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# Democratization and Decentralization in Post-Soeharto Indonesia: Understanding Transition Dynamics

Paul J. Carnegie

In 1998, following Soeharto's demise, Indonesia underwent a transition from authoritarian rule amidst much anticipation but no small amount of concern.<sup>1</sup> Thankfully, in the intervening years, it has now become the world's third largest democracy.<sup>2</sup> Yet, how and why the archipelago's democratic institutions became established and accepted remain difficult questions to answer. Indeed, some influential commentators voice legitimate concern about oligarchic reorganization within the new framework of democratic institutions.<sup>3</sup> They see the ability of Soeharto-era predatory interests to secure new political allies as, effectively, emasculating institutional and policy reform.<sup>4</sup> From this perspective, there has been a hijacking of the consolidation process.<sup>5</sup>

Highlighting these trends is an undoubtedly important task. But is it accurate to conclude that the kind of democracy establishing itself is more akin to a re-instatement of powerful constellations of state and politico-business oligarchs through new institutions?<sup>6</sup> Arriving at such a conclusion would seem to rely too heavily on understanding transition dynamics as a causally contingent struggle between salient socio-economic forces.

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<sup>1</sup> Arief Budiman, Barbara Hatley and Damien Kingsbury, *Reformasi: Crisis and Change in Indonesia* (Clayton: Monash Asia Institute, Monash University, 1999); Geoff Forrester, ed., *Post-Soeharto Indonesia: Renewal or Chaos* (Bathurst: Crawford House Publishing, 1999); R. William Liddle, "Indonesia in 2000: A Shaky Start for Democracy," *Asian Survey*, vol. 41, no. 1 (2001), pp. 208-224.

<sup>2</sup> Douglas Webber, "A consolidated patrimonial democracy? Democratization in post-Suharto Indonesia," *Democratization*, vol. 13, no. 3 (2006), pp. 396-420.

<sup>3</sup> Vedi Hadiz, "Reorganizing Political Power in Indonesia: A Reconsideration of so-called Democratic Transitions," *Pacific Review*, vol. 16, no. 4 (2003), pp. 591-611.

<sup>4</sup> Vedi Hadiz, "The Rise of Neo-Third Worldism? The Indonesian Trajectory and the Consolidation of Illiberal Democracy," *Third World Quarterly*, vol. 25, no. 1 (2004), pp. 55-71.

<sup>5</sup> Vedi Hadiz and Richard Robison, "Neo-liberal Reforms and Illiberal Consolidations: The Indonesian Paradox," *Journal of Development Studies*, vol. 41, no. 2 (2005), pp. 220-241.

<sup>6</sup> Richard Robison and Vedi Hadiz, *Reorganizing Power in Indonesia: The Politics of Oligarchy in an Age of Markets* (London: RoutledgeCurzon, 2004).

Given that a decade has passed since the initial transition, it seems appropriate to consider Indonesia's politics of democratization further. In what follows, I argue that understanding transition dynamics as primarily a structurally conditioned social conflict is increasingly unsatisfactory for this task. Rather, democratization is more intelligible in terms of the interplay between political action and institutions. This is because human actors who shape change in particular settings must turn structural factors into political resources.<sup>7</sup> The important question to ask then is whether the interplay actually begins to undermine oligarchic dominance democratically, or reinscribes it. This is a tricky question to answer, for sure, especially as Indonesia's transformation, in common with other democratizations, is anything but straightforward. In fact, it is probably safer to say there are no simple categorizations, but rather matters of time and degree. And in Indonesia's case, the tactical decision to alter the highly centralized state structures of the Soeharto era is just one step forward in an uneven process.<sup>8</sup> Yet, the introduction of this crucial, albeit limited, variable to the political system has lessened the effectiveness of oligarchic reorganization.

### **Debating post-authoritarianism**

Certainly, Indonesia's transition has been no easy ride since 1998.<sup>9</sup> Even after unprecedented socio-political change, the configuration of power relations seemed to favour oligarchic persistence.<sup>10</sup> Indeed, a legacy of corporatist centralization was always going to make democratic re-arrangement vis-à-vis political power a complicated affair.<sup>11</sup> And the country continues to experience widespread corruption and officials, especially the judiciary, remain open to bribery and graft.<sup>12</sup> Hardly a unique situation, one of the lessons from the democratization literature is that legacies of authoritarian rule can constrain a polity's rearticulation even as the old institutional structures unravel.<sup>13</sup> In some cases, institutions can pretty much stall in a

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<sup>7</sup> Yong Cheol Kim, R. William Liddle and Salim Said, "Political Leadership and Civilian Supremacy in Third Wave Democracies: Comparing South Korea and Indonesia," *Pacific Affairs*, vol. 79, no. 2 (Summer 2006), pp. 247-268.

<sup>8</sup> James Alm, Robert H. Aten and Roy Bahl, "Can Indonesia Decentralize Successfully? Plans, Problems and Prospects," *Bulletin of Indonesian Economic Studies*, vol. 37, no. 1 (2001), pp. 83-102.

<sup>9</sup> Geoffrey Hainsworth, Sarah Turner and David Webster, "Introduction: Indonesia's democratic struggle: *Reformasi, Otonomi and Partisipasi*," *Asia Pacific Viewpoint*, vol. 48, no. 1 (2007), pp. 41-46.

<sup>10</sup> Dan Slater, "The Ironies of Instability in Indonesia," *Social Analysis*, vol. 50, no. 1 (Spring 2006), pp. 208-213.

<sup>11</sup> Mark Turner, Owen Podger, Maria Samardjono and Wayan K. Tirthayasa, *Decentralization in Indonesia: Redesigning the State* (Canberra: Asia Pacific Press, 2003).

<sup>12</sup> One merely has to consider the scandals surrounding the Indonesian Bank Restructuring Agency (IBRA), the State Logistics Agency (Bulog) or the Bank Indonesia Liquidity Assistance (BLBI) to appreciate the scale of the problem.

<sup>13</sup> Nancy Bermeo, "Rethinking Regime Change," *Comparative Politics*, vol. 22, no. 1 (1990), pp. 359-377; Terry Lynn Karl, "Dilemmas of Democratization in Latin America," *Comparative Politics*, vol. 23, no. 1 (1990), pp. 1-23.

“frozen” political condition or retreat back into what Marina Ottoway has termed “a semi-authoritarian condition.”<sup>14</sup> In other words, the context within which a transition takes place is a significant part of future developments.

With this in mind, a central concern to any examination of Indonesia’s transition dynamics is whether the new democratic institutions taking shape destabilize asymmetries of political power or are *a priori* the subaltern to powerfully entrenched oligarchy, patronage and money politics. Certainly, the kind of democracy establishing itself exhibits patrimonial tendencies but to postulate their causal primacy in shaping institutions is altogether more contestable. In fact, to rely on this constant conjunctive to understand transition dynamics is a somewhat unwieldy reification of the subject of inquiry. As such, it inadvertently consigns transitology and its focus on elite political activity to the dustbin of “outdated sociology.”<sup>15</sup> This is despite the fact that decision making and compromise have played crucial roles in steering courses for successful and stable transitions.<sup>16</sup> It may seem a counterintuitive understanding of social change but the pragmatic interactions of political elites smooth the renegotiation of new social contracts without undue social disturbance. Considering their implications is, therefore, integral to understanding the dynamics of regime change.

Having said this, it would be naïve to assume that things change in a free-play of unimpeded political-agency.<sup>17</sup> There is no direct, unmediated or irreversible shift from regime A to regime B. If we are to appreciate the significance of strategic interactions, “it is necessary to grasp that those making major political decisions are not operating from a *tabula rasa*—merely projecting the most feasible solutions.”<sup>18</sup> In fact, there is always the possibility that political actors will favour certain interests and familiar arrangements. Yet, their decisions “can alter power relations, set loose new political processes, and lead to different (if often unintended) outcomes.”<sup>19</sup> This means that the exclusionary practices of competing social forces do not guarantee *plus ça change plus c’est la même chose*.

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<sup>14</sup> Marina Ottoway, *Democracy Challenged: The Rise of Semi-Authoritarianism* (Washington, DC: Carnegie Foundation, 2003).

<sup>15</sup> Henk Schulte Nordholt, “Renegotiating Boundaries: Access, Agency and Identity in Post-Suharto Indonesia,” *Bijdragen tot de Taal, Land en Volkenkunde* vol. 159, no. 4 (2003), pp. 551.

<sup>16</sup> Giuseppe Di Palma, *To Craft Democracies: An Essay on Democratic Transitions* (Berkeley: University of California Press, 1990); Juan Linz and Alfred Stepan, *The Breakdown of Democratic Regimes* (Baltimore: Johns Hopkins University Press, 1978); Guillermo O’Donnell, Philippe C. Schmitter and Laurence Whitehead, *Transitions from Authoritarian Rule: Tentative Conclusions About Uncertain Democracies* (Baltimore: Johns Hopkins University Press, 1986).

<sup>17</sup> Valerie Bunce, “Should Transitologists Be Grounded?” *Slavic Review*, vol. 54 no. 1 (1995), pp. 111-127; Valerie Bunce, “Comparative Democratization: Big and Bounded Generalizations,” *Comparative Political Studies*, vol. 33, no. 6-7 (2000), pp. 703-734; Gerardo L. Munck, “Democratic Transitions in Comparative Perspective,” *Comparative Politics*, vol. 26, no. 3 (1994), pp. 355-375.

<sup>18</sup> Otto Kirchheimer, “Confining Conditions and Revolutionary Breakthroughs,” *American Political Science Review*, vol. 59 (December 1965), p. 974.

<sup>19</sup> O’Donnell et al., *Transitions from Authoritarian Rule*, p. 38.

One does not have to adopt an overly paradigmatic attitude to make this observation, as transitions are often ambiguous.<sup>20</sup> That is to say, the decisions made by political actors, during and after a transition phase, are not without baggage. A connection exists between the preferences and capacities of political actors and the conditions in which they appeared. How could it be otherwise? The past developmental patterns and underlying societal conventions in particular settings influence the emergence of distinct trade-offs and unexpected institutional transformations. In fact, it is probably fairer to say that the politics of pragmatic democratic change more often than not serve the interests of established elites.<sup>21</sup> Yet, what we recognize here, in a very Aristotelian way, is that political activity is what constitutes stable futures from troubled pasts.

This is worth remembering given that the study of democratization is a focus on the process of establishing a political system. As such, our concern is with the process by which relevant political actors find how best to continue to submit their interests and values to the uncertain interplay of democratic institutions.<sup>22</sup> To establish an institutionalized democratic process takes strategic interactions and tactical decisions on, amongst other things, new constitutional arrangements, the rules of future political competition, and the dismantling of the structures of authoritarian rule.<sup>23</sup> In these terms, broadening the legitimate framework of political contestation is a route to undermining the grip of authoritarian-minded oligarchs. Significantly, institutional reform provides an organizational context with the potential to promote and cultivate different behaviour. That is to say, over time, the negotiation of significant, if incomplete, institutional reform requires a modification of elite behaviour, however slight, to more representative and competitive politics.

### **Historical legacies and legitimacy**

Before going any further, I need to give a bit of background on the significance of Indonesia's decision to decentralize. To begin with, the archipelago is amazingly diverse, both geographically and ethno-demographically. Despite this, historically, political elites have resisted representational challenges to their authority. Either for them you have power or you do not. In fact, powerful constituencies, especially the military,

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<sup>20</sup> Laurence Whitehead, *Democratization: Theory and Experience* (Oxford: Oxford University Press, 2002), pp. 2-3.

<sup>21</sup> Geoffrey Pridham, "Political Actors, Linkages and Interactions: Democratic Consolidation in Southern Europe," *West European Politics*, vol. 13, no. 4 (1990), pp. 103-117.

<sup>22</sup> Adam Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (Cambridge: Cambridge University Press, 1991), p. 26.

<sup>23</sup> Andreas Schedler, "What is Democratic Consolidation?" *Journal of Democracy*, vol. 9, no. 2 (1998), pp. 91-107.

are deeply suspicious of politico-territorial fragmentation.<sup>24</sup> Their strong commitment to a unified political identity is, in the main, borne out of the anti-colonial struggle for independence.<sup>25</sup> This is something reflected in the institutional centralization of the nation-state and the post-independence rule of both Soekarno and Soeharto. But it was Soeharto, in particular, who de-politicized societal identity vis-à-vis a form of centralized state corporatism. He achieved this through systematic combinations of co-optation and repression.<sup>26</sup> In this context, the introduction of the decentralization initiative is a considerable achievement for and alteration to Indonesian politics.

To elaborate: the bulk of Soeharto's legitimacy rested on the promise of stability and economic growth rather than any sort of representative plurality. To shore this up and remove threats to his regime, he also set about the social construction of a "floating mass" populace (*massa mengambang*). This involved a systemic disorganization of civil society as means to this end. He banned political parties at the village level and either suppressed or co-opted any form of collective organization.<sup>27</sup> In fact, the restructuring of the electoral system in 1971 virtually prohibited all membership-based organizations autonomous of the government.<sup>28</sup> When one considers the relevance of such organizations to the growth of democracy in other developing countries, the decision to decentralize Indonesia's political system appears even more significant.<sup>29</sup>

Soeharto went on to operationalize his dominance of the state administration through Golkar (*Golongan Karya*), a conglomeration of functional groupings. Sitting at the apex of this political structure, he then extended state patronage across the archipelago through Golkar and a vast network of state officials and business interests.<sup>30</sup> Access to state revenues came via these patronage networks, all of which remained firmly attached to a highly centralized corporatist style of rule. In fact, the 1970s and early 1980s boom in resource exports shielded, for a time at least, the viability of this form of rule from market realities. As long as public revenues from the

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<sup>24</sup> Gabriele Ferrazzi, "Using the 'F' Word: Federalism in Indonesia's Decentralization Discourse," *The Journal of Federalism*, vol. 30, no. 2 (2000), pp. 63-85.

<sup>25</sup> Jacques Bertrand, *Nationalism and Ethnic Conflict in Indonesia* (Cambridge: Cambridge University Press, 2004).

<sup>26</sup> Anders Uhlin, *Indonesia and the 'Third Wave of Democratization': the Indonesian Pro-Democracy Movement in a Changing World* (New York: St. Martin's Press, 1997).

<sup>27</sup> Michele Ford, "Continuity and Change in Indonesian Labour Relations in the Habibie Interregnum," *Asian Journal of Social Science*, vol. 28, no. 2 (2000), pp. 59-88.

<sup>28</sup> The three co-opted political parties that remained were Golkar, *Partai Demokrasi Indonesia* (PDI - Indonesian Democratic Party) and *Partai Persatuan Pembangunan* (PPP - United Development Party).

<sup>29</sup> Ruth Berins Collier and David Collier, *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America* (Princeton: Princeton University Press, 1991); Dietrich Rueschmeyer, Evelyn Huber Stephens and John Stephens, *Capitalist Development and Democracy* (Chicago: Chicago University Press, 1992).

<sup>30</sup> Andrew MacIntyre, *Business and Politics in Indonesia* (Sydney: Allen & Unwin, 1991).

likes of *Pertamina*, the state-owned oil and gas monopoly, kept flowing, they conditionally underwrote the economic success story. In the meantime, Soeharto, an archetypal “crony capitalist,” used state companies as cash cows for his family members and close associates.

Nevertheless, even as oil monies poured in, foreign investment fell in the face of restrictively high subsidies given to state-owned companies.<sup>31</sup> As the state control mechanisms began to creak under the pressure of globalization, rumblings of elite dissension emerged. Indonesia’s violent convulsion in the wake of the 1997 Asian Financial Crisis brutally exposed the friability of Soeharto’s style of patrimonial corporatism. It effectively short-circuited the patronage networks and, as the crisis of regime legitimacy worsened, Soeharto’s corporatist grip looked increasingly unsustainable.

### **Strategic interactions and critical junctures**

Given this context, the time for strategic decision making had arrived. Soeharto’s successor, BJ Habibie, went on to play a significant “soft-liner” role during the transition from authoritarian rule. In fact, Habibie, in some respects, facilitated a further democratic opening. Between May 1998 and November 1999, Habibie “presided over a remarkable and almost Gorbachevesque period of political reform.”<sup>32</sup> It was his mixture of pragmatism and fear of grassroots insurrection that made a democratic compromise possible. He lacked outright legitimacy as the new president and, therefore, had little strategic alternative other than compromise in an attempt at reestablishing legitimate credentials. This led to the acceptance of moderate opposition figures onto the political playing field, in the shape of *Nahdlatul Ulama’s* Abdurrahman Wahid, Soekarno’s daughter Megawati Sukarnoputri, *Muhammadiyah’s* Amien Rais and the Sultan of Yogyakarta, Hamengkubuwono X.<sup>33</sup>

As the democratization literature indicates, in situations like these, a critical juncture of compromise between elite political figures can develop, especially when faced with popular pressure from below.<sup>34</sup> This is what creates the space for unexpected policy reform and unintended outcomes to emerge. In the Indonesian case, Habibie’s decision to devolve government authority

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<sup>31</sup> Hal Hill, *The Indonesian Economy in Crisis: Causes, Consequences and Lessons* (Sydney: Allen & Unwin, 1999).

<sup>32</sup> David Bourchier, “Habibie’s Interregnum: Reformasi, Elections, Regionalism and the Struggle for Power,” in C. Manning and P. van Diermen, eds., *Indonesia in Transition: Social Aspects of Reformasi and Crisis* (Singapore: Institute of Southeast Asian Studies, 2000), p. 15.

<sup>33</sup> Megawati Sukarnoputri entered competitive electoral politics through *Partai Demokrasi Indonesia - Perjuangan* (PDI-P, Indonesian Democratic Party – Struggle) as did Amien Rais with *Partai Amanat Nasional* (PAN, National Mandate Party) and Abdurrahman Wahid with *Partai Kebangkitan Bangsa* (PKB, National Awakening Party).

<sup>34</sup> Terry Lynn Karl and Philippe C. Schmitter, “Modes of Transition in Latin America and Eastern Europe,” *International Social Science Journal*, vol. 43, no. 128 (1991), pp. 274.

is one such example. This unprecedented attempt to manage growing societal pressure created an unanticipated adjustment of structural asymmetries.

The decision to decompress tensions via decentralization (*desentralisasi*) introduced a political devolution of government authority, and new fiscal and revenue-raising powers. Designed to promote greater regional autonomy (*otonomi daerah*) and enacted through Law no. 22/1999 (Regional Governance) and Law no. 25/1999 (Fiscal Arrangements), formal implementation took place on 1 January 2001. It meant that the province (*provinsi*), regency (*kabupaten*) and city (*kota*) were all now political and fiscal players in the newly devolved structure. By August 2001, President Megawati Sukarnoputri had also honoured a commitment to introduce autonomy legislation for the two special regions (*daerah daerah istimewa*) of Aceh and Papua through Laws no. 18 and no. 21, respectively.

### **Difficult steps in a challenging process**

However, it is usually best to measure such things by degrees. The overhaul of Soeharto's intensely centralized power structure was never going to be a universal panacea. For instance, Golkar's administrative entrenchment weighed heavily in the newly devolved political structure.<sup>35</sup> And the Indonesian Armed Forces (TNI - *Tentara Nasional Indonesia*) still exert a strong influence despite the constitutional removal of their dual function (*dwifungsi*) role. This was mainly due to the TNI's substantial business interests and their continued links to major political players.<sup>36</sup> Actually, the national decentralization initiative remains subject to much legitimate criticism and continues to challenge the early optimism.<sup>37</sup>

From the outset, the 1999 legislation contained many inconsistencies, creating a recipe for confusion and poor implementation. This meant that its effectiveness varied widely across the archipelago. There was also the assumption that local governments would be better at dealing with local needs and problems. This proved to be a rather sanguine expectation, brought in to stark relief with the proliferation (*pemekaran*) of administrative districts.

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<sup>35</sup> Anthony Smith, "Indonesia: Transforming the Leviathan," in J. Funston, ed., *Government and Politics in Southeast Asia* (London: Zed Books Limited, 2001), pp. 74-117.

<sup>36</sup> Lesley McCulloch, "Trifungsi: The Role of the Indonesian Military in Business," in J. Brommelhorster and W.C. Paes, eds., *The Military as Economic Actor - Soldiers in Business* (London: MacMillan Palgrave, 2003), pp. 94-124; Marcus Mietzner, "Business as usual? The Indonesian armed forces and local politics in the post-Soeharto era," in Edward Aspinall and Greg Fealy, eds., *Local Power and Politics in Indonesia: Decentralisation and Democratisation* (Singapore: Institute of Southeast Asian Studies 2003), pp. 245-58.

<sup>37</sup> Maribeth Erb, Priyambudi Sulistiyanto and Carole Faucher, *Regionalism in Post-Suharto Indonesia* (London: Routledge, 2005); Ed Aspinall and Greg Fealy, eds., *Local Power and Politics in Indonesia: Decentralization and Democratization* (Singapore: Institute of Southeast Asian Studies, 2003); Damien Kingsbury and Harry Aveling, eds., *Autonomy and Disintegration in Indonesia* (London/New York: RoutledgeCurzon, 2003).



Given the rapid expansion of new undertakings, existing institutional practice was, in some respects, inappropriately equipped to deal with it. Over a hundred sub-divisions of regencies took place between 1999 and 2004, increasing the total number by roughly 50 percent. By 2005, 33 provinces and some four hundred and fifty regencies and cities were in existence. This, along with a lack of guidelines from central government, led to significantly different takes on the new political and fiscal responsibilities. In some respects, *pemekaran* magnified rent-seeking behaviour and revenue mismanagement.<sup>38</sup> Many local administrations simply lacked the appropriate technical capacity and personnel. In fact, service delivery, instead of improving overnight, actually deteriorated in places like Northern Sulawesi and Southern Sumatra. Community marginalization issues in Kalimantan and Sulawesi also did little to alleviate matters.<sup>39</sup> And local indigenous populations (*putra daerah*, native son) began demanding priority for regional government jobs, ahead of migratory newcomers (*pendatang*).<sup>40</sup> Having said this, the introduction of legislative amendments in October 2004 did improve some of these shortcomings by placing renewed emphasis on addressing administrative disputes and budget mismanagement, local accountability and closer monitoring by central government.<sup>41</sup>

### **Transforming continuity with the past**

Evidently, the politics of pragmatic democratic change is anything but smooth. Nevertheless, crafting institutional change has done more than decant old wine into new bottles. The decentralized political system has helped widen intra-elite competition, albeit by degrees.

Despite ongoing rent-seeking behaviour, new political configurations are more than a reassertion of oligarchy in a different guise. Representative contestation and accountability now extends to a broader range of both bureaucrats and local leaders. This means they are in competition politically for not only resources and taxation but also, ultimately, votes.<sup>42</sup> Performance is beginning to matter. There is now incentive to appear, at least, to be more inclusive and constituent friendly. The upshot is that this influences, however

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<sup>38</sup> Fitria Fitriani, Bert Hofman and Kai Kaiser, "Unity in Diversity? The creation of new local governments in a decentralizing Indonesia," *Bulletin of Indonesian Economic Studies*, vol. 41, no. 1 (2005), pp. 57-79.

<sup>39</sup> Christopher R. Duncan, "Mixed Outcomes: The Impact of Regional Autonomy and Decentralization on Indigenous Ethnic Minorities in Indonesia," *Development and Change*, vol. 38, no. 4 (2007), pp. 711-733.

<sup>40</sup> This may be little more than parochial opportunism in many areas but it is still a worrying trend.

<sup>41</sup> Law no. 32/2004 (Regional Government) enacted these amendments.

<sup>42</sup> Sebastian Eckardt, "Political accountability, fiscal conditions and local government performance - cross-sectional evidence from Indonesia," *Public Administration and Development*, vol. 28 no. 1 (2008), pp. 1-17.

slightly, policy decisions and priorities. Multiple elites also mean that marriages of convenience and compromise take place between political parties with similar local interests but different national agendas. This involves, in certain instances, a putting aside of national differences to assert local governance against central interference. In other words, the increased contestation of regional politics brings with it a gradual destabilization of the centralized nexus of political power.

In West Sumatra, for instance, a formidable Golkar party backed former governor Zainal Bakar as he came from within the state bureaucracy. Yet, to pigeonhole Bakar as an exclusive reflection of “old” power would be somewhat misleading. His parliamentary allies represented a mixture of regional and national political interests. More significantly, the reputation for integrity of the new governor, Gamawan Fauzi, is a welcome fillip, especially given Bakar’s implication in several corruption cases.<sup>43</sup>

In broader terms, two consecutive free and fair elections and a transfer of power from incumbent opposition means that Indonesia has passed a key litmus test of democratic consolidation.<sup>44</sup> The effectiveness of the General Elections Commission (KPU) is also a major encouragement.<sup>45</sup> Moreover, the inauguration of the new Regional Representatives Council (DPD, *Dewan Perwakilan Daerah*) is symbolically (and structurally) a significant step for improving representation. It, in effect, creates a bicameral second chamber of parliament. This acts as a sort of upper house, albeit with extremely limited powers.<sup>46</sup> For instance, the DPD possesses no veto over the budget. Having said this, altering the composition of parliament may lessen regional distrust of central government. In theory, there is the potential to give Indonesia’s diverse communities a greater representational presence in Jakarta. Likewise, since 2005, *Pilkada* (local elections) for hundreds of governors (*gubernur*), regents (*bupati*) and city mayors (*walikota*) has certainly altered the political landscape, with about 40 percent of incumbents replaced.<sup>47</sup> Whether there has been dramatic change in the new incumbents’ representational priorities is, however, harder to gauge. Yet, greater competition for office, logistically at least, represents a gradual dilution of the system of top-down executive appointments and manipulated assembly votes. This is not to say things are all plain sailing. In terms of institutionalization, the party system is still captive

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<sup>43</sup> James Davidson, “Politics-as-usual on trial: regional anti-corruption campaigns in Indonesia,” *Pacific Review*, vol. 20, no. 1 (March 2007), pp. 75-99.

<sup>44</sup> Samuel P. Huntington, *The Third Wave: Democratization in the late Twentieth Century* (Oklahoma: University of Oklahoma Press, 1991), pp. 263.

<sup>45</sup> The 2004 elections heralded improved civilian rule over the military, a meaningful and extensive number of permitted political parties, stabilized election rules, amendments to the decentralization legislation and constitutional limitations on the power of the executive.

<sup>46</sup> Since 2004, the restructured People’s Consultative Assembly (MPR, *Majelis Permusyawaratan Rakyat*) consists entirely of popularly elected members sitting in the People’s Representative Council (DPR, *Dewan Perwakilan Rakyat*) and the new DPD.

<sup>47</sup> Douglas E. Ramage, “A Reformed Indonesia,” *Australian Financial Review*, 12 October 2007.

to personality politics and most parties are widely seen as corrupt and self-interested.<sup>48</sup>

### **Yudhoyono's impact**

On the other hand, the president and vice-president now have to stand as a team. This is supposed to encourage moderate candidates, who have the capacity to form alliances across party lines.<sup>49</sup> In fact, President Susilo Bambang Yudhoyono (SBY) may be ex-military but he is politically acute and displays a commitment to the new democratic framework.<sup>50</sup> Although high on rhetoric, he has at least sought to stabilize the economy and combat corruption.<sup>51</sup> In a Przeworskian sense, SBY readily submits his interests and values to the uncertain interplay of democratic institutions. He also shows little fear in reshuffling his cabinet and disrupting the cosy political cartel of previous administrations. Recent infusions of high-level civilian technocratic expertise reinforce this point. For instance, in 2005, he replaced Coordinating Minister for the Economy Aburizal Bakrie (head of the Bakrie Brothers conglomerate, a major economic vehicle of the Soeharto era) with Dr. Boediono.<sup>52</sup> Likewise, prominent economist Dr. Sri Mulyani Indrawati came in as the new finance minister, with SBY backing her anti-corruption drive. Indrawati has already sacked her director-general of taxation in 2006 and lately overhauled the customs staff at Tanjung Priok port.<sup>53</sup>

Moreover, the findings of the Supreme Audit Agency (BPK) and investigations by the Corruption Eradication Commission (KPK) are slowly beginning to make inroads against Indonesia's endemic nexus of corruption and graft.<sup>54</sup> Their attempts to rein in the conglomerates of the Soeharto era may be fraught and uneven but they do show signs of progress.<sup>55</sup> For instance, the KPK recently detained prosecutor Urip Tri Gunawan, business executive Artalita Suryani, lawmaker Hamka Yamdu and Jambi Deputy Governor Anthony Zeidra Abidin in connection to the BLBI case.<sup>56</sup>

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<sup>48</sup> Paige Johnson Tan, "Indonesia Seven Years after Soeharto: Party System Institutionalization in a New Democracy," *Contemporary Southeast Asia*, vol. 28, no. 1 (2006), pp. 88-114.

<sup>49</sup> R. William Liddle and Saiful Mujani, "Indonesia in 2005: A New Multiparty Presidential Democracy," *Asian Survey*, vol. 46, no. 1 (2006), pp. 132-139.

<sup>50</sup> Edward McBride, "Survey: Indonesia," *The Economist*, 9 December 2004.

<sup>51</sup> Hal Hill and Takashi Shiraishi, "Indonesia After the Asian Crisis," *Asian Economic Policy Review*, vol. 2, no. 1 (2007), pp. 123-141.

<sup>52</sup> In April 2008, the DPR approved Boediono's nomination as the new governor of Bank Indonesia (BI).

<sup>53</sup> Hamish MacDonald, "Increasingly sophisticated Yudhoyono will leave an impressive record," *Sydney Morning Herald*, 15 September 2007.

<sup>54</sup> Erwida Mulia, "Prevention crucial to combat corruption," *The Jakarta Post*, 6 March 2008.

<sup>55</sup> This is despite the decision of the Attorney General's Office to drop charges against two major BLBI debtors, Sjamsul Nursalim and Anthony Salim, due to a lack of evidence.

<sup>56</sup> "Opportunity there for KPK to take over BLBI probe," *The Jakarta Post*, 22 March 2008; and "Lawmaker, deputy governor arrested for graft," *The Jakarta Post*, 18 April 2008.

### *Democratization and Decentralization in Post-Soeharto Indonesia*

The indications are that the institutional reform of the post-Soeharto political system has, albeit modestly, destabilized oligarchic proclivities. Indeed, elite behaviour displays modification to widening contestation that, in turn, creates a more inclusive form of politics. And no matter how constrained the potential, this has improved the system of governance and the possibility of a more peaceful and stable Indonesia.

#### **Conclusion**

Evidently, countries do not emerge from authoritarianism to multi-party democracy overnight. Indeed, the way political actors alter and reconstitute disarticulated political space can both enable and constrain the kind of democracy establishing itself. Yet, the activity of politics brings with it procedural reform and policy change from a stabilizing combination of pragmatism and compromise. In the Indonesian case, the crafting of a system with certain procedures and uncertain outcomes has, overtime, made a renegotiation of improved representation possible. On balance then, despite the complicated challenges, political governance is substantially different from the Soeharto era.

Rather than an increasingly unsatisfactory understanding of transition dynamics, what this actually highlights is the complex role both political action and institutions play in post-authoritarian settings. The importance of which is to remind us that democratization is a process and rarely if ever ideal.

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