification, and independent media across Indonesia’s regions. Possible incentive measures include the dissemination of good-governance rankings, the introduction of ‘minimum service standards’ (in education, health and infrastructure), the strengthening of small and medium enterprise development, and the intensification of support programs for investigative journalism.

Although Yudhoyono has received a resounding vote of confidence in the last election, he continues to operate in a diversified political and administrative environment. Even after striking favorable political bargains with secular and Islamic groupings, it can be expected that the implementation of comprehensive public-sector reforms will take several years to complete. A multi-phased approach seems particularly plausible in light of the current status of Indonesian ministries: interdepartmental rivalries, over-lapping sectoral authorities, and high bureaucratic fragmentation pose substantial hurdles for institutional change. The lineup of Yudhoyono’s new cabinet and presentation of his first 100-day program indicates that the president seeks to strike a balance between advancing reform agendas, on the one hand, and sustaining his consensual power base on the other.

Notwithstanding these ongoing challenges, there is certainly reason for optimism. Indonesia’s current political and economic situation offers a good opportunity to tackle difficult problems. For the first time in many years Indonesia outshines its Southeast Asian neighbors, such as Thailand, Malaysia and the Philippines. Apart from higher levels of political stability and democratic consolidation, Indonesia has recovered more quickly from the economic crisis and exhibits one of the region’s highest growth rates.\(^3\) And with the reelection of a reform-minded president,
who enjoys broad popular support, Indonesia’s economic and political prospects in the next 5 years are generally bright.

Notes:


2. See for example Olken (2007), von Luebke (2009), and von Luebke et al. (2009).

3. According to a recently published report by the World Bank (2009), predicted growth rates amount to 4.3 percent in 2009, 5.4 percent in 2010, and 6.0 percent in 2011.

References:


Additional Internet Resources:


