

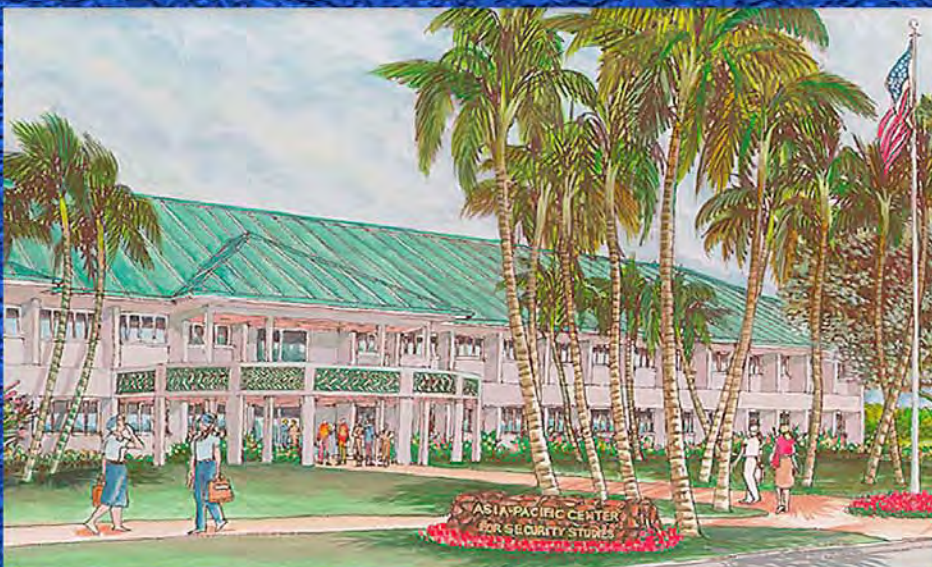
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*Destiny's Child:
Prospects for Megawati*

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Destiny's Child: Prospects for Megawati

Since 1996, Megawati Soekarnoputri, daughter of Indonesia's founding father, Soekarno, emerged on the Indonesian political scene with the mantle of heir apparent to her father's still popular legacy. In that year Megawati, whose growing popularity alarmed the Soeharto regime, was removed as leader of the Indonesian Democratic Party (PDI) by prominent members of both the Soeharto regime and the military by rigging the party election. Subsequent clashes with security forces caused the deaths of PDI activists. Megawati's rough handling at the hands of the Soeharto administration caused many in the foreign press to accord her with the status of Indonesia's equivalent of Burma's Aung San Sui Kyi.

Megawati's election to president in June 2001 was greeted optimistically by many (including a massive rally in Indonesia's currency value), but since coming to office, she has demonstrated an inherently conservative manner in dealing with Indonesia's host of problems. Many have had cause to doubt Megawati's commitment to wholesale democratic and administrative reform of the Indonesian system. She has also drawn close to military elements, including those who sought to destroy her electoral prospects in 1996. And in negotiating the multi-party environment of Jakarta she has shown supreme caution in dealing with rivals in the Golkar Party and the various Muslim parties—even though key members of these factions have attacked Megawati mercilessly. Megawati's controversial support for a second term for unpopular Jakarta governor, Sutiyoso, may be the final straw for many who voted for Megawati in the 1999 election on grounds of *reformasi*. While Megawati's government has failed to tackle political, economic and social problems that confront Indonesia, she is still in a strong position to make a serious bid for the presidency in 2004. Failure to deal with many of the difficulties Indonesia faces is in part derived from the political labyrinth that Megawati must negotiate in Jakarta.

Megawati's appeal with the masses is principally based on being the daughter of Indonesia's charismatic founding president, Soekarno. In this sense fate has brought her to office. While it is rumored that Megawati sees it as her destiny to rule Indonesia, not unlike some of her predecessors who believed they possessed the blessing of heaven (*wahyu*), it is the case that the current president of Indonesia has never seen fit to outline a concrete set of policies to the Indonesian public. Her appeal is based solely on her lineage, not what she can offer as a political leader—nor has she attempted to rectify this impression. However, the *wahyu* may not be enough to convince the voting public if Megawati's administration fails to deliver good governance. While Megawati will in all likelihood survive politically as president until 2004, and will probably win a second term, a more proactive approach will be necessary to avoid her legacy ultimately ending in the ignominy that has claimed each of her predecessors. There is, however, no indication that Megawati is prepared to undertake a more bold and dramatic political program, and few, if any, of Indonesia's longer-term problems will find resolution.

Megawati Takes the Presidency—at Last

Since the fall of Soeharto in May 1998, Indonesia has undergone a stop-start transformation toward democratic governance. However, the fitful transition is ongoing, and Indonesian democracy has come more into line with the dominant Western liberal model encompassing free and fair elections, the separation of powers, an open contest for executive power, and an open society. Elections in June 1999, the freest seen in Indonesia since 1955, produced no clear winner. (See Table 1 below.) Megawati Soekarnoputri's PDI-P (*Partai Demokrasi Indonesia—Perjuangan* or Indonesian Democratic Party-Struggle) gained nearly 34 percent of the vote to emerge the “winner,” but failed to achieve a simple majority. Golkar, the former ruling party, gained 22.5 percent of the vote. Smaller percentages were gained by smaller parties, mostly based on Islamic groups or a Muslim identity—PKB, PPP, PAN, PBB.¹

Table 1.
1999 Election Results

	% Election Vote	% DPR Seats	Number DPR Seats
PDI-P	33.8	30.6	153
Golkar	22.5	24	120
PKB	12.6	10.2	51
PPP	10.7	11.6	58
PAN	7.1	6.8	34
PBB	1.9	2.6	13
TNI	-	7.6	38
Others	11.38	6.6	33

In the run-up to the general elections, Megawati had formed a de-facto electoral pact with Abdurrahman Wahid (or “Gus Dur”), leader of PKB, and the charismatic former chairman of the traditionalist Nahdlatul Ulama (Indonesia’s largest Muslim organization). This pact turned out to be more fragile than Megawati realized. At the last minute, Wahid was able to garner the support of the Muslim parties (*Poros Tengah*; Central Alliance) and Golkar to defeat Megawati by 373 to 313 in the Upper House’s selection of president. Riots broke out across Indonesia at this result, and PDI-P supporters were placated only when Megawati was appointed vice president. This event revealed some interesting conclusions about Megawati’s political style. While Megawati was deeply upset at losing the position of president, it became clear that she, and her supporters, regarded the position of president as rightfully hers. However, in the immediate run-up to the presidential election, Megawati had failed to lobby, negotiate, or keep an eye on her temporary coalition. She took it for granted that she would be acclaimed president as she was leader of the largest party in parliament.

Wahid, noted for his unshakeable belief in liberal democracy, and motivated by a life-long campaign against the mixing of religion and politics, governed from a position of weakness. While Megawati controlled the largest party in parliament, Wahid was able to cobble together enough support from the Muslim parties and Golkar to forge a fleeting alliance to prevent Megawati gaining the presidency. But Wahid failed to look after these interests. His party controlled only 10 percent of parliament, and Wahid failed to satisfy the political interests of the other parties on which he was dependent. This was compounded by capricious decision-making and discombobulated statements (Wahid, only partially sighted, could not read from a text). Wahid was brought down by allegations surrounding two scandals, but those who led the charge to remove him were members of PDI-P and the other Muslim parties who had been unceremoniously dumped from Wahid’s cabinet. Eventually, the upper house (MPR) voted to remove Wahid and allow for the succession of the vice president, Megawati. The vote was overwhelming at 591-0 (out of a possible 700 votes—Wahid loyalists boycotted the session), and Megawati was acclaimed president. During the travails of Wahid, Megawati remained silent. She refused to publicly be drawn into the debate over Wahid, and did not directly criticize him. In fact, she regularly refused political comment at all, arguing that it was not her place to second-guess the executive. Without campaigning, she had won the presidency. Under Indonesia’s constitutional laws, the removal of the president results in the automatic ascension to office of the vice president. The various political factions also made the calculation that Megawati would be a great improvement over the sometimes erratic Wahid.

Megawati Takes Office

While Megawati does not control an absolute majority, her parliamentary mandate is far stronger than Wahid's had been. This fact, a tightening of the rules surrounding impeachment, and the establishment of direct elections, make Megawati less vulnerable to the process that resulted in Wahid's dismissal. However, while Megawati must look after a shifting coalition of interests, she has become exceedingly cautious in not upsetting any of her political opponents to avoid what happened to Wahid. At various times, this has included supporting opponents for positions of authority, even at the risk of alienating her own party. Indeed, if any party has come up short in the distribution of cabinet and parliamentary positions, it is the PDI-P, the president's own political vehicle. While the maintenance of a multi-party cabinet is key to regime survival in Indonesia, appeasing all the various factions runs the danger of inaction.

Megawati's selection of the vice president reveals the kind of difficult choices facing her presidency. The leading candidates were Hamzah Haz, representing the *Poros Tengah* and Akbar Tandjung of the Golkar faction—two individuals who were instrumental in blocking Megawati from the presidency in 1999. Hamzah Haz, leader of the United Development Party (PPP) and former minister, was successful and *Poros Tengah* did well in the allocation of cabinet positions. Hamzah Haz is from an Islamist political tradition, and has urged the adoption of the "Jakarta Charter," which would place into the Constitution a provision that makes Sharia Law applicable to all Muslims.² He has also publicly praised the New Order regime of Soeharto, and as a leader of a patsy opposition under Soeharto's façade of democracy, he is considered a part of the old elite.

At the appointment of her first cabinet, announced on 9 August 2001, there was a massive market rally that raised the value of the Rupiah from around 11,300 to 8,700 to the U.S. dollar. This rally was based simply on expectations of a strong, effective government. Megawati selected a mixture of partisan and technocratic appointments—a move hailed as about the best compromise possible given Jakarta's political horse-trading. Megawati dubbed her executive the "Gotong Royong" Cabinet.³ (See Appendix One.) The media called her cabinet the "Dream Team," but in more recent times the Megawati government has attracted the nomenclature "the Dreaming Team."⁴ And Megawati's government has failed to address a number of the fundamental issues confronting Indonesia in any meaningful way.

The Issues: Where to Begin?

Essentially, governance under the Megawati administration has been cautious—or even hesitant—with the exception of attempts to achieve peace deals in various troubled regions of Indonesia and continue with regional autonomy. Greater attention will be needed to begin to confront the host of problems.

Until the era of democratization, Indonesia was run as a centralized state. Now Indonesia is in the midst of probably the greatest de-centralization of power in its history, yet the process is flawed and beset with contradictions—perhaps not surprising after only five years since the democratic transition began. The Habibie regime passed two laws to transfer a large amount of governmental control to the 400 or so districts (*kecamatan* and *kabupaten*)—not the 30 provinces—under laws 22/1999 (regional autonomy) and 25/1999 (fiscal arrangements for regional autonomy). The laws, rushed through hurriedly by the Habibie administration, are poorly worded, contradictory, and inadequate. The laws seem to simultaneously grant the same powers to different levels of government. Concerns also persist that district level authorities may misuse money or not have the necessary human capital to provide government services in their areas. The Megawati administration has not yet ironed out all these difficulties, and a former cabinet minister, Ryaas Rashid, has claimed that Megawati would like to recentralize authority. Many commentators have assumed that Megawati's "national-

ism” would lead her to be instinctively opposed to regional autonomy measures, although there is no sign that her government will undo what was decided by previous administrations.

Under Megawati’s watch, two special arrangements were started on January 1, 2002. Aceh and Papua are exceptions in the regional autonomy provisions, as each gets to retain, at the provincial level, significant revenue from resource extraction (in general terms 70 percent for Aceh, and 80 percent for Papua). These measures for dealing with Aceh and Papua are inherited from the Wahid administration. Despite peace talks in Aceh, it has been clear that the military’s new leadership is determined to crush the independence movement, primarily through military means.

On 9 December 2002, the Republic of Indonesia and the Free Aceh Movement signed a peace accord. The latest peace accord stipulates a cantonment of GAM (*Gerakan Aceh Merdeka*; Free Aceh Movement) forces, and their gradual disarmament, while a number of government units will be withdrawn in return. Two important concessions occurred for this agreement to be signed. GAM accepted regional autonomy (although without completely abandoning the demand for full independence), while the Republic of Indonesia finally acquiesced to a long-standing GAM demand for foreign observers to monitor the agreement—150 monitors have now entered Aceh, the core of which are military personnel from Thailand and the Philippines. The peace agreement failed to hold, as both the military and GAM accused the other of accord violations. After building up troop numbers to 50,000 in the province, Indonesia has launched the largest operation in the province since the separatist conflict began in the 1970s.

In contrast to Aceh, peace agreements in Ambon and Poso (Central Sulawesi) have largely held, although violence still periodically breaks out in these areas. The Megawati administration can take some credit for modest accomplishments in bringing a degree of stability to these provinces.

Another change, made alongside the Upper House’s (MPR) amendments, was to abolish the 38 non-elected seats of the military/police faction in the lower house (DPR). While this represents another small step forward for Indonesian democracy, the Megawati administration has shown a tendency to appease military interests. The Indonesian government showed no signs of attempting to reform the military, or abolish its territorial commands. Senior military figures, responsible for atrocities in East Timor, were sheltered from the law during ad hoc court proceedings, and hardliners within the army were promoted to positions of prominence. Lieutenant General Endriartono Sutarto was installed as the Armed Forces (TNI) Commander in June 2002, breaking with a decision by Megawati’s predecessor, Wahid, to rotate the position around the three service branches. Outgoing TNI commander Admiral Widodo Adi Sutjipto (as a naval officer, he was the first chief outside the army in three decades) had failed to undertake reforms of the military, indicative of the ongoing power of the army. Endriartono’s promotion marked the emergence of some hawkish leaders within the armed forces. The head of the army’s Strategic Reserve (Kostrad), Lieutenant General Ryamizard Ryacudu, was promoted to head of the army. Both Endriartono and Ryamizard expressed little patience for peace negotiations in Aceh, and have even threatened to widen the war with GAM. One of the most controversial promotions went to Major General Sjafrie Sjamsoeddin, who assumed the important post of TNI spokesman—and who is one of the key suspects for the 1999 violence in East Timor.

Another incident that showed Megawati’s increasing proximity to the army was Megawati’s support of a second term for Jakarta’s unpopular governor, Sutiyoso. Sutiyoso, a former Major General, is not just a military hardliner, but was actually responsible for mobilizing a mob to attack Megawati’s headquarters and removing her as PDI head in 1996. Allegations have been made that he has continued to use thugs to “clean up” the city and that millions in aid assistance for flood victims have disappeared. Adding further to the mystery of Megawati’s support for Sutiyoso, was that she and the central committee of the PDI-P passed over

potential candidates from their own party, including Jakarta PDI-P chapter chairman, Tarmidi Suhardjo. When Tarmidi persisted with his candidacy in the face of Megawati's decision to support Sutiyoso, he was censured by his own party. Sutiyoso's re-election has alienated many of Megawati's "reformasi" supporters. For unclear reasons Megawati has chosen to make peace with Sutiyoso (and other former New Order figures), giving rise to the charge that Megawati is playing "traditional politics." There is the faint waft of Soeharto about this incident, whereby presidential pressure is exerted to back the candidature of a (former) military figure to an important gubernatorial post. Megawati has demonstrated, through this incident, a desire to draw closer to the military in order not to upset Jakarta's leading power brokers, and most likely out of a belief that the military is the one institution that can hold Indonesia together.

As shown by demonstrations over Sutiyoso's re-selection as Jakarta's governor, corruption continues to be a serious domestic concern, as well as a weighty drag on economic recovery and attempts to overhaul the legal system. Even the Indonesian president has weighed in to the debate on this issue on a number of occasions, calling on Indonesians to get rid of the problem.⁵ *Laksamana*, one of Indonesia's leading newspapers, repeated a widespread rumor that Megawati has failed to match these words with a crackdown on corruption because of the business activities of her husband, Taufik Kiemas. Yet the theme of corruption was one of the few issues Megawati addressed with any consistency, even if her remarks remained in the realm of exhortation. State Minister of Administrative Reforms, Feisal Tamin, pitched in to the debate by putting a number on the problem. According to the minister, an astounding three million of Indonesia's five million civil servants nationwide were "unproductive, unprofessional and corrupt."⁶ But the corruption *cause célèbre* of 2002 was the arrest and conviction of Golkar leader and DPR speaker, Akbar Tandjung, who, on a pending appeal, was able to not only stay out of jail but also retain his political posts. Akbar was convicted for the siphoning of 40 billion Rupiah from Bulog, the state logistics agency, and the assumption of the prosecutors was that the money was probably used for Golkar's 1999 election campaign.⁷

While Megawati's accession to power in 2001 had a dramatic impact on improving market confidence at the time, Indonesia's economic news since then has been largely gloomy. Yet Indonesia drew praise from both the International Monetary Fund (IMF) and the World Bank. Just prior to the IMF's disbursement of U.S. \$360 million in September 2002, the Fund praised the Megawati government for its reform program. It also noted a stable rupiah (the currency has hovered around 9,000 Rp to the U.S. dollar for the last 18 months), relatively low inflation and interest rates, and the government's ability to restrain budget spending to remain within the projected 2002 budget deficit of 2.5 percent. But the IMF noted that the banking industry and the overall bureaucracy needed more reforms. A target to sell off 25 state assets during 2002 was not realized. With increasing pressure from parliament to end the relationship with the IMF, perhaps its congratulatory message should probably be seen as a means to deflect this type of criticism. However, if the Indonesian government were to withdraw itself from IMF tutelage, it would have quite negative consequences for investment and the desire of other lenders to consider future aid packages. The Megawati government attempted, in January 2003, to reduce subsidies on utilities and kerosene—the latter having a more direct impact on the poor—but reversed the decision in the face of mounting protests. The World Bank estimates that Indonesia's GDP growth will be 3.4 percent in 2002—marking no change over 2001—largely the result of consumption, and bolstered by wage increases and greater liquidity in a slowly recovering banking system.

Despite the list of positive indicators, government responses have been disappointing, compounded by the enormous economic toll from the Bali blast. Neither is the level of economic growth enough to allow Indonesia to cope with its burgeoning debt problem. Megawati's retreat on subsidies is indicative of a very cautious posture toward the problem of economic restructuring. A similar problem is evident in the asset sales, as successive governments in Indonesia have remained vulnerable to charges of selling out Indonesia's birthright to foreign interests. Megawati is therefore reluctant to privatize state assets.

Political Developments and Outlook

During the almost two years since Megawati came to office, a broad pessimism about the Megawati administration has increasingly crept into newspaper commentary in Indonesia and the wider international press. Megawati has failed to become involved in policy discussion in the public arena—even refusing to give press conferences. She also has, so far, failed to reshuffle her cabinet, standing by ministers even when they have gotten into serious trouble. This failure to improve her own inner sanctum is driven by a desire to preserve the political status quo and reflects her cautious style of political management.

Frustrations over the situation with her cabinet have been vocalized—somewhat ironically—by Megawati's own party. In August 2002, the faction head of PDI-P, Roy B.B. Janis, publicly demanded a reshuffle—most likely as a means to improving the Megawati administration and strengthening PDI-P's slice of the cabinet pie. Cabinet Secretary and State Secretary, Bambang Kesowo, was also criticized by PDI-P leaders for blocking access to the president and presiding over an office accused of “leaking” state funds.

The problem of achieving government coherence has become very obvious and the current Indonesian government is beset with a number of open splits, contradictions, rivalries, and scandals that impact key members. This is most evident with the ministers forming the economic team (now clearly in gridlock), whom the Coordinating Minister for Economy, Dorodjatun Kuntjoro-Jakti, has been unable to marshal. The Minister of National Development Planning, Kwik Kian Gie, a PDI-P stalwart and one of Megawati's most long-standing advisers, continued to advocate that Indonesia sever its involvement with the IMF. Kwik also accused his own party, PDI-P, of being the most corrupt in Indonesia, and was forced by Megawati to apologize. Some ministers have also made embarrassing gaffes, for which none were removed. The strangest case involved the Minister of Religious Affairs, H. Said Agil Munawar, who attracted ridicule for claiming that a soothsayer had revealed an ancient prophesy that indicated where he could find enough buried treasure in the ground to pay the national debt. When he was proven wrong, Megawati had to distance herself from the minister's comments. Generally, this lack of policy cohesion has taken its toll on international investor confidence.

The most damaging corruption scandals revolve around Attorney General M.A. Rachman, who failed to declare a luxury house as part of his assets to the Audit Commission on State Officials' Wealth. Investigations by *Tempo* magazine revealed that Rachman could not possibly afford the payments on this house on his ministerial salary. Rachman's initial appointment in 2001 was controversial due to his background in the thoroughly corrupt attorney general's office.⁸ Throughout 2002 Megawati brushed off media speculation on a cabinet reshuffle, albeit hinting that she had not decided. By the end of 2002 the president was insisting that no changes would be made, and was resolute in insisting that Rachman would remain at his post.

The one reputation in the cabinet that did not suffer was that of Coordinating Minister for Security, Susilo Bambang Yudhoyono, who came to greater prominence due to his leadership over the Bali blast (see below). His name crops up increasingly in discussions about potential candidates for president or vice president. However, his lack of a political party may be an impediment.

Perhaps the most troubling opponent for Megawati was her own Vice President, Hamzah Haz. Haz declared during 2002 that he would run for president in 2004. The vice president continued to use Islamic politics to his advantage, or at least when it suited him. While supporting Sharia Law for Muslims in Indonesia, in April 2002 he refused to have local United Development Party (PPP) officials support Sharia law in south Sulawesi. On this occasion he argued that rushing ahead would give Islamic law a bad name. This adds fuel to speculation that Haz has used Islamic issues primarily as a rhetorical tool to bolster his career. But Haz's most

dramatic political maneuver was to make political theater out of seeking photo opportunities with Islamist extremists. While Haz's own political position is not as hard-line as groups such as Laskar Jihad, he courted elements further to his right. In May 2002 the vice president visited Laskar Jihad leader Ja'far Umar Thalib for a ninety-minute meeting. Thalib was detained at the time (and later sentenced) on charges of inciting a pogrom against Christians in Maluku, in which 13 people died on 28 April 2002. Haz described his visit in these terms: "I went there as a Muslim. Part of Islamic unity is Islamic brotherhood."⁹ Later that same month, Haz paid a "brotherly visit" to the Al-Mukmin Muslim boarding school at Ngruki, just south of Surakarta. Al-Mukmin is run by suspected Jemaah Islamiyah (JI) spiritual leader, Abu Bakar Ba'asyir. The Singapore government had already pegged Ba'asyir as the head of the shadowy terrorist organization. After the Bali blast, Haz's reputation suffered, and the vice president found it necessary to alter his rhetoric (see below). Haz's backtracking has, for the moment, strengthened Megawati's position.

It became evident by early 2002 that all the major political parties in Indonesia have rivalries that threaten to become open splits. Megawati's party, PDI-P, continues to hold together, but disillusionment lies very close to the surface. In particular, those "reformasi" activists that joined the party prior to the 1999 general election have been disappointed by Megawati's conservative positioning. The president's party is a "broad church" and includes educated urban liberals, strong nationalists, supporters of the president's father, and members of the Timorese militias. (Erico Guterres, perhaps the most notorious militia leader as head of the brutal *Aitarak* paramilitary group, is a prominent member of PDI-P.)

There is also the complication of power sharing for Indonesia's political parties. The Golkar Party, former ruling party under Soeharto, has a number of factions, but the conviction of Akbar Tandjung, the Golkar Party leader, for embezzlement charges, has added to an existing division between the Jakarta-based politicians and the caucus of the outer islands' representatives (known as "*Iramasuka*"—Irian Jaya, Maluku, Sulawesi, Kalimantan). In September 2002 Akbar was found guilty of graft and sentenced to three years in prison, well short of the 20-year maximum sentence allowed by law. Some newspapers wrote Akbar's political obituary, but did so prematurely. Akbar filed an appeal and retained his positions as head of Golkar and speaker of the House. Akbar's own party, Golkar, did not seek to depose him.¹⁰ PDI-P did not seek to remove Akbar as parliamentary speaker either, evidently preferring the status quo. Most likely Megawati has considered it best to not upset the balance of power at this stage, and a Golkar Party headed by Akbar may well suffer an image problem in the next election. Whatever the reason, Akbar has remained speaker of the House partly as a result of Megawati's largesse—a tactic designed to assist Megawati gain a second term.

The party of Abdurrahman Wahid, the National Awakening Party (PKB), splintered in July 2001 when party chairman (and Wahid rival), Matori Abdul Djilil, and his supporters, voted for Wahid's impeachment. In 2002, attempts to reconcile Matori's rebel faction with the rump party, led by former foreign minister, Alwi Shihab, failed, and the party has since operated as two entities with the same name. Hamzah Haz's lurch to an Islamist platform has seen a rebellion within his party, PPP. Kiyai Haji Zainuddin M.Z. established the ginger group *PPP Reformasi*. Zainuddin launched a public attack on the PPP's attempt to place Sharia law in the Constitution. He also criticized both Megawati and Haz for hanging on to party chairmanship positions. Amien Rias' party, the National Mandate Party (PAN), faced a similar Islamist/secularist divide. One party expected to gain markedly from this state of flux within the Muslim parties is the Justice Party (PK), a small Islamist party of Muslim intellectuals. What all of this suggests is that despite the weakness of Megawati, her opposition is in complete disarray and currently unable to mount a serious challenge to her presidency.

During 2002, parties that reflect traditionalist and modernist Muslim voting constituencies attempted to forge an alliance for the upcoming election. Press rumors persisted of meetings at the residence of Cholil Bisri, well-known cleric and deputy speaker of the MPR, in Slipi. The parties that have engaged in talks on this issue so far are PKB, PAN, PPP, as well as some smaller Islamic parties. Attempts to bring together Muslim parties as a coherent voting bloc to support an alternative to Megawati face the tremendous hurdles of organizational and personal rivalries. It will be difficult for Wahid, for example, to sanction PKB support for such a marriage of convenience, given that the other parties involved were instrumental in his removal from office.

A multipartisan cabinet combined with intra-party feuding and ideological disagreement has muddied attempts to distinguish “government” and “opposition.” There could well be a shakeout before the next election (especially amongst the Muslim parties, which may experience factional realignments), with the enormous portion of the electorate that voted for “reformasi” in the last election remaining a pool of potential swing voters. However, most of the electorate will likely vote according to sectoral interests, determined by habitual religious, ideological, or institutional affiliations, usually known as *aliran* (cultural streams) in Indonesia.

Among the new political parties that have formed, two have received some media attention, although chances for these parties still look slim. In July 2002, the former state minister of administrative reform, Ryaas Rasyid, and an academic and political adviser, Andi Mallarangeng, launched the Nation Democratic Unity Party (PPDK), which will run on a platform of strengthening regional autonomy. The other party to gain attention is the latest attempt to revive the memory of Soekarno. Well-known entertainer, Eros Djarrot, founded the Bung Karno Nationalist Party (PNBK), and will therefore seek to chip away at PDI-P’s mantle—presumably with a socialist/populist platform that mirrors that of Soekarno’s.

Although election rules are still to be formalized, the House of Representatives has given approval to a system for the selection of political parties. A bill passed in December 2002 stipulated that a political party must have established offices in at least half of all Indonesian provinces, in half of the regencies in these provinces, and in one-fourth of all districts in each of these regencies. The bill also ruled against party hopping: If a member loses party membership, that member will be removed from the legislature—a measure that will further centralize power in the hands of party hierarchies. More than 200 parties have now registered with the Justice and Human Rights minister for the 2004 election.

Constitutional Change and Parliament

In 2002 Indonesia’s supreme legislative body, the MPR, implemented a set of changes to Indonesia’s 1945 Constitution that will have a dramatic impact on the presidential election process. Megawati and the PDI-P objected to direct presidential elections, and Megawati argued, even up until the MPR session in August 2002, that the Indonesian people were not ready to vote for the head of state. Many noted the anti-democratic nature of these sentiments. Why Megawati would object to direct elections, the absence of which cost her the presidency in 1999, is a mystery—except that somehow Megawati may believe her chances are better under the old system. In the end, however, Megawati and the PDI-P were persuaded to support the notion of a direct presidential election in two rounds. Essentially the 2004 presidential election will work like this: A second round will be held for the top two candidates if the leading candidate does not reach 50 percent + 1 of the votes and a minimum of 20 percent of the votes in half of all the provinces. Despite the evident fears of the PDI-P, Megawati must surely be in good position to secure one of two leading positions for the second round because the core of her voting bloc will remain intact, and her opposition is so divided.

Islam and Politics

As noted earlier, Megawati's opponents have used the issue of Islam to subtly undermine her authority. This has been done principally through opposition to supporting international (or U.S.) efforts to confront the problem of terrorism, and scorning attempts to rein in domestic groups that have promoted violence. The massive explosions that destroyed a nightclub in Bali on 12 October 2002—the second largest single terrorist strike after the September 11, 2001 attacks—resulted in the deaths of around 200 tourists, including 88 Australians. Even skeptics within Megawati's own government could not deny that terrorism was a problem for Indonesia.

Both Singapore and Malaysia had arrested members of the *Jemaah Islamiyah* (JI) network, beginning in December 2001, whom they accused of being linked to the al Qaeda network. Evidence of JI's activities turned up in Afghanistan when video tapes and plans of targets in Singapore, including the U.S. Embassy and various public utilities, were found during the American-led operation. Singapore and Malaysia urged Indonesia to arrest key suspects of the JI including the operations leader, Riduan Isamuddin, or "Hambali," and the group's intellectual and spiritual leader, Abu Bakar Ba'asyir. While Hambali went into hiding, Ba'asyir continued to head up his boarding school in Central Java with impunity. Ba'asyir denied any contact with Osama bin Laden, but made no secret of his admiration: "I don't have any link whatsoever with al Qaeda ... but if al Qaeda's struggle is for the best interest of Islam, I support it."¹¹ The Indonesian government refrained from arresting Ba'asyir on the grounds that there was no evidence to charge Ba'asyir. Indonesia's removal of the Anti-Subversion Law (the equivalent of the Internal Security Act of both Singapore and Malaysia, used to make arrests without trial, and utilized by both countries against JI operatives) was put forward as the reason why the newly democratic Indonesia could not employ the authoritarian methods of the past. Some members of the political elite, with Vice President Hamzah Haz leading the charge, declared they would not allow Ba'asyir to be taken to jail. Even moderates, such as career diplomat and Foreign Affairs Minister Hassan Wirayuda, are reported to have remarked in February 2002 that cabinet members "laugh" at suggestions from foreign government and media sources that there may be a threat within Indonesia from radical Islamist groups.¹² In September 2002, the CIA released information about a terrorist network in Indonesia, apparently the result of the arrest of key terrorist Omar al-Faruq, who claimed, inter alia, that he was involved in plans to assassinate President Megawati and bomb the U.S. Embassy.¹³ This information was met with widespread public disbelief. Prominent civic leaders and public figures suggested that the CIA was plotting to either discredit Islam or manipulate Indonesia. Critics included the president's own sister, Rachmawati Soekarnoputri, and some moderate Muslim leaders.¹⁴

The explosion in Bali on 12 October 2002, however, made the problem undeniable, although conspiracy theories remain in circulation. Until solid evidence emerged of JI culpability, the Indonesian military and the CIA were, according to newspaper surveys, seen as the most likely candidates. In the immediate aftermath of the blast, the Indonesian government, even prior to the collation of evidence, made the statement that this terrorist attack was ultimately the work of al Qaeda. Equally alarming was a bomb blast in a McDonald's restaurant and car dealership in Makassar in south Sulawesi in December 2002, which appeared to be an attempt to polarize communities once more. JI activists were also implicated in this blast. The Indonesian government issued an arrest warrant for Ba'asyir, as evidence was found to detain him on a charge of being involved in the earlier Christmas Eve bombings in 2000. Although Laskar Jihad was not, as far as is known, involved in the Bali attack, in October 2002 Laskar Jihad was disbanded as a result of government pressure and its leadership put in jail in a general crackdown on the radical fringe. New laws, already under consideration, were also rushed through the legislature to allow for the detention of a terrorist suspect for up to six months, and for the use of intelligence sources as evidence in court cases.

Hamzah Haz, in the aftermath of Bali, changed his rhetoric, and stated that the attacks were designed to break up Indonesia and ruin its economic recovery.¹⁵ In what was seen as a possible reference to Haz, coordinating security minister, Susilo Bambang Yudhoyono, stated that “[t]he government urges that statements that are not objective, that there are no terrorists in Indonesia, should not be repeated again.”¹⁶ Indonesia’s largest Muslim organizations, Nadlatul Ulama and Muhammadiyah, at roughly 40 million and 35 million adherents respectively, jointly criticized the radical fringe groups after the Bali blast. However, the Bali blast did not strengthen Megawati’s overall political position, even if it allowed the Megawati government to shift on the terrorism issue and take it more seriously. Megawati, despite visiting the scene in Bali twice, did not make any statements on the terrorist attack, nor did she articulate her government’s plan to deal with the problem. A strong perception emerged after the Bali blast that Megawati had failed to even show moral leadership to the Indonesian nation after the terrorist attack. Susilo Bambang Yudhoyono, instead, became the main articulator of government views on countering terrorism. Bambang’s reputation may be the only one that has risen as a result of terrorism on Indonesian soil.

Why was the Megawati administration so slow to investigate the problem of terrorism? First of all, the Indonesian elite resisted strongly any notion of being seen to be giving in to foreign demands—especially after criticisms from its near neighbors. Secondly, politicians in Jakarta have been cautious in acting against Islamic groups, including Megawati herself, whose syncretist Muslim background has been something her opponents have used against her (as mentioned earlier). Third, many in Indonesia have denied that Islamist extremists represent much of a threat, compounded by the fact that leaders like Ba’asyir are sometimes seen as victims of Soeharto-era repression. A fourth factor given by the Indonesia government for the failure to arrest Islamist radicals was the abolition of Soeharto’s Anti-Subversion Law that allowed for arbitrary arrest. But lack of will to investigate and prosecute in many cases—due to the first three reasons listed—seems a more convincing explanation, given that Laskar Jihad, another radical organization, has broken the law on numerous occasions with near impunity.

While Muslim identity has emerged to play a notable political role in the post-Soeharto era of Indonesian politics, attempts to install even relatively moderate visions of an Islamic state have fallen flat and seem to lack any kind of political strength at this juncture. During the MPR session in 2002, an attempt to include the “Jakarta Charter” in the Constitution, which would legally require Muslims to follow Sharia law, could not even gather a third of MPR members in support—the minimum necessary to place an amendment on the floor. It was an embarrassing setback for hard-line Islamist legislators as the issue was revealed as a non-starter, even among most Muslim law-makers. Despite the unpopularity of adding Islamic law to the Constitution in Indonesia, international media sources continue to react with alarm at its prospect. For example, despite the fact that implementing Sharia law is a complete non-starter in the Indonesian parliament, it was the primary focus of the *New York Times* feature on the MPR’s 2002 constitutional changes (“Jakarta Rejects Muslim Law and Alters Presidential Voting,” 11 August 2002). By contrast, an article summarizing the same constitutional amendments adopted by the Upper House (MPR) in the *Jakarta Post*, ran the far more accurate headline, “MPR Forces Military Out, Allows People to Elect President” (13 August 2002), and made no mention of attempts to include Sharia law.

Implications for the United States

Megawati faces a number of formidable challenges. The assessment of this paper is that to some extent she is constrained by political factors beyond her control, and to some extent she is innately cautious. International partners need to be realistic about what Indonesia can achieve in terms of further democratization and general reform. While Megawati will probably win the next election, she may not be able to bring about the needed political and economic reforms that might underpin the further development of Indonesia.

Although Megawati is the leader of the largest party, she is vulnerable to the machinations of Jakarta's multi-partisan environment. The United States needs to be careful not to place undue pressure on her administration—something the U.S. State Department is keenly aware of—over issues such as counter-terrorism, as Megawati caving in to foreign pressure may weaken her government and provoke anti-American sentiments among the Indonesian public.

The cohesion and stability of Indonesia will probably not improve over the next several years under a status quo government. However, there is little evidence that Indonesia is, at the moment, on the verge of breaking up.

Conclusion

After nearly two years in office, Megawati's governance could be described as *laissez-faire*. While Megawati is sensible to be cautious in managing a multi-partisan environment, the current administration in Indonesia has failed to provide leadership on issues such as the Bali blast, and has failed to undertake much-needed economic reforms—although very tentative advances in regional autonomy and the settlement of some regional conflict may, in the end, count as credits. Unleashing the army in Aceh is the result of failure to find a peace settlement in Aceh, and has drawn concern from governments around the world.

The Wahid administration had faltered, and then crashed, because President Wahid failed to recognize the other parties in parliament that installed and sustained his power. It seems Megawati has not only taken this lesson to heart, but also over-corrected. Megawati's position is far stronger than Wahid's ever was—she controls Indonesia's largest political party and should be less vulnerable to political machinations. However, Megawati has not used her political capital to affect political and economic change. Rather than pleasing the masses, she has demonstrated a contentment to appease the vested elites. This is not to say Megawati's rule resembles the rampant crony capitalism of the Soeharto years; Megawati seems convinced about the evils of corruption, and by all accounts remains personally "clean."

Given the record of Indonesians voting according to *aliran* (cultural streams) in the 1999 elections, these patterns will be largely repeated in future elections. Megawati does, however, risk losing the support of many who voted for her party on "reformasi" grounds. At this point in time there seems to be no party political leader who could challenge her in a direct election, given the infighting of the Muslim parties and the corruption debacles of the Golkar Party. While in early 2002, most pundits would have expected an election win for Megawati in 2004—and this may still turn out to be the case—Megawati is probably now more vulnerable to the emergence of widely respected independent candidates. (In fact, the Golkar Party seems to be banking on this by urging a series of respected public figures and former generals to consider a nomination.) Even if Megawati wins the 2004 election, her government's lack of policy coherence on key political and economic issues does not augur well. Megawati will find, sooner or later, that being a ruler is not based on one's destiny, but on the capacity to deliver on issues of governance.

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Appendix One

Megawati Soekarnoputri's "Gotong Royong" Cabinet

President: Megawati Soekarnoputri
Vice President: Hamzah Haz

Coordinating Ministers

1. Coordinating Minister for Security: Susilo Bambang Yudhoyono
2. Coordinating Minister for Economics: Dorodjatun Kuntjoro-Jakti
3. Coordinating Minister for People's Welfare: Yusuf Kalla

Ministers

4. Finance Minister: Boediono
5. Mines & Energy Minister: Purnomo Yusgiantoro
6. Trade & Industry Minister: Rini Soewandi
7. State Enterprise Minister: Laksamana Sukardi
8. Agriculture Minister: Bungaran Saragih
9. Defense Minister: Matori Abdul Djailil
10. Foreign Affairs Minister: Hassan Wirayuda
11. Justice Minister: Yusril Ihza Mahendra
12. Home Affairs Minister: Lt. Gen. Hari Sabarno
13. Transportation Minister: Agum Gumelar
14. Sea and Fisheries Minister: Rokhmin Dahuri
15. Manpower Minister: Jacob Nuwawea
16. Resettlement Minister: Sunarno
17. Health Minister: Achmad Sujudi
18. Education Minister: Abdul Malik Fadjar
19. Social Affairs Minister: Bachtiar Chamsyah
20. Religious Affairs Minister: Said Agil Munawar

State Ministers

21. Forestry Minister: M. Prakosa
22. Culture and Tourism Minister: I Gde Ardhika
23. Research and Technology Minister: Hatta Radjasa
24. Cooperatives Minister: Ali Marwan Hanan
25. Environment Minister: Nabel Makarim
26. Women's Empowerment Minister: Sri Redjeki Sumarjoto
27. State Apparatus Minister: Feisal Tamin
28. East Indonesia Development Minister: Manuel Kaisiepo
29. National Development Minister: Kwik Kian Gie
30. Communication & Information Minister: Syamsul Muarif
31. State Secretary: Bambang Kesowo
32. National Intelligence Chief: Ahmad Hendropriyono

(Sources: "Indonesian Pres Megawati's Cabinet Line-up In Full," *Dow Jones Newswires*, 9 August 2001; "Megawati puts a good mix in her cabinet but too many generals: analysts," *Agence France Presse (AFP)*, 9 August 2001; and "Profiles of main figures in Megawati's cabinet," *AFP*, 9 August 2001.)

Notes

1. National Awakening Party (*Partai Kebangkitan Bangsa*, PKB); United Development Party (*Partai Persatuan Pembangunan*, PPP); National Mandate Party (*Partai Amanat Nasional*, PAN); and Moon and Star Party (*Partai Bulan Bintang*, PBB). An important distinction needs to be drawn between these political parties as some merely attempted to capture Muslim votes, while others campaigned on establishing Indonesia as an Islamic state. PKB and PAN appealed to Islamic constituencies without adopting Islamism in any policy platforms—both remained heavily committed to secular democracy. Smaller parties such as PBB and the minute Justice Party (*Partai Keadilan*, PK) did campaign on furthering Islamic law, as did, to some extent, the leadership of PPP and a minority ginger group within PAN.

2. Such wording would be more symbolic than anything else, at least initially. Aspects of Sharia Law—namely, marriage, divorce and inheritance—are already applicable to Muslims in Indonesia who submit to the religious courts. In fact, Sharia Law among Southeast Asian Muslims is generally more liberal than in parts of the Middle East, although it may also cover restrictions on diet, alcohol and attire as well. However, specific mention of Islam, or Islamic belief, was explicitly not included in either the Constitution or the state philosophy (*Pancasila*) of Indonesia. This deliberate omission is viewed as an important symbol of Indonesia's multi-religious character at the time of Independence in 1945.

3. Gotong Royong means, “working together.” Incidentally, it was a favorite catchphrase of Soekarno.

4. See, for example, Hadi Soesastro, “Introduction: Indonesia Under Megawati,” in Hadi Soesastro, Anthony L. Smith and Han Mui Ling, eds., *Governance in Indonesia: Challenges Facing the Megawati Presidency* (Singapore: Institute of Southeast Asian Studies, 2003).

5. In December 2002, Megawati actually stated that corruption in the legal system was worse than in Soeharto's time. “Mega Admits Legal Graft Worse than Ever,” *Laksamana.net*, 17 December 2002.

6. Bambang Nurbianto, “City Agencies Overstaffed, But Performing Poorly,” *Jakarta Post*, 26 November 2002.

7. The funds were directed to a little-known foundation called Raudlatul Jannah, apparently for charity work. Akbar admitted in court that there was no formal contract with the foundation, only a verbal agreement.

8. The other controversial appointment at the time was that of Ahmad Hendropriyono, who became the National Intelligence Chief. Often known as simply “Hendro,” he is also known as the “Butcher of Lampung” after an incident that many blame him for, in which soldiers massacred villagers (“Muslim” activists) in the Lampung area. Many Muslim groups detest Hendropriyono as a result of this.

9. “Hamzah Denies Any Deal with Detained Laskar Jihad Chief,” *Jakarta Post*, 8 May 2002.

10. Golkar party member, Marwah Daud Ibrahim, found herself in hot water after she suggested publicly that Akbar should step down. Although she was not fired, she was sanctioned by her party.

11. “Confessions of an al-Qaeda Terrorist,” *Time*, 15 September 2002.

12. Mark Steyn, “They Want to Kill Us All,” *The Spectator*, 19 October 2002.

13. “Confessions of an al-Qaeda Terrorist,” *Time*, 15 September 2002.

14. See “Rachmawati: ‘Rumors Disseminated by CIA Are Like Rumors Disseminated Prior to G30S/PKI,’” *Tempo Interactive*, 20 September 2002; and Raymond Bonner, “Indonesians Distrust Report by CIA on Qaeda Suspect,” *New York Times*, 24 September 2002.

15. “Attacks Aimed to Break up Indonesia, Says Hamzah,” *Straits Times*, 24 October 2002.

16. *Ibid.*



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