

**Democratization in Indonesia**  
**An Assessment**



Capacity-Building Series 8

**Democratization in Indonesia**  
**An Assessment**

**Forum for Democratic Reform**

International IDEA

© International Institute for Democracy and Electoral Assistance (International IDEA) 2000

All rights reserved.

Applications for permission to reproduce all or any part of this publication should be made to: Publications Officer, International IDEA, S-103 34 Stockholm, Sweden.

**International IDEA** encourages dissemination of its work and will respond promptly for requests for permission for reproduction or translation. This is an International IDEA publication. International IDEA's publications are not a reflection of specific national or political interests. Views expressed in this publication do not necessarily represent the views of International IDEA's Board or Council members. Maps have been created for this publication in order to add clarity to the text and do not imply on the part of the Institute any judgement on the legal status of any territory or the endorsement of any boundaries, nor does the placement or size of any country or territory reflect a political view of the Institute.

Cover Design: Batasmata Graphic Design & Communication. Tel: +62 21 759 06036  
Layout and Printing: Amepro Graphic Design and Printing. Tel:

# Table of Contents

<b>Preface by Bengt Säve-Söderbergh</b>	viii
<b>Foreword by Nurcholish Madjid</b>	xi
<b>Acknowledgement</b>	xiii
<b>Executive Summary</b>	1
<b>Introduction</b>	
<b>Methodology</b>	
<b>Constitutionalism and the Rule of Law</b>	33
1 The Constitutional Debate	35
2 The Legislature and Executive: Defining their Roles and Inter-Relationship	39
3 Securing Regional Autonomy	50
4 Strengthening the Rule of Law and the Role of the Judiciary	55
5 Institutions to Support and Protect Democratic Principles	57
6 Political Parties and the Electoral System	60
7 Fundamental Rights and Duties of State and Citizen	61
8 Concluding Note	66
<b>Regional Autonomy</b>	69
1 Background	71
2 Making Decentralization Work	72
3 Making Decentralization Democratic	74
4 Paying for Decentralization	77
5 Resolving Conflicts	79
<b>Civil-Military Relations</b>	83
1 Background	83
2 The Historical Context	87
3 Assessing the Extent of Civilian Authority Over the Military	88
4 Indicators to Measure the TNI's withdrawal from Politics	106
5 Concluding Note	108
<b>Civil Society</b>	109
1 Background	111
2 Empowerment	
3 Critical Issues and Possible Solutions	116

<b>Socio-Economic Development</b>	129
1 Good Governance: The Path to Socio-Economic Reform and Development in Indonesia	131
2 Indonesia's Governance Agenda	135
3 Guiding Principles for Socio-Economic Restructuring	138
4 Democratizing Economic Activity in the Regions	142
5 Investment and Natural Resource Management: Establishing a New Relationship	146
6 The Fiscal Structure	150
7 Restructuring the Bureaucracy to Support Socio-Economic Reforms	152
8 The Military and its Role in Business	157
9 Encouraging Small and Medium Business Enterprises	159
10 Labour Relations Reform	162
11 An Open Policy-Making Process	167
12 Collusion, Corruption and Nepotism	168
 <b>Gender</b>	 171
1 Background	173
2 Strategies for Reform	175
3 The Reform Agenda: Recommendations for Reform	181
4 Concluding Note	198
 <b>Religious Pluralism</b>	 201
1 Background	203
2 Religious Pluralism – a Product of the New Order?	203
3 The Post New Order Politicization of Religion	207
4 The Future of Religious Pluralism – Some Hopeful Indicators	208
5 Strategies for Building Religious Pluralism	210
6 Rearranging the Relations Between Religion and State	212
7 Analyzing the Problem	213
 <b>Recommendations for Reform</b>	
 <b>Appendices</b>	
245	
Appendix 1 : Country Data and Map	247
Appendix 2 : Forum for Democratic Reform	254
Appendix 3 : Supplementary Contributors	263

## 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 Jocevina 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

This Democratization Assessment was initiated by International IDEA with the objective of promoting democratic development through dialogue and consultation. It was the outcome of a collaborative endeavor and depended on the support and efforts of the Forum for Democratic Reform. The members of the Forum for Democratic Reform were generous in responding to various demands on their time – they made this initiative both possible and worthwhile.

The Democratization Assessment and International IDEA's programme in Indonesia has also been made possible by the generous support it has received from several international agencies that include the Australian Agency for International Development (AusAID), the Government of the Netherlands and the United Nations Development Programme (UNDP) in Indonesia.

AusAID provided funding for the consultative dialogues on Civil Society and Regional Autonomy, the Government of the Netherlands has been generous in their timely and continued support of IDEA's Indonesia programme, and UNDP, through its initiatives in the "Partnership for Governance Reform in Indonesia" has supported consultative dialogues on Constitutionalism and Rule of Law, Gender, and the Socio-Economic Development.



