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Indonesia:
State and Society
in Transition

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1

Indonesia: An Underrated Country?

THIS BOOK IS A STUDY OF THE CONTEMPORARY POLITICS AND society of Indonesia, the world's largest Muslim-majority nation, with approximately 270 million people. Only China, India, and the United States have larger populations; India and the United States are the only two democracies larger than Indonesia. Unique among countries of its size, Indonesia is an archipelagic state. Consisting of more than 17,000 islands, Indonesia straddles the Pacific and Indian Oceans, and some of the world's busiest shipping and trading routes pass through its waters.

Indonesia's size and unique geography mark it as a country that merits attention beyond its borders, particularly as the balance of geopolitical and economic heft continues to shift from the West to Asia. Yet Indonesia is rarely included in lists of emerging powers and economies, of which the BRICS (Brazil, Russia, India, China, and South Africa) grouping is probably the best known. Its absence is in contrast to the global role the country played at the peak of its international influence in the 1950s and 1960s, when it initiated the Non-Aligned Movement (NAM) as an alternative to the Western and Soviet blocs of the Cold War and positioned itself at the helm of an anti-imperialist bloc of new emerging forces.

What accounts for Indonesia's much more modest international profile in contemporary times? Is it simply that Indonesia is in fact "one of the most underrated and under-appreciated countries in the world," as former senior Singaporean diplomat and academic Kishore Mahbubani (2018) posits? Or has Indonesia's influence genuinely waned, because of various characteristics of its domestic affairs? In this book, we seek to equip readers to respond to these questions by

presenting a comprehensive survey of contemporary Indonesian politics, society, and culture, and its relations with the outside world.

No academic observer would contest the view that democratic Indonesia is beset by various shortfalls spanning politics, economic development, and society. Twenty years after the end of authoritarian rule, Indonesia faces many challenges, ranging from enduring poverty, rising inequality, and endemic corruption to increasing illiberalism, erosion in the protection of basic rights, and failure to address past instances of state violence, all of which are addressed in detail in the following chapters. How we interpret these deficits depends in large part on the comparative lens we adopt, with possible points of comparison being the Indonesia of twenty years ago, its neighbors in Asia Pacific, other so-called third-wave democracies, and its fellow members of the G20 (Group of 20), perhaps its most prized international forum, which is made up of the twenty largest economies in the world. When measured against such points of comparison, it becomes clear that Indonesia's performance in various spheres of governance is broadly typical of countries with similar political pasts and income levels, diminishing the case that it has been egregiously underrated.

In political terms, present-day Indonesia is unrecognizable when compared with the period of authoritarian rule by President Suharto that ended in May 1998. All legislative representatives and executive heads of government in Indonesia, from the village level up to the presidency, are now directly elected in competitive elections. Indonesia's party system has also transitioned from stage-managed competition between three regime-approved parties to one in which ten or more parties of differing and often loosely defined ideologies jockey for voters' approval, albeit with vote buying persisting as an important part of their candidates' electoral strategies. Critical commentary on political candidates by the media and civil society is widespread. More fundamentally, Indonesia's amended constitution establishes a separation of powers and a clear basis for democratic competition. The document also establishes a new bill of rights, mostly modeled on the International Convention on Civil and Political Rights, although the implementation of these rights has been inconsistent.

Following its postauthoritarian transition and two decades of democratic consolidation, Indonesia similarly stands out within its immediate region. Among its Southeast Asian neighbors, no other country has consistently maintained democratic status since the year 2000. Among those countries that have been democratic for part of this time, the Philippines is considered by scholars to have temporarily regressed into

authoritarianism (Diamond 2015, pp. 145, 151), whereas Thailand has oscillated between democratic and military rule. Transitions in Myanmar (Burma) and, most recently, in Malaysia may yet add to the community of democracies in the longer term, but for the most part Indonesia's attempts to promote democracy within Southeast Asia have been a lonely endeavor. Concerning Asia as a whole, Edward Aspinall (2015) observes that the average Freedom House democracy index score for his list of eighteen significant countries in the region was 3.83 in 2015—a score that is significantly closer to the authoritarian end of the Freedom House index spectrum, which scores the most democratic at 1 and the most authoritarian at 7. Indonesia rated a somewhat better score of 3. For the most part, therefore, Aspinall notes, Indonesia has maintained its democratic status, despite the absence of so-called spillover or neighborhood effects from other nearby democracies.

If we change the lens to compare Indonesia to other so-called third-wave democracies (that is, countries that have become democracies since the mid-1970s, such as the Philippines, South Korea, and Taiwan [Huntington 1991]), we find that Indonesia's deficits as a democracy appear to be quite typical at worst, and at best well above average.¹ Certainly, Indonesia has not succumbed to a reversion to authoritarianism, even though various observers perceive this to remain a risk. After all, this is a fate that democracy scholar Larry Diamond (2015, p. 144) calculates to have befallen almost 18 percent of democracies worldwide in the first fifteen years of the twenty-first century. Erosion of the quality of Indonesia's democracy over the same period similarly complies with a global decline in the degree of freedom (Diamond 2015, pp. 147–148). In 2017, the Freedom House index found seventy-one countries, including Indonesia, to have suffered a decline in political rights and civil liberties; only thirty-five registered an improvement. Thus 2017 was the twelfth consecutive year of decline in global freedom, leading Freedom House to declare that “democracy is in crisis” (Freedom House 2018). V-Dem data also show levels of liberal democracy to have declined somewhat from a peak level in 2006–2008, although by this index Indonesia's current levels of democracy remain comparable to its early transition (Coppedge et al. 2019).

It is only in comparison to its peers in the G20 that Indonesia's democratic deficits stand out. In 2017, Indonesia was ranked fifteenth out of nineteen member countries in The Economist Intelligence Unit's Democracy Index (2017), the lowest of any democracy in the grouping. (Turkey, Russia, China, and Saudi Arabia are the G20's authoritarian members.) Even then, Indonesia's position is not especially anomalous

once income is taken into account. The nine top-ranked G-20 members in this index, including all five countries ranked simply as “democracies” as opposed to “flawed democracies,” are all Organisation for Economic Co-operation and Development (OECD) members with much higher per capita incomes than Indonesia.

When we shift to the economic sphere, we can observe that Indonesia’s development deficits again appear in sharpest focus when compared to the OECD countries of the G20. Inequality, for example, has emerged as a major development challenge for Indonesia during the democratic era. Despite consistently rapid economic growth of around 5 or 6 percent per annum since its recovery from the deep economic crisis that precipitated the end of Suharto’s rule, inequality has risen steadily. Indonesia’s Gini coefficient, a common measure of inequality, rose from 0.33 in 1998 (just after the Asian financial crisis) to 0.41 in 2015 (Yusuf and Sumner 2015, p. 338), although it then declined somewhat to around 0.384 by 2018 (Aisyah 2019). The twelve OECD members of the G20 had much lower Gini averages—around 0.35 in the late 2000s—benefiting from the higher average social spending of advanced economies (Lustig 2016, p. 28).² Indonesia compared more favorably with the non-OECD G20 countries, whose average Gini coefficient of 0.47 in the same data set exceeded Indonesia’s score of 0.41. Indeed, a comparison of Indonesia with six other middle-income countries based on 2010 data produced a decidedly mixed report card for Indonesia. Economist Nora Lustig (2016) observed that Indonesia not only had the lowest absolute level of income inequality in her sample, but was also doing the least through its social and fiscal policy to address this issue. Overall, she found Indonesia’s fiscal policy had no redistributive effect, with the country spending roughly the same on health and education for poorer and richer citizens.

Indeed, Indonesia’s modest social spending and failure to redistribute wealth through its fiscal policy places that nation only in the middle of the pack in its region with regard to inequality. For a nation of 270 million people, significant challenges remain to bridge the still significant gap in income levels and to lift those millions still in poverty out of that position.

To reiterate, Indonesia’s performance in the political and economic spheres has been typical of nations of similar standing. Indonesia’s chief advantage is its size, a major factor in its emergence as a country of significant regional economic clout. But as the data also show, following the devastation of the Asian economic crisis in 1997–1998, improvements have not necessarily touched all Indonesians and have

not been as rapid as many would have wanted. In political terms, Indonesia's success as a stable democracy places it above many other similar nations. However, for those in Indonesia striving for stronger protections for human rights, including those of minority regions, ethnicities, and sexualities, there have been worrying signs in recent years of a backward slide toward less, rather than more, freedom.

We posit that Indonesia's predicted economic growth, demographic and geographic significance, and relative democratic stability mean that although not underrated as a nation, it is less understood than it should be. We aim in this book to delve into the historical, political, social, economic, and cultural orders in contemporary Indonesia to illuminate and enable deeper critiques of what life is like for Indonesians, the successes and ongoing challenges the nation faces, and what the future holds.

Continuity and Change

Since 1998, Indonesia has experienced an extraordinary shift from authoritarianism to democracy, and from economic crisis to a rapidly growing economy. In this period the people of Indonesia have witnessed episodes of sectarian and separatist violence, major reforms of national institutions, decentralization of the political structure, destructive natural disasters and terrorist events, and government by five presidents, including four elected in democratic and peaceful ballots.

A clear picture emerges from this book that even after so much tumultuous change, Indonesia's transition is ongoing. In twenty years, Indonesia's economy will very likely be much larger than it is today and, by some estimates, among the top four or five in the world. Even though most regard Indonesia as a relatively successful democracy today, many long-term observers, both inside and outside Indonesia, hold a negative view of the nation's future. They do not believe that the risk of falling back into authoritarianism has been fully overcome.

To better predict the trajectory of ongoing change in Indonesia's governance and society, it is necessary to have a clear understanding of the longer-term context of present events. Studying Indonesia's past helps us to better comprehend the forces shaping its present and to appreciate the enormity of the past and continuing endeavor—the imagining and eventual realization of a nation-state uniting an enormous diversity of ethnic and language groups (Ananta et al. 2015). To this end, the book opens with two chapters on the nation's history, covering the precolonial and colonial periods and Indonesia's postindependence slide from parliamentary democracy to authoritarianism toward the end

of founding president Sukarno's rule (1945–1965) and continuing into Suharto's long New Order regime (1965–1998).

These earlier periods continue to shape the choices made by Indonesia's leaders and broader society as they face contemporary challenges. For example, the strength of Indonesian nationalism and the particular and enduring appeal of both Pancasila, Indonesia's state ideology, and Sukarnoism remain key pillars for the majority of political parties; both of these elements were exhibited by the candidates in the 2014 and 2019 presidential elections. The Indonesian military's central place in the national story arises from its conception as a revolutionary army of nationalists and freedom fighters under the Dutch and Japanese occupiers. In contemporary Indonesia, this legacy means that for the people and for the institution itself, the military is still considered a vital element of the nation-state. Moreover, the history of the Dutch-sponsored federated-states strategy to resist full Indonesian independence also helps us understand why federalism continues to remain impossible in Indonesia, even during the period of far-reaching decentralization after Suharto.

We recognize the continuity of actors between the authoritarian and democratic periods as a consequence of the long-term persistence of a social order that emerged under Suharto's rule and supported nepotism, cronyism, corruption, and patrimonial networks of power. This order still permeates business and politics and lies beneath a tendency to return to authoritarian strategies in facing current political crises, in turn curbing freedoms. The continued resonance of imaginings of the role and influence of pre-independent Indonesian kingdoms and Sukarno's postindependence prominence in the Non-Aligned Movement can also be recognized in thinking about Indonesia's present-day place in the world.

In order to evaluate the political change and remaining risks to a democratic future in Indonesia, we then examine the vast political reforms of the early post-New Order years. We pay special attention to the instability that accompanied this change, including sectarian violence and separatist conflicts in various parts of outer Indonesia. We also inspect the political structures in contemporary Indonesia and the role of elections and political parties—in sum, the machinery of parliamentary democracy that has gradually been put in place since 1998. In many ways still under negotiation, Indonesia's political and judicial institutions remain vulnerable.

We offer a detailed examination of the drivers of social and economic inequality, including the demographic challenges of improving access to employment, and to health and education services for the

nation's large, overwhelmingly young and geographically scattered population. Since the end of the New Order in 1998, although enormous effort has been directed toward improving the quality of life for ordinary citizens in Indonesia, complex challenges persist and growing inequality and poverty are hard to ignore. While the nation experiences rapid economic growth and the accumulation of wealth, the gap between rich and poor is widening. We ask if the present level of growth and development is sustainable when so many are being left behind.

The role of civil society and human rights issues reveals one of the most significant contradictions within this democracy. Some gains have been made for human rights protections, but the failure to deal with past crimes against humanity enacted under the New Order and subsequent governments is viewed by victims, survivors, and their supporters as undermining any commitment. An increase in attacks on human rights organizations and agents by fundamentalist Islamic groups indicates new levels of intolerance and harassment. As we explore this context of growing intolerance in Indonesian society, we examine the situation of religious, ethnic, and gender minorities that are becoming increasingly marginalized.

Young people—those between the ages of eighteen and thirty—make up the single largest group in Indonesia, so a significant number of people were born after the fall of the New Order or have no real memory of it. To better understand this crucial demographic and its interests, values, and outlook, we take a closer look at key elements shaping this generation. How are popular culture and the media shaping Indonesia's future? How open and free is the media in post-1998 Indonesia? Many deem Indonesia to be in the middle of a turn in society toward a more conservative practice of Islam, so we explore the role of religion in the lives of Indonesians today. In shedding light on the everyday politics and cultural tastes in Indonesia's society, we reveal a culturally rich society—one that also employs advanced technologies to remain highly connected globally and is persistently outward-looking.

Indonesia's history shows us that the inhabitants of the archipelago of islands that make up this nation have long been globally connected and open to teachings, religions, languages, and foods from around the world (Gelman Taylor 2013). Indonesia has occupied a strategic position within the maritime and trading world and within international politics. With its growing economy, geostrategic regional significance, and membership in the G20, contemporary Indonesia is seeking more attention on the world stage. Indonesia has long been seen as the leader within the Association of Southeast Asian Nations

(ASEAN), but how does Indonesia see its role as a nation both regionally and globally, and what is the status of its relationships with neighbors and key international partners?

Like other rapidly developing and evolving democracies, Indonesia is an incredibly dynamic and exciting nation where, on the one hand, innovation and progress in business, education, and technology are encouraged and supported, yet on the other hand, there continues to be ongoing negotiation and debate over the rights of the individual, including those of minorities, women, and young people. By exploring these levels of contemporary Indonesian state and society, we hope to reveal the complexities and tensions within this nation. The question is, can Indonesia resolve these tensions? Can Indonesia achieve its potential as a thriving economic power and democracy in its region and beyond?

Notes

1. This is also the case when Indonesia is compared with other Muslim-majority countries. The Economist Intelligence Unit Democracy Index (2017) rates Indonesia (6.39) below India (7.23), where Muslims are a minority group, and significantly above the next three largest Muslim-majority countries—Pakistan (4.26), Bangladesh (5.43), and Nigeria (4.44). Elsewhere, Pepinsky (2014) argues that Indonesia is a “typical Muslim country” in terms of economic, social, and political indicators based on a data set of fifty-two Muslim majority and Muslim plurality countries.

2. Gini coefficient averages calculated from International Labour Organization et al. (2015).