

Increasingly sophisticated Yudhoyono will leave an impressive legacy



Quiet achiever ... President Yudhoyono, left, with Indonesian military chiefs during a military celebration in 2005.

Photo: Reuters

Hamish McDonald
September 15, 2007

ALONGSIDE the Asia-Pacific Economic Co-operation summitry last weekend, there was an impressive roadshow from an Asian country that once dominated our regional outlook, but whose story has more recently been drowned out by the big-budget epics of China and India.

Last Sunday night, the Indonesian President, Susilo Bambang Yudhoyono, showed a new sophistication in his country's diplomacy, in a carefully crafted appeal in English for Australians and Indonesians to forget hostile stereotypes, even invoking the memory of Steve Irwin to make his point.

In different forums, some of his ministers - such as the Trade Minister, Mari Pangestu, and the Environment Minister, Rachmat Witoelar - were showing off the infusion of civilian expertise that the former general has handpicked for his cabinet. The progress they make in reforms, before Yudhoyono's term ends in 2009, will be important for our neighbourhood. A handy take on progress came from the Australian National University's annual Indonesia "update" this month.

Ten years after the Asian financial crisis that precipitated the collapse of the Soeharto regime in May 1998, the economy is sustaining economic growth of about 6 per cent a year, despite tough measures such as the cutting of fuel subsidies last year. But it is still below the 7.5 per cent growth it averaged before the crisis, and unemployment is still massive, perhaps 30 per cent.

As the Australian National University economist, Chris Manning, points out, Indonesia has not got back into the large-scale manufacturing that flourished in the later Soeharto years, and relies more on small and medium scale sectors. About 39 million of the 230 million population are below the Government's poverty line - 4 million more than in 2005. However, population growth is slowing and looks like levelling off at about 280 million mid-century - at which point the "furphy" about starving, landless Asian hordes arriving on our shores may recede from Australian thinking, hopes the ANU's veteran Indonesia specialist, Jamie Mackie, author of a new Lowy Institute paper on bilateral relations.

Against this tough background, the deepening of the country's democratic reforms is even more impressive. As well as three national elections since Soeharto, Indonesia has conducted about 320 elections for provincial and district chiefs and legislatures, replacing a system of top-down executive appointments and manipulated assembly votes. About 40 per cent of incumbents are tipped out, reports Douglas Ramage, the Asia Foundation representative in Jakarta.

Along with the decentralisation of power, economic activity and wealth is being dispersed, as measured by bank deposits and credit, which before 1999 were overwhelmingly held and disbursed by Jakarta bank branches, Dr Ramage said. Surveys show about 75 per cent of Indonesians say they are happy with the new political arrangement, despite the tougher economic times since Soeharto.

Addressing another Western fear, ANU political specialist Greg Fealy says political Islam is stagnating, and the once strong parties of leaders such as Abdurrahman Wahid and Amien Rais are in disarray. The main secular parties may take on an Islamic tone and promote a Muslim way of doing things in education or banking, but they are not pushing for an Islamic state.

The spread of sharia law by provincial and local governments seems to have stopped, and the Koranic code is not being enforced in some areas where it has been officially adopted. "No Islamic firebrands have been elevated in any local elections, anywhere in Indonesia," Dr Fealy reported.

Under Yudhoyono there's also been a long overdue attack on backward institutions. The national police force, detached from the Defence Ministry soon after Soeharto fell by President B.J.Habibie, is being re-educated as a crime-fighting and protective agency - rather than a repressive apparatus - through anew curriculum at its academy. "It's an example of how a deeply corrupt and brutal institution can change," Dr Ramage said.

The Finance Minister, Sri Mulyani Indrawati, sacked her director-general of taxation last year, and recently dismissed or transferred 1351 staff of the customs service at Jakarta's Tanjung Priok port, doubling the salaries of those remaining, to cut the notorious corruption. Throughput of containers has jumped dramatically. The judiciary and prosecutorial machinery remains problematic, witnessed by this week's Supreme Court decision upholding 1 trillion rupiah (\$128 million) in damages awarded to Soeharto against *Time* magazine, or the early release of Soeharto's son Hutomo (Tommy) Mandala Putra from his jail sentence for a judge's murder.

The lagging investigation of intelligence links to the murder of the human rights lawyer Munir Said Thalib, by arsenic poisoning aboard a Garuda flight in 2004, still drags down Indonesia's international standing, as does reluctance to account for abuses in East Timor between 1975 and 1999.

Military reform has also slowed. The army retains its "territorial" role giving it domestic powers similar

to an occupying colonial army. In 2004 parliament passed a law ordering the armed forces to divest all their business arms. "More than two years on, nothing's been done," said Clinton Fernandes, a specialist on the Indonesian military at the Australian Defence Force Academy.

The failure particularly aggravates problems in Papua, where the army has rotated several officers accused of serious abuses in East Timor earlier in their careers. It helps keep the region under a mantle of Soeharto-style fear and secrecy, subverting political efforts to calm separatism among the Papuans. With the army running protection rackets at big resource projects or protecting illegal loggers, it undermines the new effort to preserve forest cover.

Yudhoyono is a new and attractive face of Indonesia, able to address foreign audiences in English and postgraduate of US universities. Yet only in January last year, he became the first Indonesian president to recall an ambassador from Canberra, in the row over Papuan asylum seekers, a step that Soekarno never took at the height of "Konfrontasi", Soeharto during his many bilateral chills, or Habibie in 1999.

Whether we escape this diplomatic cycle of euphoria and dispute, and investors flood capital back into Indonesia, will depend a lot on how much progress the "Thinking General" makes, over the remaining two years of his term, in regulating his former army colleagues, backing Sri Mulyani in her bold anti-corruption drive, and tracing responsibility in cases like the Munir murder.

When news happens: send photos, videos & tip-offs to 0424 SMS SMH (+61 424 767 764), or [email us](#).

[SAVE 31% on home delivery of the Herald - subscribe today](#)

Copyright © 2007. The Sydney Morning Herald.