

# Suharto's iron fist brought 32 years of centralized stability to Indonesia

Ten years after his departure, Indonesia's fractious provinces acquire new powers

BY RIDWAN MAX SIJABAT

**W**HILE INDONESIANS PURSUE their headlong plunge into decentralization and devolution of powers to the provinces, the nation paused recently to ponder the legacy of Suharto, their former iron-fisted leader, whose 32-year tenure brought them peace and some economic development but denied them the ability to contest his rule.

Suharto's death on Jan. 27 came almost 10 years after he relinquished power. Despite more than 30 years of stability, his critics, including human rights groups and the international media, held him responsible for political repression, unresolved human rights abuses and corruption that benefited his family and his cronies.

Suharto was no supporter of federalism for Indonesia, a view his detractors claim was a cover for his corrupt profiteering from the natural resources of the provinces and for a kleptocracy that would inevitably be curtailed with the ceding of powers to the provinces over the resource wealth.

Today, the style of President Susilo Bambang Yudhoyono has been to build consensus and form issue-by-issue coalitions in the legislature. Dubbed "the thinking man's general," the former military man and first directly-elected president - former presidents were elected by the legislature - has allowed the country's decentralization program to proceed in an orderly fashion.

His non-confrontational style stands him in good stead, less than two years before the next election.

The country, considered a centralized state before the reforms began, has gone through nine years of political decentralization starting in 1999 and reached a landmark with what Indonesians call the "big bang" in 2001. Since then, the country has implemented one of Asia's

most ambitious decentralization programs. From 1999 onward, the program has continued through the administrations of four successive presidents, transferring powers, money and even civil servants from the capital to the provinces.

Many Indonesians feared that such moves would lead to the break-away of many provinces. But except for East Timor, which voted to secede from Indonesia in 1999 and became a UN-recognized country in 2002, that has not happened.

Instead, what Indonesians call "special autonomy" - something like the powers of a Canadian province - has been granted to the provinces of Papua and Aceh, and the one-time rebels from those regions have laid down their arms and become politicians. The recent decentralization of powers in Indonesia has been extended to the rest of the country's 33 provinces. In some cases it has gone beyond decentralization and has been more like devolution, the ceding of authority by a central power of a country to another order of government within the same country.

Indonesia gained its independence from the Netherlands in 1949. During the country's first 50 years of independence, the word "federal" was considered an expletive. Every patriotic Indonesian was expected to support "the Unitary State of the Republic of Indonesia." This anti-federal sentiment was firmly rooted in Indonesia's opposition to its former Dutch colonial rulers, who sought to impose a federal form of government on

an independent Indonesia after the Second World War.

Today, the Dutch are long gone and, ironically, Indonesia's 33 provinces are seeking increased powers from the central government in Jakarta. Some Indonesians are openly calling for federalism, which would have been unthinkable a few years ago.

What caused this major shift? First came the downfall of Suharto's authoritarian regime in May 1998. Then movements for democratization and decentralization swept Indonesia and gave provinces and regions wide-ranging autonomy under four consecutive presidents: B.J. Habibie, Abdurrahman Wahid, Megawati Sukarnoputri and,



A woman carries her child past a poster of former Indonesian president Suharto, who died in January.

AP PHOTO

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since 2004, Susilo Bambang Yudhoyono.

Indonesia would be a difficult country to run with a completely centralized government. The nation has a population of 230 million living on more than 17,000 islands. It also has the largest Muslim population of any country, although the population is also nine per cent Christian, two per cent Hindu and one per cent Buddhist. There are 2,500 ethnic groups with their own languages or dialects of Indonesian. Until 1998, the country's 33 provinces and more than 480 regional governments and municipalities had few powers of their own.

### Increasing decentralization

Since Indonesia's decentralization program began, the central government has handed over an increasing number of its powers to provinces and regions, allowing them to deal with their domestic affairs in almost all sectors, except defence and security, matters dealing with foreign affairs, monetary policy and judicial and religious affairs.

The regional administration law of 1999 and the fiscal balance law of the same year have been revised three times since then to give increasing autonomy to the regions. The regions now handle most domestic affairs, particularly local elections, fiscal matters, investment and natural resource exploration. As well, Papua and Aceh, two provinces in the country's western and eastern tips, both of which had secessionist movements in the past, have received a special form of autonomy with enhanced powers in all areas. Significantly, both provinces now

have shared jurisdiction with the central government over natural resource exploration and management.

Agus Alua Alue, chairman of one provincial government, the Papua People's Assembly, says demands for greater autonomy have been increasing. "Federalism might be unavoidable in the coming decades because of Jakarta's strong policy of controlling provinces under the Indonesian unitary state," he added. "But in fact, provinces have (already) implemented principles of federalism."

In an interview with the author, he acknowledged that autonomy for Papua had one negative consequence: the province has become a fertile ground for corruption, and the target of the corrupt has been the annual disbursement of large sums of capital meant to finance the province's special autonomy. A larger part of the province's budget over the past three years was allocated to pay for bureaucracy than for increasing services and facilities for the people of Papua.

### Suffering from AIDS

Papua is home to a population of 2.4 million and to several major mining companies, including U.S.-based copper and gold miner Freeport McMoran Ltd. The province has received about US\$5.6 billion annually in special autonomy funds from Jakarta and has managed about US\$16 billion of funding since 2001. Despite its new funding, Papua has remained Indonesia's least developed province, with most of its tribal people living in remote areas, lacking sufficient

schools and suffering disproportionately from HIV and AIDS.

The other autonomous province, Aceh, managed to form a democratic government thanks to a peace agreement between Indonesia and the rebel fighters of the Free Aceh Movement. The agreement was reached through mediation by a Swiss-based NGO, the Henri Dunant Center, in August 2005. This year, Aceh has managed about US\$28 billion in annual revenue to carry out development in the province of just 4 million.

Local elections held in Aceh in October 2006 were won by independent candidates, mostly former rebels of the secessionist movement. However, they have had difficulty implementing programs to improve the economic situation of people there. Most local politicians are building local parties with the goal of winning seats in the provincial and regional legislatures in the 2009 legislative election.

### Separation feared

Yet the former rebels' sweeping victory in the 2006 local elections has raised fresh fears in Jakarta of a possible outright separation by Aceh from Indonesia.

Nasir Djamil, a legislator from the Islamic Prosperous Justice Party (known by its Indonesian initials PKS), is still worried about the province's possible separation. He is nervous because most of the senior and strategic positions in Aceh have been taken by former rebels, resulting from the recent local elections called for by the peace agreement signed by Indonesia and the Free Aceh Movement in Helsinki in August 2005.

Djamil does see one hopeful sign. He believes the central government will regain the confidence of the people of Aceh under the special autonomy arrangement, especially if major progress is made in implementing the peace agreement. The peace pact called for the reintegration of ex-combatants into society and the resolution of unsolved cases of human rights abuses during the conflict.

Regional parties in the provinces do take independent political positions. Nationwide political parties, however, have quite different political interests to defend. They support a unitary state for Indonesia and have tried to maintain their monopoly over state institutions,



In 2007 former rebel leader Irwandi Yusuf became governor of the Indonesian province of Aceh, which gained special autonomy from Jakarta in 2001.



APPHOTO/DITA LANGKARA

Smoke billows from a palm oil refinery on the island of Sumatra. Every year, an area of forest the size of El Salvador is lost to logging, agriculture and development. Some provinces, like Aceh and Papua, have clamped down on illegal logging and have cut deforestation.

particularly the executive and legislative bodies. However, most regions have been dissatisfied with the current power-sharing and what they view as a fiscal imbalance which favoured Java, an island that is only one-third the size of Papua, but contains almost 65 per cent of the country's 230 million people.

"Java, which has attracted the most qualified human resources, has grown too rapidly, while many provinces outside the island have been lagging behind," said Yopie S. Batubara, a regional representative from North Sumatra province in a recent interview with the author. "Unqualified human resources have been moved to least-developed provinces under the resettlement program,"

Batubara added.

The second house of Indonesia's legislature, the Regional Representatives Council, has demanded a revision of the 1945 Constitution to give the regional council more authority. It is asking for increased power to make laws, plan state budgets and control Indonesia's executive body. These steps would increase the regions' bargaining power and implement a true bicameral parliamentary system, according to their proponents.

The chairman of the Regional Representatives Council, Ginandjar Kartasasmita, has expressed optimism that the president and political parties will support the proposed constitutional amendment following the 2009 general election. In that election, support for the proposed empowerment of the council is expected to be a key campaign issue that will probably be supported by candidates for posts of governors and regional heads.

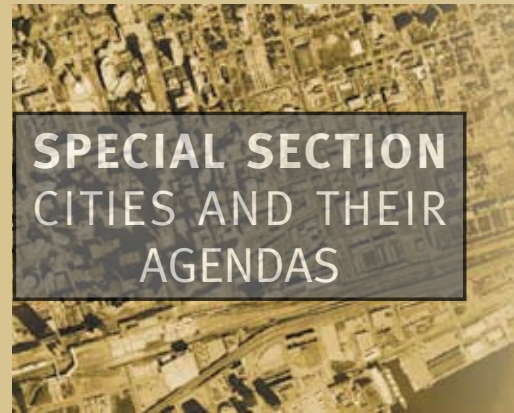
#### Treated unfairly

Kartasasmita said resource-rich provinces such as Riau and East Kalimantan have demanded special autonomy because they believe they were treated unfairly by Jakarta, which gave local authorities only 15 per cent of the taxes on oil produced there.

The chairman, Kartasasmita, said most provinces and regions have supported the idea of fair distribution of the country's wealth. He said Jakarta should not monopolize the fiscal domain, but instead should transfer more funds than it has in the past to resource-rich provinces; otherwise, they will either demand federalism or seek separation.

Ikrar Nusa Bhakti, a political analyst at the Indonesian Institute of Sciences, and someone who believes in Indonesia remaining a unitary state, has warned that devolution in the country's changing political system is the equivalent of Indonesia becoming a federation.

Bhakti predicted that the increasing demands for additional authority and autonomous funding for the provinces, combined with the central government's habit of ignoring problems such as mounting levels of poverty and unemployment, would inevitably lead to the implementation of "a federal system" in Indonesia such as that of the United States and Germany.



## SPECIAL SECTION CITIES AND THEIR AGENDAS

# Canada's federal government reluctant to fund cities

BY ROBERT YOUNG

**C**ANADIAN MUNICIPALITIES ARE CONTINUING to press the federal government in Ottawa for increased funding - this despite the fact that municipalities in Canada fall squarely within the jurisdiction of the provincial governments. Economic forces seem to be accentuating the importance of the larger cities, which are growing fast, while municipalities in peripheral areas struggle with decline in population. Financial stress is widespread among Canadian municipalities of all sizes. Business interests, labour and academic allies of municipalities have pushed what they call their "cities agenda" in and around Parliament Hill in Ottawa. And the federal government has responded, especially during the