



UNIVERSITY OF CALIFORNIA PRESS
JOURNALS + DIGITAL PUBLISHING

Indonesia in 2012: An Electoral Democracy in Full Spate

Author(s): Geoffrey C. Gunn

Source: *Asian Survey*, Vol. 53, No. 1 (February 2013), pp. 117-125

Published by: [University of California Press](#)

Stable URL: <http://www.jstor.org/stable/10.1525/as.2013.53.1.117>

Accessed: 05/06/2013 00:49

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at
<http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



University of California Press is collaborating with JSTOR to digitize, preserve and extend access to *Asian Survey*.

<http://www.jstor.org>

Indonesia in 2012

An Electoral Democracy in Full Spate

ABSTRACT

Two sides of the debate on Indonesia's future turn on the tension between sustained economic growth fueled by demand for Indonesia's natural resources and the highly skewed distribution of wealth. With the Indonesia boosters forecasting a vertiginous rise of Southeast Asia's largest economy, the naysayers point to the deadweights of corruption, lack of transparency, and poor governance. With democratic electoralism revived in a post-authoritarian setting, such issues can no longer be swept under the carpet: they are matched by a relatively open media and burgeoning civil society.

KEYWORDS: Indonesia, economy, politics, governance, electoralism, foreign relations

INTRODUCTION

As is frequently remarked, Indonesia's hell-for-leather economic growth, fueled by demand for the archipelago's rich natural resources bucking even the Wall Street crisis, has exposed a glaring disconnect between sustainable development and the highly skewed distribution of wealth, both quantitative and geographical. With Indonesia boosters forecasting the looming accession of Southeast Asia's largest economy to the ranks of the BRICS (Brazil, Russia, India, China, South Africa) economies, skeptics point to the baleful influences of corruption, lack of transparency, and poor governance.¹ Indonesia under President Susilo Bambang Yudhoyono continues to win regional and international plaudits as a Muslim-majority nation that embraces moderation and modernity. But the new political space afforded by its transition from authoritarianism has also upped the ante on redistributive and social claims

GEOFFREY C. GUNN is Professor of International Relations in the Faculty of Economics, Nagasaki University. Email: <nag-gunn@net.nagasaki-u.ac.jp>.

1. See Anthony J. S. Reid, ed., *Indonesia Rising: The Repositioning of Asia's Third Giant* (Singapore: Institute of Southeast Asian Studies, 2012).

Asian Survey, Vol. 53, Number 1, pp. 117–125. ISSN 0004-4687, electronic ISSN 1533-838X. © 2013 by the Regents of the University of California. All rights reserved. Please direct all requests for permission to photocopy or reproduce article content through the University of California Press's Rights and Permissions website, <http://www.ucpressjournals.com/reprintInfo.asp>. DOI: AS.2013.53.1.117.

from such diverse constituencies as farmers, labor, religious conservatives, and regions left behind by the resources boom. Both print and social media play their part in this highly competitive and “predatory” commercial environment, not excluding international players. Although national elections will not be held until 2014, personalities and parties are already showing their hand, as was revealed by the Jakarta gubernatorial elections of July–September 2012, literally showcasing an “electoral democracy” in full spate.

ECONOMY

Although Indonesia’s economic growth rate was forecast to drop to 6.1% in 2012 on weakening global conditions, below the government’s 6.5% target, this was still an impressive level. Indonesia continues to ride a commodity boom, with a doubling of palm oil prices and tripling of the gold price. Coal exports and liquid natural gas (LNG) deliveries to Japan, the largest buyer, and to Korea, the U.S., China, and Taiwan help fuel this boom. As the International Monetary Fund (IMF) observed, investment contributed more than 30% to Indonesia’s economy, while exports accounted for about 10%; more than 50% of the economy is driven by domestic consumption.² As of November, however, it was apparent that exports had contracted for a sixth month, and the current account deficit was widening. As the trade surplus increased, so inflation accelerated. According to the Central Statistics Agency, the consumer price index rose to 4.59% from a year earlier. In turn, the rupiah weakened on apprehensions that exports were headed for the longest decline since 2009.

Notwithstanding a burgeoning middle class appetite for consumption, two sides of the income skew are revealed by the rise of a U.S. dollar millionaire class. In an economy riding an Asian resources-driven boom, with China as the locomotive, Indonesia is rapidly minting a millionaire class currently numbering 104,000 in one survey, a figure expected to double by 2017.³ The wealthiest—the billionaire class—have substantial holdings in the commodities sector, as with palm oil and coal. The mining sector, counting coal, gold, iron, nickel, and bauxite along with oil palm, has generated over 20

2. World Bank, “Indonesia Overview,” at <<http://www.worldbank.org/en/country/indonesia/overview>>.

3. Credit Suisse, “Global Wealth Report 2012,” <http://economics.uwo.ca/news/Davies_Credit_Suisse_Oct12.pdf>.

billionaires alone. But the generation of a new class of millionaires also speaks of a rising income gap. World Bank figures reveal that out of a population of 234 million, more than 32 million Indonesians currently live below the poverty line, and approximately half of all households remain clustered around the national poverty line, set at 200,262 rupiahs (Rp) (US\$22) per month. Thus, 40% of Indonesians still live on US\$2 a day, far trailing the average wage in China. And, of the 133 million Indonesians who have been labeled “middle class,” 60 million of their ranks have only limited disposable income. Notably, a withdrawal of the government fuel subsidy, as recommended by the World Bank, would further drive a tranche of this number below the poverty line.⁴

But statistics also talk up middle class success. According to a Bank Indonesia survey, the middle class comprises 60.9% of Indonesians. By contrast, the “low income segment,” with 22.1% of the population, had a net income of below Rp 20.4 million (US\$2,125) per year. The high income group, around 17% of the population, took in more than Rp 65.6 million (US\$6,833). With lower costs and 14.7% higher gross income, Indonesian households saw their net income soaring by 80.8% in 2011 to an average of Rp 11.8 million (US\$1,229).⁵

Yet, alongside such complimentary pictures of wealth distribution, employment growth continued to be slower than population growth. According to data from the Central Statistics Agency, the jobless rate currently stands at 6.32%, or around 7.24 million people, although this figure obviously obscures the large number of workers employed in casual or seasonal agricultural labor. Moreover, public services remained inadequate by middle income standards, just as Indonesia was also doing poorly in a number of health and infrastructure-related indicators.⁶ While metropolitan Jakarta accounts for a disproportionate percentage of the nation’s wealth, some observers also point to growth in regional centers such as Medan and Surabaya.⁷

4. “Growing Hell for Leather,” Reuters, in *South China Morning Post*, March 15, 2012.

5. Esther Samboh, “RI Middle-class Households Grow Richer: BI Survey,” *Jakarta Post*, July 23, 2012, <<http://www.thejakartapost.com/news/2012/07/23/ri-middle-class-households-grow-richer-bi-survey.html>>.

6. World Bank, “Indonesia Overview.”

7. Emiza Adi Syailendra, “Indonesia’s Rise and Its Regional Implications,” RSIS (S. Rajaratnam School of International Studies), *Commentaries*, no. 199 (2012), October 23, 2012, <<http://www.rsis.edu.sg/publications/Perspective/RSIS1992012.pdf>>.

POLITICS / GOVERNANCE

Despite the arrest and conviction of many high-profile officials, there remains a widespread domestic and international perception that corruption is a part of daily life in Indonesia, including within the legal system.⁸ Still dogged by the Bank Century case, in mid-August President Yudhoyono denied an accusation of playing a central role in the decision to disburse state funds to bail out the troubled bank, in turn accusing former Corruption Eradication Commission (KPK) chairman Antasari Azhar of suffering from a “memory lapse.”⁹ In turn, a graft investigation mounted by the KPK upon the National Police Traffic Corps in July over the irregular procurement of driving simulators, led to open conflict between the two bodies. The president was non-committal, prompting a peaceful rally in Jakarta on October 7 by prominent figures and activists demanding that he prove his commitment to corruption eradication.

Looking ahead, would-be political contenders have already begun to flex their muscles to replace Yudhoyono, who is term-limited, in presidential elections scheduled for 2014. Heading this list in ambition and, apparently, in popularity is general-turned businessman Prabowo Subianto, head of the Great Indonesia Movement Party (Gerinda). A son-in-law of the late President Suharto, former commander of the army’s special forces command (Kopassus), and former head of the Army Strategic and Reserve (Kostrad), Prabowo is widely held to be responsible for human rights abuses of the last years of Suharto’s New Order regime. While the New Order holdover party, Golkar, ranked high in popularity polls, its nominee, businessman Aburizal Bakrie, has been lagging. As of year-end, former President Megawati Sukarnoputri, chairperson of the Indonesia Democracy Party-Struggle (PDI-P), had yet to commit.

With around 60% of Indonesia’s population living in Java, by mid-year political parties were mobilizing for gubernatorial races in West, Central, and East Java. There, Golkar is in power in many provinces, and retired generals are lining up for party endorsement. Although hardly a bellwether of national

8. U.S. Department of State, Bureau of Democracy, Human Rights, and Labor, “Country Reports on Human Rights Practices for 2011: Indonesia,” Washington, D.C., May 24, 2012, <<http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>>.

9. Bagus B. T. Saragih, “SBY [i.e., Yudhoyono] Denies Bank Century Meeting,” *Jakarta Post*, August 16, 2012, <<http://www.thejakartapost.com/news/2012/08/16/sby-denies-bank-century-meeting.html>>.

politics, the Jakarta gubernatorial elections across two rounds between July-September attracted a great deal of local attention. Squared off against the incumbent Fauzi Bowo and his running mate, Nachrowi Ramli, the chairman of the Democratic Party's Jakarta chapter, was the team of Joko "Jokowi" Widodo and his Chinese-Christian running mate, Basuki "Ahok" Tjahaja Purnama. Backed by cash-rich Prabowo along with the PDI-P, and with the incumbents supported by the Democratic Party, Golkar, the National Mandate Party (PAN), and the Justice Prosperous Party (PKS), the Jokowi-Basuki team was triumphant in the run-off election of September 20. The team won 2.4 million votes or 53.82% of the total, while the rivals collected 2.1 million votes, or 46.18%. Inaugurated on October 11, Jokowi, an ex-mayor of the central Javanese city of Solo (also called Surakarta) with a reputation as an effective administrator, wasted no time in making his presence felt. While denizens of the "Big Durian," as Jakarta is known, were obviously drawn by the winning team's promises of a more transparent and accountable city government, most pundits praised the poll as exemplary in the way that ethnic and religious issues were set aside. Fauzi conceded defeat graciously.

Terror / Civil Society / Human Rights

With the tenth anniversary of the Bali bombings commemorated on October 12 by victims' families along with the Australian prime minister, it appeared to many observers that little space exists today in Indonesia for Islamic militant groups. Still, hardly a month goes by without notice of some anti-terrorism action, as with the September killing in Surakarta of two suspected militants and the arrest of another. In late October, arrests were made of a further 11 members of a group of bomb-makers in raids conducted across Java, along with a shootout and arrests in Poso, central Sulawesi. But even as terror cells are uncovered and neutralized, as journalist and human rights activist Andreas Harsono points out, the government also tolerates Islamic extremists. While Indonesia's Constitution protects freedom of religion, regulations against blasphemy and proselytizing are routinely used to prosecute atheists, Baha'is, Christians, Shiites, Sufis, and members of the Ahmadiyya faith, a Muslim sect declared to be deviant in many Islamic countries.¹⁰ In

10. Andreas Harsono, "Indonesia Is No Model for Muslim Democracy," *New York Times*, May 21, 2012, <www.nytimes.com/2012/05/21/no-model-for-muslim-democracy.htm . . . >.

May, the U.N. Human Rights Commission weighed in, inviting Indonesia to amend or revoke laws banning religious freedom, including the 1965 Blasphemy Law, the 1969 and 2006 ministerial decrees on the construction of places of worship, and the 2008 joint ministerial decree on Ahmadiyya.

Global demonstrations in mid-September against a YouTube video insulting the Prophet Muhammad also saw repeated protests in front of the U.S. Embassy in Jakarta staged by members of the Islamic Defenders Front (IFI). At an address to the U.N.'s 67th General Assembly on September 27, President Yudhoyono called on all U.N. member states to adopt an international instrument to prevent such "blasphemous acts." Many in Indonesia would agree, but others, including the lively human rights community, termed this "hypocrisy" in light of the grievances of many religious minorities in a country where only six religions are sanctioned. In the case of deadly religiously motivated attacks on minority Shiite Muslims on Madura Island and in Sampang, East Java, in August, Yudhoyono blamed incompetent law-enforcement and intelligence officials. But that is hardly convincing.¹¹

Though shielded from outside scrutiny, Indonesia's easternmost provinces are never out of even the local news, for all the wrong reasons. In March, an Indonesian court sentenced five Papuans for raising an independence flag under a treason law. This protest was linked to a pro-independence demonstration in October 2011, itself handled with major force leading to at least three people dead and 50 injured.¹² But, as also protested by the international human rights community, this was the tip of the iceberg, with disturbing acts of suppression of even pro-autonomy supporters occurring on virtually a daily basis. Communal tension can never be written off in Indonesia, as demonstrated by deadly riots in Lampung Province in southern Sumatra in late October.

That month, the Legislation Committee of the House of Representatives initiated study of a draft law on national security, though it also ran into opposition over fears that, if passed, the law would revive militarism and subvert democracy. Civil society groups also expressed their opposition to a proposed law on mass organizations seen as restricting freedom of assembly

11. Bagus B. T. Saragih, "SBY Blames Intelligence in Sampang Attack," *Jakarta Post*, August 28, 2012, <<http://www.thejakartapost.com/news/2012/08/28/sby-blames-intelligence-sampang-attack.html>>.

12. "Papuan Separatists Get Three Years for Treason," *South China Morning Post*, March 17, 2012, p. A9.

and expression. Still, there were other civil society groups that would push the envelope on reexamining murky aspects of Indonesia's past.

INTERNATIONAL AND REGIONAL RELATIONS

Putting the events of 1999 behind them, a reference to the violence surrounding the emergence of East Timor as an independent country, Yudhoyono and Foreign Minister Marty Natalegawa have raised Indonesia's international profile to a new high. For example, having expounded upon "sustainable development with equity" in speeches during and on the sidelines of the Rio+20 Summit on June 20, Yudhoyono was appointed by U.N. Secretary-General Ban Ki-moon as co-chair of the "High-Level Panel of Eminent Persons on the Post-2015 Development Agenda," ostensibly to advise on the global development framework beyond 2015. The president also co-chaired its first meeting on the occasion of the 67th Session of the General Assembly during his visit to New York on September 24–28.

The Association of Southeast Asian Nations (ASEAN) framework was also an arena of Indonesian concern, as confirmed by Foreign Minister Natalegawa's shuttle diplomacy after a rift appeared in the regional grouping. His efforts came in the wake of the "historic" failure in July of the ASEAN Ministerial Meeting at Phnom Penh to produce a consensus statement on the South China Sea issue.¹³ By raising the issue of violence against the Rohingya Muslims of Myanmar at the Extraordinary Summit of the Organization of Islamic Cooperation (OIC) in Saudi Arabia in mid-August, Natalegawa also played the Islamic card.¹⁴ At the U.N. in September, he called upon nations to consider reviewing diplomatic ties with Israel and to mount a boycott in solidarity with Palestine in the wake of the Gaza fracas.

Neither were bilateral links ignored, as with the late March 2012 visit to Beijing by President Yudhoyono, where he signed memorandums on maritime security, drug controls, tourism, and trade. The two East Asian giants also signed a series of investment agreements worth US\$17.4 billion. China offered a credit deal to finance the Krakatau blast furnace complex along with

13. Bagus B. T. Saragih, "SBY Boasts of Diplomatic Feats, Despite ASEAN's Failure," *Jakarta Post*, July 18, 2012, <<http://www.thejakartapost.com/news/2012/07/18/sby-boasts-diplomatic-feats-despite-asean-s-failure.html>>.

14. Margaret S. Arintonang and Bagus B. T. Saragih, *ibid.*, July 31, 2012, <<http://www.thejakartapost.com/news/2012/07/31/ri-ready-fight-rohingya.html>>.

railroad infrastructure.¹⁵ In the defense realm, China and Indonesia initiated talks on the local production of C-705 anti-ship missiles, as part of Indonesia's efforts to achieve independence in weapons production. A number of Kopassus members conducted a second joint exercise with Chinese special forces in Shandong Province, and China offered to train 10 pilots from the Indonesian Air Force.¹⁶

On May 20, Yudhoyono attended Timor-Leste's 10th anniversary commemoration of independence. Visiting Australia on July 2, he met with Prime Minister Julia Gillard in Darwin as part of an Indonesia-Australia Annual Leaders' Meeting. Talking up Australian investment, Yudhoyono also agreed to strengthen maritime ties as part of a bid to combat people smuggling, leading to the signing of a number of defense protocols. At a trilateral meeting on October 4 bringing together the foreign ministers of Australia, Timor-Leste, and Indonesia, agreement was reached on expanding "regional connectivity" among eastern Indonesia, Timor-Leste, and Australia's Northern Territory, especially in the area of expanded air and sea links, and cooperation on the environment, telecommunications, and education.

Jakarta was also host to a procession of foreign dignitaries, who arrived with business and/or defense contracts in mind. Among these were Czech Republic President Václav Klaus (in mid-July) and German Chancellor Angela Merkel (in early July), the latter securing a defense contract for up to 100 refurbished Leopard 2A6 main battle tanks worth \$280 million. Merkel also sought clarification on human rights issues. British Prime Minister David Cameron, visiting Jakarta in mid-April with a posse of business executives, went one further, inviting the Indonesian president to London where, on November 1, he literally received a royal welcome, while also firming up defense contracts.

Overnighting in Jakarta on September 4, U.S. Secretary of State Hillary Clinton discussed the U.S.-Indonesia Comprehensive Partnership, also offering U.S. endorsement of ASEAN's six-point accord on the South China Sea dispute. Clinton also addressed such domestic issues as intolerant acts, violence against minorities, and human rights abuses in Papua.¹⁷ Although

15. Teddy Ng, "Ties with Indonesia Strengthened," *South China Morning Post*, March 24, 2012, p. A5.

16. Margareth S. Arintonang and Novan Iman Santosa, "China, RI Begin Missile Talks," *Jakarta Post*, July 27, 2012.

17. Bagus B. T. Saragih, "RI Praised and Criticized by Clinton," *ibid.*, September 4, 2012, <<http://www.thejakartapost.com/news/2012/09/04/ri-praised-and-criticized-clinton.html>>.

the U.S. won praise from Foreign Minister Natalegawa as a “strong contributor to the region’s peace, stability, and prosperity,” the Clinton visit seemed less noteworthy than Yudhoyono’s pilgrimage to Beijing: the U.S. was looking increasingly distant.

CONCLUSION

As this summary reading of Indonesia in 2012 suggests, the nation’s accession to middle-income status undoubtedly remains problematic, especially alongside corruption-prone governance, entrenched patronage networks (including active and retired military, many with political ambitions), and highly skewed wealth concentration.¹⁸

Communal conflict, resource depletion, environmental concerns, and lack of infrastructure also carry weight. But none of this arrests the growth of the middle class, however defined, at least while the resource-led boom continues. Investor interest remains high just as the middle classes comprise a huge and growing market for everyday manufactures and luxury goods. Still, in spite of impressive institutional reforms, Indonesia has yet to shake off the dour legacies of the past, confirming, as Indonesian scholar Vedi Hadiz has identified, a “distinctly money politics-fueled kind of electoral democracy”¹⁹ there today.

18. In 2009, the Gini Index for Indonesia read 0.37, and with figures for 2010 and 2011, respectively, at 0.38 and 0.41. According to Andre Sinaga, “Income, a Perilously Widening Gap,” *ibid.*, June 5, 2012, the gap presented a potential danger to social stability.

19. Vedi R. Hadiz, “Democracy and Money Politics: The Case of Indonesia,” in Richard Robison, ed., *Routledge Handbook of Southeast Asian Politics* (New York: Routledge, 2012), p. 72.