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DEVELOPMENT POLITICS IN INDONESIA BETWEEN SOCIAL PROGRESS AND POLITICAL STAGNATION¹

Abstract

Indonesian development politics are to a large extent a function of nation-building in a culturally and ethnically fragmented society. Since its independence in 1949 Indonesia had always development plans in effect but only the New Order regime of General Soeharto implemented them reasonably consistently. The New Order assigned highest priority to economic development, nation-building, stability and equity as mutual conditioning goals. Within the highly centralized and military dominated political system, the decision-making processes are elite centered, equally encompassing the top-down directed development planning process. A new and fairly open development discussion deals with the quality and political effects of economic development and the modernization of the political system.

Introduction

With its more than 13.000 islands, Indonesia's main task after independence in 1949 was unifying its territory and integrating the various ethnic groups into a nation system. As in other postwar independent states like Malaysia and the Philippines, Indonesia not only had to manage to overcome and transform colonial patterns into a system truly serving national purposes, its postcolonial governments also had to consolidate their legitimacy and to establish national security. Throughout the whole region economic development became the main instrument for meeting these challenges. According to Samudavanija and Paribatra "one assumption seems to be that economic development, by enlarging and consolidating a state's administrative, financial, industrial, technological and military resources, increases the efficacy of the various instruments of national power and thus helps to enhance its security. Another seems to be that economic development, by raising people's welfare and standard of living, serves to lessen and ameliorate conflicts within society arising from class, racial, ethnic, regional and doctrinal differences." (1987, 4f) The remarkable progress achieved in the whole Southeast Asian region since the 1970s can be attributed to a favorable and stable regional environment (BERG 1991 a) and to "the ability of the national leaderships to assess the internal social and political threats to the states and assign priority to national development". (WANANDI 1986, 181) The advancement of the national development processes induced dynamics of modernization which led in consequence to rising demands by the population in quantitative and qualitative terms.

The present article first presents the political and normative context of development politics in Indonesia. The Indonesian development strategies are presented, on

hand of various crucial government documents, a description of the governmental development planning process follows. The report continues with an evaluation of the successes and challenges of the Indonesian development process and concludes with the political discussion of Indonesian development efforts in the light of a still highly exclusive and authoritarian regime, where modernization processes generate growing pressure for change.

1. The political and normative background of Indonesian development politics

Development defined as economic growth and improvement of basic needs conditions received new emphasis and became the main concern of Indonesian politics when General Soeharto took power. The abortive coup on September 30th, 1965 made an end to the 'directed democracy' of President Sukarno and installed in 1967 General Soeharto in the Indonesian presidency. He changed the course of Indonesian politics, moving swiftly on foreign (refraining from 'confrontasi' politics towards Malaysia and from the intimate relationship with China) and on economic policy. Soeharto's immediate concern was reducing raging hyperinflation and building strong and lasting connections with a group of U.S. trained economists. (STEINBERG et al. 1987, 425) A new era in postindependent Indonesian politics began in 1966 under the label of 'New Order' (Orde Baru). Subsequent to this concept the Indonesian presidential system became highly centralized and increasingly dominated by the military. "This state controls political life as well as the economy. No other organizations or institutions outside the state, both in the political and economic sectors, can challenge the state at present." (BUDIMAN 1988, 113). Under Soeharto "Indonesia has been run, rather like Singapore, as if it were a corporation rather than a nation" (STEINBERG et al. 1987, 425). Acknowledging stability as crucial for the development, the military-technocratic government of General Soeharto relied heavily upon the armed forces to penetrate the system and control the country. To maintain 'national security' interests, the non-military i.e. police activities of the armed forces were justified on the constitutional ground of 'dwifungsi', the doctrine of the 'double function' of the armed forces (SUNDHAUSEN 1982, SOEDIBOYO 1990). Presidency and armed forces form an extremely powerful alliance in the highly centralized and exclusive Indonesian polity, where 'civil society' and its constituent groups are subordinated to the national goal of unity.

With the beginning of the New Order period, a fundamental change in Indonesia's development orientation occurred: "Development became more justified as the new ideology for the New Order, as opposed to the 'politics first' theme during President Sukarno's leadership." (SJAHRIR 1986, 10) The New Order regime drew the normative base for the Indonesian development concept essentially from three sources, the 1945 constitution, the state ideology Pancasila (WANDEL 1989) and the 'Seven Principles for Indonesian Development'.

As a set of policies designed to promote economic and social development the New Order aims for the fulfillment of the goals set in the 1945 constitution ensuing that Indonesia shall "be free, united, sovereign, just and prosperous". In addition to

the constitution, the state-philosophy Pancasila forms the decisive ideological premise being declared following independence and then delegated as the state ideology. Pancasila consists of five principles or 'columns': the believe in one god, humanitarianism, unity, democracy and social justice. Based on a minimal consensus, i.e. Pancasila, the 'five columns' of the Indonesian entity, intends to forge "unity in diversity" in a country of extreme ethnical and religious differences and rivalries (MAGNIS SUSENO 1989). In brief the fundamental premise of Indonesia's development is "the development of the complete Indonesian man in all aspects of life and the development of the entire Indonesian society" (INDONESIA 1989, 109). Seven 'Principles of National Development' are a constituent part of the Indonesian concept of society and serve as a platform for development strategies, laid out in the 25-year longterm and successive five year development plans (REPELITAS). They define the relationship between the individual and the development process and can be regarded as an extension of the principles of Pancasila. Clearly they predominantly stress the state defined interests of society over those of individuals and emphasize social responsibilities. Individuals are expected to exercise self-restraint and make sacrifices for the sake of serving the society (WANANDI 1989, 186). Government documents state for example the "principle of justice and equity" meaning "that every citizen is entitled to enjoy the fruits of development ... according to his share in the service to the country and the people". The "principle of joint effort and the family system" calls for the nation's combined effort for development; democracy would be based on Pancasila and the "principle of harmony of life" demanding for consensus seeking (INDONESIA 1989, 109). These seven principles for national development are politically complemented with the 'Indonesian Archipelagic Outlook' which designs a nation-building concept based on political, economic, social and cultural unity, as well as unity in defense and security. The whole set of policy guidelines indicates the clear interest of the ruling political elite in creating a concept for the society and polity which allows steady governability through firm control over political culture, thus bearing features of an 'object culture'. This strategy can be condensed by President Soeharto's expression of "national resilience", which captures in a few words this strategy. National resilience would result from the capability of a government to introduce all social and economic measures required to further progress, and its ability to deal with external threats to its security and integrity while preserving simultaneously its identity. (BERG 1991a, 181ff; GARDILL 1991)

The character of the above mentioned government documents underline the political importance of development, all of which insist on the unity of the country and mention the duties of the state and members of society. The comprehensiveness of the normative fundaments of Indonesia's development concept and the explicitness of the development goals demonstrate the Indonesian regime's attempt to cater for diverse individual needs and aspirations as well as demands and requirements of an evolving society in overcoming ethnic, social and geographical differences. It emphasizes the duties of citizens and the obligation in making contributions to this all-society process of change, that the state plans to introduce. Furthermore the explicitness of the pursued political goals, a fundamental and complementary instrument in the nation-building process, demonstrates, an attempt to integrate Indonesia on the base of unity in diversity.

2. Development strategies

On implementing the New Order, the Indonesian economy was in a desperate state. Annual real growth rates were extremely low, inflation and the budget deficit high. Production and investments had fallen in many sectors since 1950. When General Soeharto came to power in March 1966, top priority was given to the rehabilitation of the economy and to reducing inflation. A set of drastic measures, including severe cuts in government expenditures, was implemented. This created stability, annual growth rates between the years 1966 and 1970 averaging 6% and an inflow of foreign aid. In recognition of the need for foreign help for overall development, the government has encouraged since 1967 foreign investments. (EIU Indonesia 1989 — 90, 13ff) With the consolidation of the economy and the improvement of overall stability, the ground was laid to resume economic long term planning. In the formulation of new objectives top priority was given to economic growth, stability and equity, that were to be attained in a series of five-year development plans. As mentioned, these plans are not rigid blueprints to be implemented but rather flexible guidelines and goals applying to both public and private sector. They define development priorities, set sectorial growth targets and contain policy measures. While the private sector is free to execute its own plans within this framework, the public sector has to abide to its framework laid out in consecutive annual plans contained in the annual budget.

Since the inauguration of the first Five-Year Development-Plan in 1969 and the implementation of successive repelitas, the emphasis has shifted from agriculture to industrialization. Economic strategies have changed from import substituting to in the 1980s export oriented manufacturing to reduce dependency on oil revenues. While economic development was emphasized, social and political development were clearly subordinate and, as government documents state, "undertaken in line with economic development efforts in a mutually reinforcing manner" (REPELITA V, 2). Political and social development objectives have at best only a supplementary function in achieving national resilience.

The following section shows the main objectives of the five repelitas, comprising the first 25-year development plan (INDONESIA 1989; EIU Indonesia 1989 — 90, 13ff):

Repelita I (April 1969 — March 1974): Great emphasis was put on primary agriculture to increase agricultural produce (rice) and improve irrigation and transportation systems. Repelita I aimed at a 4.7% annual GNP growth and encouraged foreign investment.

Repelita II (April 1974 — March 1979): It focused on raising the standard of living of the Indonesian people. The specific objectives of the second Plan were the improvement of the quality of food, clothing and housing, improvement and expansion of the physical infrastructure, extension and equitably distribution of social welfare benefits and increase of employment opportunities. Annual average GNP growth was targeted at 7.5%.

Repelita III (April 1979 — March 1984): The new plan set up a 'Trilogy of Development', aimed firstly for a more even distribution of wealth, secondly for a sufficiently high economic growth, and lastly for a sound and dynamic national

stability. These three objectives, fundamental in all consecutive plans, reinforced the Principles for Development. Expected economic uncertainties for the planning period Repelita III led to a modest 6.5% GNP growth target. (The decline in oil prices in 1983 seriously affected the oil — exporter's balance of payment and created a lower GNP growth (5.7%). The government had to consequently defer some large public sector projects.)

Repelita IV (April 1984 — March 1989): The fourth plan emphasized industrial and agricultural projects, improvement in the infrastructure of social services and development of human resources. Repelita IV was set up during a time of increasingly unfavourable external economic conditions. The currency realignments of the mid 1980s and the collapse of oil prices in early 1986 affected Indonesia's economy. This experience reinforced the government's policy of reducing dependency on oil revenues and encouraged furthermore a structural transformation of the economy (SOESASTRO 1983; WARDHANA 1983).

Repelita V (April 1989 — March 1994): During the current final phase of the first 25-year development period increasing emphasis is put on the standard of living, creation of substantial productive employment and attaining a more balanced economic structure. The expansion of the manufacturing sector is largely left to the private sector. During this planning period, the main challenge for the economic policy of the Indonesian government is accelerating growth rates (targeted 5%), maintaining simultaneously budget discipline, to reduce the burden of the balance of payments and manage an external debt of roughly \$ 53 billion (WORLD DEVELOPMENT REPORT 1991). The main target of the present development phase is "the urgent problem" of providing employment opportunities for a projected 12 million new job seekers. "Repelita V continues to give special emphasis to economic development" (REPELITA V; BOOTH 1989).

Indonesia pursues its development programs with its economy, reinstated in 1967 into the international economic framework in acknowledgement of international economic interdependence. Like other Southeast Asian countries of the ASEAN community — of which Indonesia was a founding member — development is based on the following formula: Regional resilience + foreign aid and investment + national resilience + government centred development-planning = development (BERG 1991a, 178ff; BERG 1991b). Indonesia's combined market-oriented and state-interventionist economic policy mix was honored by the industrialized countries with major aid and investment flows channeled through a financing consortium, the Inter-Governmental Group on Indonesia (IGGI) (HEINZLMEIR 1989). Almost 50% of the calculated development expenditures derived from foreign sources during the period of repelita I from 1969 to 1974 (SURYADINATA 1981, 8f). For a country proud of self-reliance and autonomy this causes certain contradictions (MOLS 1991, 276).

3. The development planning process

Development planning is not a new feature of Soeharto's New Order. From 1947 there had supposedly always been a development plan in effect for Indonesia. Set up by the respective governments these development plans had been known as the

Plan for Strategic Development 1947, the Economic Urgency Plan 1951, the Five-Year Plan 1955 — 60, the National Comprehensive Development Plan 1961 — 69. Governmental and general political instability during the periods of parliamentary (1949 — 57) and directed democracy (1957 — 65) rendered extreme difficulties in plan implementation; overall economic achievements remained modest. The Indonesian economy underwent "no structural change or transformation throughout that period" (SJAHRIR 1986, 10). This changed after Soeharto took power. He perceived himself as 'Bapak Pembangunan', as the 'Father of Development'. "With a more favourable international setting, a political leadership more committed to stability and a more than able team of economists in strategic positions, the economy changed." (SJAHRIR 1986, 14)

With the establishment of the New Order state and the continuity in the staff of the economic planning team, macroeconomic management improved and the capacity for plan implementation increased. Soeharto built a solid alliance with a group of American trained economists who serve in the economic planning staff and in various influential governmental positions (a prominent example is Widjojo Nitisastro, who served for around two decades in various crucial governmental planning positions). This lends to cohesiveness in the successive various five-year development plans, making up the first twenty-five-year long-term development plan.

The traditional development planning process can be characterized as a combination of top-down from the government's central planning agency BAPPENAS and bottom-up planning on the provincial level. Nevertheless, the bottom-up line of the planning process seems to have only recently gained in importance. As opposed to BAPPEDA that elaborates the master plans, regional planning lays emphasis on plan improvement, adjustment and implementation. The framework of development is formulated in the 'General Pattern of Five-Year Development / Guideline of State policy' which is drafted by an expert team within the president's Supreme Advisory Council. It is then submitted to the People's Consultative Assembly (MPR), the highest representative body of the Indonesian polity. The majority of its one thousand members are presidential appointees, and include the parliamentarians of the House of People's Representatives (DPR). After discussion and implementation of possible changes, the 'General Pattern of Five-Year Development' would be approved by the MPR and thus sets the framework for planning in the National Development Planning Agency, BAPPENAS (van den HAM 1989). BAPPENAS is the central organ within the planning structure, "at least on the surface" (WICKMANN 1983). BAPPENAS works out the Five-Year Development Plan, which is "an indicative plan, comprised largely of Government development programs. It provides directives for the development process and determines the scale of priorities. It is, however, not a detailed blueprint for implementation" (REPELITA V). Government departments work out accordingly their specific sectoral programs within the 'Five-Year Departmental Plans', that are annually approved by the parliament. Detailed budget requirements for plan implementation in the government sector are contained in the 'Annual National Budget Plans'. Annual reviews of the financial projections, of development activities and the allocation of development funds contribute to the flexibility of this complex central planning procedure. Furthermore it facilitates a harmonious regional planning.

As indicated above, regional development planning in the highly centralized Indonesian polity is restricted by the very limited autonomy that Jakarta had permitted for the provinces. All local administrative divisions serve as extensions of the central government, "to ensure Jakarta's tight political and administrative grip on local affairs". (SHINN 1983, 188) The four tier's territorial administration consists of 27 provinces (*propinsi*), 250 districts or regencies (*kabupaten*), 3.350 subdistricts (*kecamatan*) and the numerous villages. The governors of the provinces are basically presidential appointees; district chiefs or regents and municipal mayors are appointed by the minister of home affairs. Only the headmen of villages, that are outside urban areas, are elected by secret ballot, those within urban areas are appointed by the district chiefs (van den HAM 1989).

Regional development planning is done simultaneously in cooperation with BAPPENAS and its provincial counterparts BAPPEDA (van den HAM 1989). In 1974 Regional Development Planning Boards BAPPEDA were established in all provinces and placed under the authority of the respective governor. BAPPEDA's main task is to coordinate the central planning with the regions, where sectoral agencies conduct their own regional development planning. During the annual budget planning period, BAPPEDA representatives travel to Jakarta to lobby and discuss with BAPPENAS the needs of their provinces. In 1980 the provincial level planning boards (BAPPEDA Tk.I) were supplemented by district level planning boards (BAPPEDA Tk.II), designated to coordinate development projects and programs (van den HAM 1989, 218f).

The bottom-up line of the Indonesian development planning process begins at village level. Every year, proposals and suggestions for programs are formulated and approved by the Village Community Council. On the subdistrict level (*kecamatan*) all village heads meet with *Kecamatan* administrators, BAPPEDA-representatives and sectoral government officials. During this meeting, various proposals are discussed, sorted out others approved. Subsequently these proposals are presented in a regional district (*kabupaten*) conference, that also include sectoral government agencies. Further proposals will be made to bring them in agreement with national policies and anticipated government funds. After approval in the *Kabupaten* Council the package of proposals is forwarded to the provincial level. The following screening and discussion process involves representatives of the respective districts, the provincial government, BAPPEDA Tk.I and the sectoral agencies. Consultations take place with neighboring provinces to coordinate proposals of mutual interest. BAPPEDA finally discusses the proposals of the respective province in Jakarta, plan implementation is conducted under the auspices of various federal government departments (van den HAM 1989, 219). Control and responsibility lies with the respective ministers.

4. Development achievements

In the assessment of macroeconomic Indonesian development achievements, analysts agree with government officials on the sound progress of the Indonesian economy and the structural change that took place over the past twenty years. "President Suharto's government has contained political unrest, sustained economic

growth, reduced poverty and hunger, and made steady progress in raising education and welfare levels." (VATIKIOTIS 1990, 37). The success record includes:

1. Sound and continuous growth: The impressive annual average growth rate of GNP (7,0 and 5,3% for the periods 1965 to 1980 and 1980 to 1989 respectively (WORLD DEVELOPMENT REPORT 1991), were fuelled in the earlier period by the oil boom. The decline of oil prices in 1982 caused an economic recession in Indonesia. Major governmental policy changes were introduced to decrease dependency on oil, and thus avoiding a severe debt crisis. Throughout the whole period the GNP growth rate was always higher than both the annual population growth and the increase in the size of the workforce.

2. Improvement in nearly all aspects of basic needs: Per capita food consumption rose impressively, likewise the availability of basic services for public utilities (potable water, community health clinics, electricity, road and transportation facilities); today virtually all eligible youngsters are educated at primary school level and nearly three-fourth of the adults are literate; life expectancy rose from 46 years in the mid 1970s to 63 years today; infant mortality was reduced by 60 percent (SJAHRIR 1990, 121; WARDHANA 1990).

3. Significant drop in the number of people under the poverty line: Since the mid 1970s, the number of people under the poverty line has decreased from 54 to 30 Million (1989), accounting for 40% of the 134 Million population in the 1970s and 17% of the 172 Million Indonesians in 1987 respectively. Figures from the Center of Policy Studies also demonstrate a considerable increase in the living standard of the average Indonesian during the period from 1969 to 1989 (NGANDANI 1990, 114). Sjahrir points out that the poverty level had declined less significantly in urban areas compared with rural areas (SJAHRIR 1990, 121).

4. Structural transformation: Intensified structural transformations of the Indonesian economy have taken place over the last twenty years, a process that was reinforced since the mid 1980s by targeted structural transformation policies. Figures on the distribution of employment demonstrate a considerable drop in the percentage of employment in agriculture and mining from 64.4% in 1971 to 56.7% in 1980, accordingly a rise in secondary sector employment from 8.1% to 12.3% and in the tertiary sector from 27.5% to 31.2 (CENTRAL BRUEAU OF STATISTICS, Nov. 1988). Under pressure to promote non-oil domestic revenues and export earnings counteracting the oil price collaps in the mid 1980s, a comprehensive set of economic reforms was implemented. They included: "a complete overhaul of the tax system, a partial liberalization of the banking sector, the lifting of subsidies from most parts of the economy, the reform of customs and porthandling procedures, the introduction of a series of policy packages designed to attract increased foreign investment and promote non-oil exports, and an ongoing deregulation of financial markets" (NGANDANI 1990, 113). The structural transformation resulting from these measures is shown in the shifted origin of gross domestic product (GDP).

Indonesia's Structural Transformation, 1983 — 1988

(As a percentage of GDP)

Sector	1983	1988
Primary	43.52	37.05
Agriculture	22.78	21.07
Mining & Quarrying	20.74	15.98
Secondary	18.66	23.53
Manufacturing industry	12.74	18.40
Construction	5.92	5.13
Tertiary	37.82	39.42
GDP	100.00	100.00
GDP without oil	80.86	85.21

Source: Central Bureau of Statistics, National Income of Indonesia, Main Tables 1983 — 1988, November 1988.

5. Rise in investment: It can be considered as one of the most impressive achievements of the economic liberalization policies of past years to have created an expanding and deregulated economy, attractive for local and foreign business. In 1990 foreign investment approvals leaped by 84% to US\$ 8.7 billion with Japan as still the biggest single investor (25%). The "second generation" of East Asian capital exporters, Taiwan, South Korea and Hongkong contributed greatly to the new investments. (CHALMERS 1990, 113)

5. Development deficiencies

Indonesia faces in spite of the previously mentioned progress, serious socio-economic problems, such as high unemployment and underemployment, as well as the uneven distribution of development, that are elaborated below:

1. High unemployment and underemployment: Repelita V recognizes the fact, that "an important portion of the labor force is currently underemployed or unproductively employed." Statistics from the Center of Policy Studies state that in 1975 a total of 19 million or 39% of Indonesia's workforce was underemployed (i.e. working less than 35 hours per week), in 1985 the figures showed 31 million or 46%. The estimates for 1990 were 39 million or 50% of the total workforce. About 12 million new job seekers were expected to enter the labour market, many of which are young and well trained, for whom the government is especially concerned. Unemployment was expected to increase over the following years (NGANDANI 1990, 115).

2. The unbalance of rural — urban development: Over years there had always been in Indonesia a higher rate of development in urban than in rural areas, especially in Java, being the largest and most densely populated island and far more advanced than the outer regions. Incomes and revenues in the outer islands showed only slight improvement to that of Java. The larger amount of capital investment in Java,

compared to outer Java, accounts for the more rapid increase in per capita income in Java than in the outer regions. These regional disparities caused in Java the negative effects of rapid urbanization and overpopulation of the major cities (NGANDANI 1990, 114) and resulted in the rapid growth of a urban proletariat (WANANDI 1986, 193). The government tried to counterbalance this persistent trend by increased efforts in regional development and industrialization in outlying islands. In effort, particularly Sulawesi, Kalimantan, Sumatra and some sectors in East Timor enjoyed rapid development. The government's highly controversial 'transmigrasi' program, implemented vigorously throughout the 1960s and since then more moderately, has moved more than one million people (ca. 300.000 families) at government expenses from densely populated islands like Java and Bali to remote or sparsely populated parts of the archipelago, such as Kalimantan and Irian Jaya. "Despite the high priority the Indonesian government has placed on the program, obstacles encountered have included the reluctance of many Indonesians to move away from their homes, the high expense of the program and, more recently, resistance to newcomers on the part of local people, particularly in Irian Jaya." (STEINBERG 1987, 453) The initially compelling character of this program was at the time widely viewed as a limitation of human rights.

The additional problems of insufficient employment opportunities and high population densities should be incorporated into economic considerations, as a result of their social implications with a potential to cause social unrest. Indonesia's geography and demography does not permit an easy solution (NGANDANI 1990, 113). Ironically, the social problems of Indonesian development are to a large extent caused by its own successes and the expectations, that they generated. Current modernization processes increased horizontal and vertical mobility in the Indonesian society. Improvement in living standards, as well as increased participation in transportation and in modern mass communications have exposed Indonesians to a vast array of external influences and broadened receptability for different ways of thinking. These elements have produced in Indonesia (verifying modernization theorists) increasing pressure for participation in politics. There is an increasing desire to challenge the ruling elite, as well as to question the adaptability and viability of the Indonesian polity.

6. Development discussion

This new momentum for change in Indonesian society addresses ultimately Pancasila with its legitimacy and timeliness. It served as the ideological foundation of independent Indonesia, and serves as the exclusive political ideology of the New Order regime under Soeharto. Pancasila always functioned as the government's vehicle to cope with the extraordinary difficulties in the Indonesian nation-building process, reinforcing stability, justifying coercive means to discipline dissenters and to thwart separatist movements (WANDELT 1989, 267 — 289).

In the context of a highly fragmented society, Pancasila served to mould an Indonesian national identity. The ideology presumes an identity of state and society, the deriving political model is for western standards misleadingly called Pancasila-democracy. This model foresees a highly centralized state, demanding absolute

loyalty and is dominated by the president, armed forces and Golkar. The later is a government-backed coalition of 'functional groups' which prefers not to be known as a party and consistently wins the elections (WITOELAR 1989, 13f). This power structure was systematically built up during the early years of the New Order.

The New Order primarily sought to terminate the political polarizations between the communists and the Moslem movements, that were demanding an Islamic state. This polarization has characterized the Sukarno era. Pancasila justified the bloody eradication of Indonesia's communist party in the 1960s, with the murder of millions of Indonesians and the cruel suppression of manifestations for political freedom, such as the student demonstrations during the early seventies. By incorporating farmer and labor associations and other organized groups into the system, the government destroyed the then existent civil society and imposed tightly controlled corporatism in order to strengthen its power base. Parties were neutralized and became completely disfunctional after the forced unification in 1973 into the PDI (Indonesian Development Party of four Islamic parties) and the PPP (Development Unity Party of non-Islamic parties). Both coalitions as well as within the coalitions themselves, were highly polarized, paralyzing any possible political power (SEEKINS 1983, 60). Parliament has not been a place for controversial debate, PDI and PPP, with less than 20% of the seats, are not considered as opposition rather than as pro-government parties. They are to conform with government interests. Opposition is regarded as the first step towards revolt, endangering the national unity and the stability of the country. This prevents any other parties, other than Golkar, to maintain offices and candidate at village level. A recent attempt was made to further bolster the ideal of unity in diversity and thus consolidate governmental control. Some highly controversial laws were enacted in 1985, obliging all mass organizations and parties to incorporate Pancasila in their statutes as the exclusive ideological foundation. Parties based on religious believes, such as in the case of PPP, had to erase the conflicting paragraphs in their platform (MAGNIS-SUSENO 1989, 135). Although no formal censorship exists, the New Order State exercised tight control over the mass media through the use, or the threat of using, its right to revoke the publishing licence of newspapers. Any criticism should be avoided and at most exercised in very limited and indirect ways. Pancasila continues to be the instrument compelling obedience of individuals and political groups and testing ideological conformity.

The government states clearly that various elements of Western liberal democracy, such as open political opposition, or claiming of individual human rights and individual interests, are incompatible with Pancasila-democracy and Indonesian culture (MAGNIS-SUSENO 1989, 147f.; SJAHRIR 1986). All this depicts a panorama of a highly exclusive political system, where an independent civil society within the state was deprived of its legitimate place. Pancasila-democracy clearly did not incorporate pluralism and participation of the individual.

Recent detectable social and political change resulting from increasing modernization caused a desire for more political participation in the urban population. New outspokenness has emerged in Indonesian public life. Political analysts believe, that Soeharto initiated himself a public debate in 1989 on the subject who would succeed him in the presidency in 1993 and how the succession would institutionally be arranged. A relatively open climate for public political debate and an intellectual

mobilization emerged among the Indonesian intelligentsia. During the student protest in 1989 the subjects of corruption and abuse of power were addressed (NGANDANI 1990, 104). School teachers went on strike and even Jakarta's bejak drivers organized a demonstration. The newspapers showed a rising intellectual mobilization and broadening politization. This was probably caused by the growing awareness of socio-economic issues at all levels of society. There is "more political maturity" (NGANDANI) in a modest but growing middle class.

Within the business elite there occurred a change in attitude to the government. Previously business was dominated by the Indonesian-Chinese and their government as well as military patrons, that included Soeharto's wife and children, who are all deeply involved in a wide range of basic industries. They either own companies or assert influence in existing state firms. Due to the lack of an indigenous bourgeoisie capable of investing in modern enterprises, Indonesia has developed a system of bureaucratic capitalism, which heaves powerful influential political individuals, particularly from the armed forces, into leading positions in government run enterprises, such as in 'conglomerates' (nationalized companies with monopoly position) or other potentially lucrative positions. "In such a 'patrimonial' system, the lines between public and private or civilian and military were blurred, if not eradicated." (SEEKINS 1986, 56) These traditional patterns increasingly changed when policy makers began in the mid — 1980s to deregulate and privatize the economy, and to rely more heavily on market forces. A decline in the patrimonial role and immediate distributive capabilities of the government occurred and accelerated the formation of a national business class (CHALMERS 1990, 112). In recent years public debate has emerged on the sensitive subject of oligopolies and the business activities of the president's family. This explains the government's unwillingness to tackle more entrenched seats of power and its ambivalence towards the private sector. The changing nature of the Indonesian economy will, nevertheless, compel the government to respond to the challenges and interests of a slowly growing business class. Increased business lobbying, therefore, will have an impact on economic policy making. Although the *ECONOMIST* presumes that "until the business community sees brave steps taken by Suharto to change the system and open it to more equitable competition, Indonesia's private sector is likely to remain frustrated and underutilized" (*ECONOMIST* 1988, 68).

A ruling elite which derives its basic legitimacy from economic development and redistributive achievements has to be responsive to the rising demands of society and allow for broader opportunities to influence governmental decision-making and for genuine participation in a truly liberal climate. In recent years government authorities have tolerated pressure for more influence and participation in politics, demonstrating a more moderate attitude towards the 'enemies of Pancasila'. For example, the government announced in autumn 1990 an easing of restrictions on the national press (*Indonesia Times*, Oct.6, 1990). This has yet to show any larger and considerable political liberalization. The government had only been to a slight degree responsive to the demands in order to upkeep the national resilience and is cautious of overstraining this resilience through excessive coercion, that could easily cause tension and social unrest. The President clearly brought the Pancasila style democracy back to everybody's mind (NGANDANI 1990, 105) and his government presently exercises a tightrope act between responsiveness to forces calling for

liberalization on the one side, and fundamentalist muslim movements causing unrest in some parts of the country on the other side. Nonetheless, the government will not refrain from the use of repression when national security is supposedly endangered, as demonstrated in the recently resumed aggression by the armed forces against participants in a funeral in East Timor.

The Indonesian government faces an increasing challenge to replace "traditional" Pancasila-ideology with a more appropriate interpretation. It will have to establish a new political approach, capable of harmonizing the philosophy of Pancasila and its inherent values with new value orientations, arising from the increasing receptiveness of the Indonesian society for foreign values. (WANANDI 1986, 195)

This climate of change created by modernization processes and mobilized socio-political forces also receives support from within the institutional framework of the Indonesian policy. There is increasing awareness, that the 'New Order' has grown obsolete after 'a quarter of a century' of existence. Highly competent civilians are gaining experiences in ministries and a younger and well trained generation within the Indonesian armed forces aspires the positions occupied by the generation of 1945. Middle-ranking armed forces officers "seem to be taking a more discriminating attitude towards Abri's 'dual-function' doctrine, and competitive candidacy — even possibly by civilians — in the collegiate-style 1993 presidential election is openly discussed" (VATIKIOTIS, April 19, 1990). These groups might have the strength to form an informal alliance for change in Indonesia. They are ready for a transition in leadership.

It still remains to be seen whether the present political tolerance in Indonesia is merely General Soeharto's tactical instrument to preserve national resilience and tighten the reins in the future; or whether the floor has been opened for a genuine participatory democratization.

NOTE

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