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INDONESIA'S DEMOCRATIC OPENING

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Introduction

On May 21, 1998, Indonesia's authoritarian President Suharto, in power since 1966, abruptly resigned from office and was succeeded by his vice-president, Bacharuddin Jusuf (B. J.) Habibie. Though retired for decades, Suharto was an army general and relied heavily on armed forces support to rule this vast archipelago, the world's fourth largest country. Habibie is a civilian with long government service as minister of research and industry. President Suharto, Habibie often claimed, taught him everything he knew about politics.¹

In his first few days in office, the new President Habibie promptly loosened the government's tight reins on the press, announced that Indonesian citizens were free to form new political parties, and promised genuinely democratic elections in mid-1999. Habibie's commitments appear to be genuine, and to have opened for the first time in forty years the possibility of democratization in Indonesia. How can we explain this extraordinary development, and what are its implications for the future?

From the New Order to the Reformation Order

Until very recently, indeed until earlier this year, Indonesia appeared to have been bypassed by Samuel Huntington's famous "third wave" of democratization.² After a brief democratic period in the 1950s, Indonesia was ruled for nearly forty years by two autocrats, national founding father Sukarno and retired army general Suharto. Of course, Suharto's advancing age (he turned 77 in June 1998) made it apparent that he would have to step down in the next several years. Most observers, however, confidently predicted that his authoritarian Orde Baru (New Order) regime would continue into the indefinite future, most likely under another army general.³

There were two basic reasons for this confidence. First, Indonesia falls short on most of the standard comparative politics indicators of readiness for democratization.⁴ Despite three decades of steady economic growth averaging more than six percent per year, Indonesia is still a relatively poor country (compared for example to other recently democratizing Asian countries such as South Korea, Taiwan, and Thailand). Moreover, the benefits of growth have tended to be concentrated in western Indonesia, particularly Java, in the larger cities, particularly the capital Jakarta, and in a small Sino-Indonesian business elite. Regardless of their actual citizenship, Sino-Indonesians, who represent about 4% of the total population, are treated as aliens by most other Indonesians. The indigenous middle class and the number of modern civil society organizations have been growing steadily since the mid-1960s, as has the size of the educated population, but in absolute and relative (to other recently democratized countries world-wide) terms these numbers are still small.

Culturally, Indonesia is a multi-ethnic country, a factor generally regarded as unfavorable to democracy.⁵ The large Muslim majority is divided into several sub-

groups, and there are substantial Christian, Hindu, and other religious minorities. Many of the political parties in the democratic 1950s were based on religion; two of the four largest represented traditionalist and modernist Islam.⁶ The Javanese of east and central Java, with just under half the total population of 200 million, are the largest linguistic/cultural group, followed by the Sundanese of west Java with fifteen percent, several groups numbering in the millions, and as many as four to five hundred smaller groups, each with a distinctive language or dialect, culture, and historical tradition. Many analysts consider the hierarchical, aristocratic, deference-minded culture of the Javanese near-majority as particularly unsuitable for democratic government.⁷

As with many ex-colonial countries, the boundaries of modern Indonesia are ethnically arbitrary. Members of ethnic groups present in Indonesia also live on the other side of the borders with Singapore, Malaysia, Thailand, and the Philippines. Prior to the arrival of Dutch traders at the end of the sixteenth century, there was no tradition of political or governmental unity across the archipelago, and there were no pre-colonial antecedents to any of the contemporary states of island Southeast Asia.

Indonesia's experience as a modern state is in fact quite brief. As colonial rulers, the Dutch administered most of the territory of what is now independent Indonesia for fewer than seventy years, from the late 19th to the mid-20th century. Indonesians experienced democratic politics even less than they did modern bureaucratic administration. Unlike the British in India or the Americans in the Philippines, the Dutch allowed Indonesians few opportunities to operate legislative institutions or to create political parties.

The second reason most observers were confident that the New Order authoritarian regime would outlast President Suharto was the striking political dominance of the armed forces, particularly the army, within the regime.⁸ Suharto took power in March 1966 as a general, with the support of the army, against President Sukarno. From the early 1960s, Sukarno had come to depend on the communist party, the army's bitter enemy, for much of his organized support. In the morning hours of October 1, 1965, six senior generals were assassinated by conspirators believed by the military and by many other Indonesians to include the top leadership of the communist party. There followed a nation-wide anti-communist pogrom, to some extent at the urging and under the leadership of the army, during which perhaps 500,000 people were killed and many more imprisoned for long periods.⁹

For thirty-two years, from 1966 to 1998, the army remained Suharto's principal power base. It provided him with the organizational, personnel, material, and coercive resources he needed to control civilian government, including both executive and legislative branches. Many cabinet ministers, other high-ranking national-level civil servants, governors, and district heads were active-duty or retired officers. Armed forces delegations were assigned to the national parliament and regional legislatures at the provincial and district levels, where they held about twenty percent of the seats. The state political party, Golkar (Golongan Karya, Functional Groups), was led in most provinces and districts by retired officers. For most of the New Order, retired officers headed Golkar at the national level as well.

Army officers held a tight rein on the activities of political parties and organizations in civil society. A special office in the Department of Defense and Security

was charged with “guidance” of the two legal non-state parties PDI (Partai Demokrasi Indonesia, Indonesian Democracy Party) and PPP (Partai Persatuan Pembangunan, Unity Development Party) and of all social organizations. This meant that leadership changes, party congresses, public meetings, and so on, had to be vetted by the military. Moreover, a territorially-based armed forces command structure paralleled civilian government from the center to the villages. Officers could keep track of a wide range of civilian behavior, and of course intervene when they perceived a threat to state security. This pattern of control was legitimized, at least in the minds of officers and other regime supporters, by the armed forces’ “dual function” doctrine, the history of which goes back to the Revolution for national independence at the end of the Second World War. The dual function doctrine justifies continuing intervention in government and political life for the sake of maintaining national unity and defending the state against its domestic enemies, including communists, promoters of an Islamic state, separatists, and liberal democrats.¹⁰

President Suharto resigned on May 21, 1998, after several months of economic crisis which precipitated student demonstrations at dozens of universities across the country, mass rioting in many cities, including most tragically in Jakarta from May 13-15 when more than a thousand people were killed, and finally the refusal on May 20 of fourteen key ministers to be appointed to a reshuffled cabinet. He was succeeded by his vice-president of only two months, former Minister of Research and Technology and longtime presidential favorite B. J. Habibie.

Habibie is a German-schooled aeronautical engineer who rose to a vice-presidency at Messerschmitt-Boelkow-Blohm in Hamburg before returning to Indonesia at Suharto’s request in 1974. His principal assignment was to develop an Indonesian

aircraft-manufacturing capacity. He did this with great gusto and at enormous unrecoverable expense to the state budget, earning him the lasting enmity of virtually all of the country's trained economists. He also headed the state ship-building company and supervised several other key state-owned "strategic industries," including munitions factories. The lost patronage, and also Habibie's failure to consult before making major decisions affecting their interests, alienated him from most senior armed forces leaders for at least a decade before he became vice-president.

Despite his numerous failings and even more numerous enemies, Vice-President Habibie was sworn in as president in a public ceremony, witnessed by millions of Indonesians on domestic television and foreigners via CNN, immediately after President Suharto stepped down. The Constitution of 1945, in force between 1945 and 1949 and again since 1959, has always been treated by Suharto as an almost sacred document (as it was by President Sukarno before him). Chapter III, Article 8 states that "If the president dies, resigns or can not carry out his responsibilities during his period in office, he is succeeded by the vice-president until the end of the term."¹¹ During the brief ceremony, President Suharto made reference to the term of office, which is to end in 2003 following parliamentary elections scheduled for 2002.

Shortly after becoming president, however, Habibie did an abrupt political about-face, accepting the protesters' charge that the New Order was undemocratic, acceding to their demands for new elections, and promising an Orde Reformasi (Reformation Order). He freed the press from the tight constraints that had prevented it from reporting most of the misdeeds of the New Order, announcing that previously banned newspapers and magazines would be allowed to resume publication. Parliamentary elections were

promised for mid-1999, to be preceded by the rewriting of restrictive New Order election and political party laws. The number of parties would no longer be limited by law to two, plus the state's Golkar. Instead, anyone could create a party, and Habibie promised that Golkar would be given no special privileges or treatment by the state prior to or during the election campaign.

After the elections, at the end of 1999, a special session of the People's Consultative Assembly (Majelis Permusyawaratan Rakyat) would be held to elect a new president and vice-president for a five-year term. The Assembly is a kind of super-Parliament that according to the constitution is made up of the members of Parliament plus an unspecified number of additional members chosen to represent the regions and various non-party groups in society. Initially, Habibie seemed to rule himself out as a candidate for the presidency in 1999, but more recently he has been either ambiguous or silent on the subject.

What accounts for Habibie's change of course? How could he so quickly and (so far) easily undo his political mentor Suharto's system of rule, which had seemed still to have wide domestic support as recently as the beginning of this year?

Habibie's Calculations.

There are perhaps three parts to a complete answer to these questions. *First*, Habibie's actions were made possible by the complete lack of institutionalization on its own terms of the New Order political system. Instead, the regime became heavily dependent on economic performance, on its ability to deliver year after year a high economic growth rate. When the economy collapsed in 1997-1998, and Suharto proved

unwilling or unable to take the necessary actions to restore the foundations for growth, the New Order's days were numbered.

Regime propagandists and their numerous supporters in Indonesian society argued for decades that the New Order was a democratic political system, but of a different type than Western-style liberal democracy.¹² The regime's official political creed was Demokrasi Pancasila, Pancasila (Five Principles) Democracy. Pancasila is a state doctrine, first proposed by President Sukarno in 1945 at the beginning of the Revolution for independence as a counter to proponents of an Islamic state. The five principles are "Belief in one God [used by Sukarno to affirm that non-Muslims are also full citizens], humanitarianism that is just and civilized, Indonesian unity, democracy that is led by wisdom in consultation and representation, and social justice for the whole Indonesian people."¹³ Although its origins in European history (absorbed by young nationalists in Dutch colonial schools before World War II) are obvious, Pancasila was asserted by both Presidents Suharto and Sukarno to be a culturally indigenous doctrine, "dug from the soil of 6,000 years of Indonesian history."¹⁴

In the 1950s and 1960s Pancasila was most important as a weapon wielded by the religious right against the atheistic communist party, but under the New Order it again became associated with the struggle over the relationship of Islam to the state. In the mid-1980s President Suharto required all political and social organizations to officially incorporate Pancasila as their "sole principle" (asas tunggal). By the early 1990s it appeared that this battle had been won definitively by the government. Most Islamic groups genuinely accepted Pancasila and argued that the doctrine was sufficiently capacious for them to be able to achieve their specific goals as Muslims within it.

Suharto also won points among devout Muslims by permitting the creation in 1990 of a quasi-political organization of Muslim intellectuals, ICMI (Ikatan Cendekiawan Muslim Indonesia, Indonesian Muslim Intellectuals Association), under the leadership of favorite minister Habibie. Many longtime regime enemies, members of the modernist wing of Indonesian Islam, were allowed to participate in ICMI, in return for which they left the anti-government opposition.¹⁵

Suharto's use of Pancasila as a modifier of democracy, in the doctrine of Demokrasi Pancasila, was meant to legitimize, in indigenous cultural terms, undemocratic characteristics of the regime. Key examples are the party and electoral systems. From 1974, only two highly artificial political parties, PDI and PPP, were allowed to exist. Both were governmentally-imposed fusions of pre-existing parties from the 1950s. PDI incorporated the old PNI (Partai Nasional Indonesia, Indonesian National Party), once associated with President Sukarno, two small nationalist parties, and the Protestant and Catholic parties. PNI, with 23% of the vote, was the largest party in the 1955 parliamentary elections, the only free elections in Indonesian history.

PPP included NU (Nahdlatul Ulama, The Awakening of the Traditional Religious Teachers), which had won 18% of the 1955 vote, Parmusi (Partai Muslimin Indonesia, Indonesian Muslims' Party), whose predecessor Masjumi (Majelis Syuro Muslimin Indonesia, Indonesian Muslims' Consultative Council had won 21% of the 1955 vote, and two small Muslim parties. In the New Order system the state party Golkar rejected the label party, calling itself instead an "election-participating organization." Golkar leaders (that is, high government officials starting with Suharto himself) explained that

parties represented only part of the nation, and were therefore divisive, while Golkar represented the whole Indonesian people.

In the name of Pancasila Democracy, party competition was tightly controlled and contained. PPP and PDI branch organizations were not permitted below the district level, while Golkar, as the political face of the state (all officials, including elected village officials, were required to join Golkar, under a policy known as *monoloyalitas*) reached down to the villages and hamlets. Party leaders, as described above, could be replaced at any time by the military acting on Suharto's command. Campaigning was limited to less than a month before parliamentary elections, held at regular five-year intervals from 1971 to 1997. During campaigns, party leaders were especially likely to be harassed, denied permits for meetings and rallies, arrested on trumped-up charges, and so on. Ballot-counting appears to have been relatively honest in the cities and other densely populated areas, such as the island of Java, but in remote areas there were many reports of falsified counts.¹⁶ Given these constraints, it is little wonder that Golkar always won over 60% of the vote, over 70% in 1987 and 1997. PPP was always second, and PDI third.

Another important component of Pancasila Democracy was the appointment of 500 members of the People's Consultative Assembly in processes controlled directly or indirectly by Suharto. Following the 1945 Constitution, the Assembly met quinquennially, within a few months after a parliamentary election, to elect the president and vice-president and establish the "broad outlines of state policy" for the next five-year term. Its membership, according to the constitution, consisted of all members of Parliament, plus "regional and group representatives, as determined by law."¹⁷ The New Order Parliament had 500 members, and Suharto determined that the Assembly should

contain an additional 500 members. One hundred of these were directly appointed by the president himself, while the others were (in principle) selected by party leaders, provincial legislatures, and so on. The result, of course, was a sham Assembly in which Suharto and his hand-picked vice-presidential candidate were chosen by acclamation every five years, most recently in March 1998.

In the absence of survey research, it is impossible to know what percentage of Indonesians ever accepted Pancasila Democracy as a legitimate form of government. New Order elections were either repressive (the first elections in 1971 and 1977) or routine (in the 1980s and 1990s, when most voters knew what was expected of them and voted accordingly). In any event, they had little to do with support for the government or legitimization of the regime. New Order post-election People's Consultative Assembly sessions, the first in 1973 and the last in 1998, excited little popular interest. My own impression, based on nearly four decades of observation and several extended field experiences both in Jakarta and in small towns and villages, is that legitimacy was high among those Indonesians whose interests were most closely served, that is the military and the civilian bureaucracy. The many millions of Indonesians outside the state who until recently supported the New Order did so largely for reasons not of political institutional legitimacy but of economic performance. They or their parents could compare the economic decline of the 1950s and early 1960s, under Sukarno, with the economic prosperity of the Suharto years, beginning in the early 1970s.

In the 1980s and especially 1990s, as evidence grew of corruption within the government in general and within the Suharto circle of family and friends in particular, fewer and fewer people appeared to support the New Order as a Pancasila Democracy.

Performance legitimacy remained high, however, as the government overcame economic crises in the early, middle, and late 1980s. From 1987-1992, economic growth averaged 6.7% per year (from 1971-1981 it had been 7.7%, and from 1982-1986, when oil prices plummeted, 4.0%).¹⁸

The government also continued to perform well in distributional terms, despite intensifying complaints against the endless greed of the Suharto family and of a tiny minority of extremely wealthy Sino-Indonesians, most of whom were also closely associated with the Suhartos. A growing percentage of the population in most regions of the country was able to take advantage of opportunities created by a buoyant economy to lift themselves into the middle class. According to the Australian economist Hal Hill, “the percentage of the population in poverty in both rural and urban areas in 1993 was about one-third of that in 1976.”¹⁹ Provincial and district budgets were heavily subsidized by the central government, which also implemented a wide variety of local level welfare programs, including school and health center construction, staffing, and equipping, road- and bridge-building, reforestation, and so on.

In summary, the evidence on regime institutionalization seems clear. Pancasila Democracy never had profound support outside the state itself. Probably a majority of Indonesians appreciated the government’s economic performance while it lasted, and for that reason either positively supported Suharto or at least did nothing to oppose him until the economic crisis of 1997-1998.

The *second* part of my explanation for Habibie’s rapid dismantling of the New Order political system has to do with the reluctance of the army to take political action in the weeks before Suharto’s resignation. Though not perhaps a paper tiger (it may yet

return to power, if civilians fail to make the most of the opportunity that has been given to them), the army is certainly a different breed of cat than it was in the mid-1960s, at the beginning of the New Order. There are two main differences.

First, the current generation of senior army officers has no experience of independent political leadership. This has made them relatively weak actors, that is, more subject to the manipulation of others, in comparison both to the greater political capability of their predecessors and to most observers' expectations of what they would do should Suharto leave office.

During his last decade in power President Suharto made most of the key armed forces personnel and policy decisions.²⁰ The generals who headed the armed forces at the end of Suharto's presidency and who are still its leaders today are almost all former presidential adjutants or commanders in the presidential palace guard. It was Suharto's policy for many years, beginning in the 1970s, to personally groom promising and pliable junior officers for higher positions by giving them a tour of duty close to the palace. Those officers who demonstrated personal loyalty advanced quickly through the ranks. On May 21, 1998, when Suharto stepped down, the armed forces commander was a former adjutant, the chief of staff of the army and the Jakarta regional commander were former presidential guard commanders, and the commander of the special forces was the president's son-in-law.

At the beginning of the New Order, by contrast, these positions were filled with Suharto's contemporaries or near-contemporaries, generals who had extensive political experience of their own during the Revolution and the many local upheavals of the 1950s and early 1960s. In the mid-1970s, Suharto, now retired from active duty, began to

groom a young intelligence officer, L. B. Murdani, whom he soon entrusted with considerable authority over armed forces personnel policy and the implementation of the military's dual function in Indonesian society. Murdani became the second most powerful man in Indonesia, responsible for many of the most repressive policies of the New Order, such as the vigilante-style killing of thousands of criminal recidivists and the suppression of Islamic militants. Murdani is also believed to have persuaded a reluctant Suharto to invade and occupy the Portuguese colony of East Timor in 1975. In 1983 Murdani was named armed forces commander, a post he held until 1988, when he was abruptly fired and replaced with a former presidential adjutant, General Try Sutrisno, who later became vice-president.

Murdani's sin was to raise with Suharto the issue of the greed of the president's children, who were already in the late 1980s a thorn in the side of less well-connected indigenous (non Sino-Indonesian) business people. Especially in Jakarta, but also in many provinces, Suharto's three oldest children seemed to take advantage of every state-connected business opportunity, from plantations to logging to shipping to construction to satellites. Business people shut out of these opportunities complained to provincial commanders or directly to Murdani, who made the mistake—believing that he had Suharto's trust—of telling the president himself. Within months, Murdani was sacked.

For Suharto, this appears to have been a defining moment, because from that time on he never delegated a significant amount of power to any senior armed forces officer. Indeed, he was very careful to balance his appointments in such a way that holders of the most powerful positions—for example, armed forces commander and army chief of staff—would have a history of antagonism or at least not be personal friends or political

allies. Moreover, as described above, nearly all of these officers had served at least one tour of duty directly in the service of the president.

The second difference between the armed forces leaders of the 1960s and today is the vastly greater exposure and sensitivity of the latter to the outside world. The effect has been to weaken them collectively as a coercive force and also individually as officers used to thinking and acting as holders of political power through a “dual function” army. Much of this difference has to do with changes in the outside world itself. Most fundamentally, it has to do with the end of the Cold War. In 1965-66 Major General Suharto and other senior officers allowed or encouraged (some believe organized and carried out, but the evidence is not all in) the murder of hundreds of thousands of members of the Indonesian communist party and its affiliated organizations. Few governments or citizens of non-communist countries protested these actions, which were seen as regrettable but necessary in the political circumstances of the period.

The turning point in officer sensibility came in late 1991, shortly after the end of the Cold War, when Indonesian troops ran amuck, massacring more than two hundred student protesters at the Santa Cruz cemetery in Dili, East Timor.²¹ The event was witnessed by foreign reporters, including a British television crew. A New Zealand student was also killed. The ensuing storm of international protest, led by activist groups such as the East Timor Action Network, Human Rights Watch, and Amnesty International, compelled President Suharto to convene, for the first time in New Order history, a military commission of inquiry. The commission was headed by General Faisal Tanjung, who was shortly thereafter rewarded for his service by being appointed armed forces commander. The commander of the military region that included East

Timor was forced to retire, and several lower ranking officers were courtmartialed. The officers' corps as a whole was put on notice that it was under an intense international spotlight.

The years from 1992 to 1998 were difficult for the armed forces. An increasingly defensive Suharto insisted on using troops to suppress organized political protests and demonstrations, causing considerable discontent among officers. Worsening economic and social conditions in many regions triggered a cycle of mostly small scale incidents of collective action directed against Sino-Indonesian business, Christians, local government, the police, and the military. In each of these instances, security forces were caught between the need to restore order (and often to obey the president's direct command) and their growing concern for international reaction. *Force majeure*, lethal weapons, and shoot-to-kill orders were replaced by attempts at persuasion, rubber bullets, tear gas, and other non-lethal weapons designed for crowd control.

The effects of these two changes—the fear of international condemnation and the political unpreparedness of the current generation of military leaders—were apparent in late 1997 and early 1998 as the anti-Suharto movement built to what was perhaps its inevitable climax. Even before the economic crisis began in July 1997, the internationally visible Muslim leader Amien Rais was allowed to get away with personal criticisms of Suharto that would have gotten him arrested a decade earlier. As the protest movement built on university campuses, army officers laid down rules as to what was acceptable and what was not. For example, any form of demonstration on campus—including as it turned out the burning of an effigy of Suharto at Gadjah Mada University—would be tolerated, but marching through the local community would not.

This rule was enforced on some campuses, like the University of Indonesia in Jakarta, but not on others. First students, then middle class groups off campus, and finally urban mobs pushed the security forces to their limits. When the worst riots occurred, on May 13-15, in Jakarta and Surakarta in central Java, the police and army were paralyzed.

Moreover, as late as Suharto's last week in power, the senior officers were still looking to the president for leadership. They were shocked when Suharto, attending a conference in Cairo as Jakarta burned, announced that he would not use force to keep himself in power.²² A very senior general, asked some months later what he would have done had Suharto returned from Cairo and ordered him to use force to stop the student protests, said that he would have obeyed the order.²³ Armed forces headquarters was still supporting Suharto on May 18, when Lieutenant General Syarwan Hamid, the head of the armed forces parliamentary delegation, was reprimanded by General Wiranto for calling on Suharto to step down.

The *third* and final part of my explanation of Habibie's rapid course change has to do with the astuteness of his strategic choices given the nature and quality of the political resources available to him when he assumed the presidency. In short, President Habibie was dealt a poor hand but has played it extremely well. He has even taken apparent weaknesses and turned them into strengths.

Habibie is unquestionably a much weaker figure than was Suharto, even in the waning days of Suharto's presidency. Suharto was a general in a regime dominated by the army, and enjoyed the full support of that army until his final days in office. Habibie is a civilian, and one for whom many senior armed forces officers have shown particular contempt. It was Suharto's leadership that, in the minds of many Indonesians, saved the

country from communism in 1965. Suharto also built and personally controlled the political institutions of the New Order: the societally autonomous bureaucracy and armed forces; the subservient Parliament and Assembly; the election cycle dominated by Golkar; the corporatist control of political parties and social organizations; the limited press freedom; and the interpretations of Pancasila Democracy and of the armed forces' dual function that allowed Suharto to use coercive force whenever he felt it necessary. Habibie, even though he eventually rose to high positions within the bureaucracy and Golkar, was from beginning to end merely one of Suharto's assistants.

Moreover, Suharto was for three decades the "father of development," a title to be sure bestowed on him by a People's Consultative Assembly which he controlled, but to which he could nonetheless lay genuine claim. Habibie is the "king of high-technology import substitution," the leading promoter in the New Order of an approach to development that cost the economy billions of dollars in investment capital with little or no return. His influence was entirely due to the fact that Suharto (like many nationalist-minded Indonesians) had a soft spot for the idea that Indonesia could quickly become a fully modern industrialized nation. In times of crisis, however, the president generally had the good sense to listen to his economics ministers, who wanted to scale down if not eliminate Habibie's grandiose projects.

Finally, for most of his presidency Suharto was able to maintain a public image as a tolerant *abangan* (religiously syncretistic) Muslim Javanese, the head of a government that protected all religious groups. It is true that during the 1970s and early 1980s, many modernist Muslims, especially those associated with the banned Masyumi party, felt discriminated against by Suharto and especially by his military intelligence chief, the

Roman Catholic L. B. Murdani. Suharto first tried to deal with modernist complaints with patronage, for example through a massive mosque-building program. Starting in the mid-1980s, he began to respond positively to more substantive demands, including codification of Islamic family law, permission to Muslim girls to wear a headscarf (jilbab) in state schools, and so on. In 1990 he permitted the formation of ICMI, the association of Islamic intellectuals, of which Habibie became the head and therefore symbolic leader of the political aspirations of modernist Muslims. An ironic result of Suharto's fence-mending with the modernists was thus the new perception of Habibie as a leader only of the Islamic community, and within that of the modernists against the traditionalists, rather than of the nation as a whole.

Given these weaknesses, most domestic and foreign observers assumed that Habibie's presidency would be extremely short-lived. It was widely believed that he would quickly be replaced either by a senior army officer or by a leader of the anti-New Order opposition. The top candidates were Armed Forces Commander General Wiranto, the modernist Muslim Amien Rais, a hero to university students, or Megawati Sukarnoputri, a daughter of the late President Sukarno who had in the last five years become the most popular leader of nominally Muslim and non-Muslim Indonesians. Habibie confounded these predictions by choosing strategies that made maximal use of his limited resources.

First, in terms of economic policy, Habibie immediately and fully accepted the discipline previously imposed on the Indonesian government by the International Monetary Fund, but which had been subverted for several months by Suharto. Habibie affirmed that Coordinating Minister for the Economy Ginandjar Kartasismita, the official

most trusted by the IMF in the last days of Suharto's presidency, would remain in office (despite a long history of political, policy, and personal conflict between Habibie and Ginandjar). He also announced an enhanced advisory role for Professor Widjojo Nitisastro, the University of Indonesia economist considered the architect of New Order development policy.

Widjojo had been Suharto's chief economic advisor from the mid-1960s to the early 1980s. In later years, he was frequently called upon to rescue the economy from the depredations caused by, among other things, the projects of Habibie and Ginandjar (another Suharto favorite who had been since the early 1970s a champion of protectionism for indigenous entrepreneurs, and only very recently began to side with the economists). Widjojo's re-entry onto the policy stage had become over the years a reassuring sign to the business community that the Suharto government, despite its vulnerability to the protectionist siren's song, still understood the crucial importance of maintaining market-oriented macro-economic policies.

Habibie's choice to strengthen the roles played by Ginandjar and Widjojo was out of character, given the policy and personal histories I have described. But it was the only choice he could have made, given the general understanding of Indonesia's economic problems, that could conceivably lay the foundation for a return to economic growth. The IMF promise of tens of billions of dollars in loans, and subsequently of "safety-net" subsidies for food and medical supplies, plus help in resolving the country's banking and debt crises, was and remains the only game in town, the only large scale assistance package available to a post-Suharto government. It is to President Habibie's considerable credit that he recognized and immediately acted upon this reality.

Habibie's second strategic choice was to reach out politically to the mainstream anti-Suharto opposition while still maintaining the legality of the succession process that had made him president. This was a difficult balancing act, both because of the general delegitimization of the New Order political system and because of the hostility of most opposition groups to Habibie personally and as an extension of Suharto. Habibie seems to have understood that he had become president only because he was vice-president at the time of Suharto's resignation. This meant that he could not break with the New Order completely. At the very least he had to claim that the 1945 constitution, whose succession article had made him president, was the legitimate fundamental law.

Habibie also recognized that the armed forces, for its own complex reasons—partly principle, partly self-interest, partly habit, and partly lack of a clear alternative—remained committed to the constitution. At a more personal level, both Habibie and Armed Forces Commander General Wiranto realized almost from the outset that each had an interest in keeping the other in power. To Habibie, Wiranto was a known quantity as commander, while possible replacements were not. Wiranto and his associates also seemed committed to reducing the dual function role of the armed forces. To Wiranto, whoever took over from Habibie as president would almost certainly immediately retire him and appoint a new commander.

The two leaders thus became a mutual benefit society. Habibie's support for Wiranto gave the commander an opportunity to consolidate his power within the armed forces, something that he had not had to do (and would not have been able to do even if he had wanted to) while Suharto was president. The support of Wiranto and of the Wiranto-led armed forces for the constitution and therefore for Habibie as the legitimate

president gave Habibie his first substantial political resource, a core constituency or power base on which he could begin to build a governing coalition.

Habibie's next step was to incorporate on a *de facto* and *ad interim* basis the mainstream opposition, consisting of the modernist Muslims and university students led by Amien Rais of Muhammadiyah, the traditionalist Muslims led by Abdurrahman Wahid of Nahdlatul Ulama, and the nationalists, syncretistic and secular Muslims, Christians and other non-Muslim minorities led by Megawati Sukarnoputri and her "Struggle" faction of PDI. These groups combined represented the large majority of the anti-Suharto opposition and as much as 60% of the electorate in a free Indonesia. Habibie accomplished this feat by the simple acts of ending controls on the press, announcing that all citizens were free to form parties, and promising that genuinely democratic parliamentary elections, based on a new election law, would be held in mid-1999.

These measures encouraged all political leaders with a sizeable mass base, or who believed that they could create such a base within a year, to stop trying to overthrow Habibie from the street, as they had just overthrown Suharto, and to start planning for elections. The change was dramatic in Amien Rais, who had been the most outspoken and steadfast opponent of Suharto and the New Order since well before the economic crisis that began in July 1997. Amien, generally considered the preeminent leader of the modernist Muslims, immediately shifted his attention to considering whether he should take over the leadership of the PPP, form a new Muslim party, or form a new non-religious party loosely based on economic populism, an old nationalist idea that appears

to retain considerable mass appeal. After several indecisive months, he chose the latter, naming his new party PAN (Partai Amanat Nasional, National Mandate Party).

The traditionalist leader Abdurrahman Wahid--whose NU when it was a party proved capable in two elections of winning nearly 20% of the vote--consulted his fellow religious teachers and soon announced the formation of a new NU-based party, the PKB (Partai Kebangkitan Bangsa, National Awakening Party). Megawati, who appears to be the least capable tactician among the major players, was slowest to see the opportunity provided by Habibie's promise of democratic elections. For some months she persisted in demanding that the government formally restore her as PDI chair, a position that she had held from 1993 to 1996, when Suharto forced her out. It is possible that she was playing a different game, however, maintaining as long as possible her image as the number one victim of oppression by the government. In any event, by October, when her Struggle PDI held its first congress in Bali, it was clear that the party's leaders were focused on winning enough seats in next year's elections to make Megawati the next president of Indonesia.

Implications of the Democratic Opening for Indonesia's Political Future

The most important implication of the democratic opening is that it thrusts several political parties with substantial mass support, and their leaders, onto center stage after forty years either in the wings or entirely outside the theater. The largest parties are probably Megawati's Struggle PDI, Abdurrahman Wahid's PKB, and Amien Rais's PAN. What are the main characteristics of these parties, and how are they likely to shape Indonesia's political future?

PDI is the successor to the PNI of the 1950s and earlier. It is identified with the personality and secular nationalist populism of President Sukarno, has an established district-level organization (because PDI was a legal party during the New Order), and won a peak vote of 13% in 1992. PKB and PAN are based on Indonesia's two largest Islamic organizations, the traditionalist Nahdlatul Ulama and the modernist Muhammadiyah, respectively. Because NU was a political party during the parliamentary democratic period and the early New Order, we have sufficient information to predict that PKB will win at least 15% of the vote.

PAN is a less known commodity. It inherits some of the modernist legitimacy of Masyumi, because it is led by Amien Rais of Muhammadiyah, but it is also attempting to reach out to secular Muslims and non-Muslims. Several other Islamic parties, most notably PBB (Partai Bulan Bintang, Moon and Star Party), also claim the Masyumi legacy and may divide the modernist vote. PPP, the sole Islamic party permitted during the New Order, appears to have lost much of its base to PKB, PAN, PBB and other new parties. Nonetheless, it retains its nation-wide district-level organization and many of its cadres, and may be able to keep some of its previous support.

Golkar is also a major player. Its national level leaders, in recent interviews, stated that they expect to win at least a quarter of the national vote.²⁴ They understand that the game is now different, that they must compete on much more equal terms with the other parties. They recognize that many previous Golkar voters felt pressured or coerced by the government and the army to vote for the state party, and that that pressure is now lifted. They also know that voters who supported Golkar because of the government's economic performance will need to be convinced that a new Golkar

government can restore the growth pattern of the previous three decades. For all of these reasons, they believe that Golkar's vote will drop substantially from its 1997 high of 75%, but they do not believe it will drop below 25%.

My own impression, based on a recent research visit to central Java, including a village in which I did electoral research nearly thirty years ago, is that Golkar will be lucky indeed to get 25% of the vote nation-wide.²⁵ Golkar's difficulty in this region, which I suspect is common nation-wide, is that it has few loyal cadres at the local level. Governors and their staff, and even district heads and their staff, have an interest as officials in seeing Golkar win. In most cases their world is the bureaucracy in which they work; they have few ties with the local community. Village and hamlet heads, however, were born and raised in their localities. Most of their friends and relatives still live near them. In rural areas, that is, most of Indonesia, they are elected to fixed terms, and therefore dependent on the good will of family, friends, and neighbors. For decades they have felt oppressed by a central government that has required them to belong to and campaign for Golkar. Now they have been told by their bureaucratic superiors that they must be neutral in the 1999 parliamentary election, and they look forward with relish to an election campaign in which they can vote and campaign as they please. None of the village officials with whom I talked in several communities in central Java still supported Golkar.

The post-election party system is thus likely to be divided, if not fragmented, into three or more large parties, necessitating a majority coalition to select a new president and vice-president at the People's Consultative Assembly session scheduled to be held at the end of 1999, roughly six months after the parliamentary elections. Current

government proposals call for the Assembly to consist of 700 members, including 550 members of Parliament plus 150 additional members.²⁶ Fifty five of the 550 members of Parliament will be appointed to represent the military, while the remainder will be elected in a combination of plurality (420) and proportional (75) electoral systems. Eighty-one of the additional Assembly members will be selected by the provincial legislatures (three per province), and 69 will be chosen by Parliament to represent a variety of social organizations.

If the democratic opening is to lead to a genuine transition to democracy, this new party system will probably need to produce a governing coalition with three characteristics: (1) enough internal coherence to assure governmental stability for the duration of the constitutional five year presidential term; (2) strong commitment to a pro-market economic policy; and (3) the prospect of a modus vivendi with a politically active and still strong army. None of these will be easy to achieve, but all are possible.

The best chance for internal coherence may lie in the formation of coalitions among the major parties. Already one can see the beginnings in quiet backroom discussion of two large post-election blocs, one combining PKB and PDI and the other Golkar, PAN, and perhaps several smaller Muslim parties. There is a danger that these two blocs will polarize along religious lines, with most Christians and other non-Muslims supporting PDI, and Golkar pushed by some of its coalition partners to become a more strongly Islamic party. But both will be motivated by the need to capture a majority of the Assembly if they are to win the presidency (the classic function of a presidential system), and this should have a moderating impact.

On economic policy, all of the major parties so far have accepted the need to remain in the good graces of the IMF, the World Bank, and the governments of the industrialized countries. They oppose Habibie's Golkar on grounds not of economic policy but of implementation: they want to end KKN (for Korupsi, Kolusi, dan Nepotisme, Corruption, Collusion, and Nepotism), in the slogan made popular during the anti-Suharto protest movement. The major parties have also stated that they accept the principle of the armed forces' dual function, which creates a basis for post-election negotiation with armed forces leaders as to how the practice is to be altered. This discussion has already begun within the armed forces, and initial reports suggest that military leaders will accept a substantial reduction of their civilian role.²⁷

Finally, there is an implication of Habibie's democratic opening, whichever way it ends, for political science theorizing about democratization. It is that political outcomes depend not on the impersonal working of structure—that is, of great economic, social and cultural forces, domestic or global—but on the way in which those forces are shaped by human agents. President Habibie, surveying the resources available to him in a post-Suharto world, has made strategic choices to which other players are now responding. In the end, the actions of these players will affect not only the fate of democratization but also the value of the resources with which they act. Suharto famously taught Habibie how to be a politician in Suharto's world, but on May 21, 1998, Suharto's world ceased to exist. By the end of 1999, Habibie's world, if it still exists, will surely have been transformed by action into something very different than it is today.

Postscript

Since this article was written, the People's Consultative Assembly has met in special session and Parliament has begun to deliberate important bills regulating parties, elections, and the composition of the Parliament and Assembly.

The Assembly met from November 10-13. It was called into session by President Habibie, who intended initially to limit its agenda to the setting of a new date for elections. (The last session of the Assembly in March, when Suharto was still president, had set 2002 as the date for the next elections.) In fact, the Assembly made several historic decisions, including decrees limiting future presidents to two terms, revoking presidential emergency powers, phasing out the armed forces' dual function, ending the compulsory Pancasila indoctrination program, and promising a more equitable center-region fiscal balance. The election date was set for May or June 1999.

The Assembly session was accompanied by the largest student demonstrations since May, when Suharto fell. The targets this time were the Assembly itself, still dominated by New Order stalwarts, the armed forces' dual function (armed forces leaders had proposed a decree reaffirming the dual function), and once again Suharto, whom the students want tried for corruption. On November 13, troops fired on students gathered at Atma Jaya University near the Parliament/Assembly building, killing at least sixteen people.

A few days later, Parliament began deliberating bills relating to next year's elections and reform of the Assembly (now scheduled to meet in its next regular session at the end of August 1999). As of December 10, a decision had been reached to maintain (against the Habibie government's wishes) the proportional representation system that

has been used in all previous Indonesian elections. Outstanding issues include whether civil servants will be permitted to become party leaders (presumably an advantage for Golkar) and the number of appointed seats to be given to the armed forces, regional, and other groups that will be represented in the Assembly.

¹ A colorful Habibie biography, written by an assistant, is A. Makmur Makka, *BJH: Bacharuddin Jusuf Habibie, His Life and Career*, Jakarta, Cidesindo, Third Edition 1996.

² Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century*. Norman and London: University of Oklahoma Press, 1991.

³ For example, R. William Liddle, "Indonesia: Soeharto's Tightening Grip," *Journal of Democracy* 7, 4 (October 1996), pp. 58-72.

⁴ The classic list of variables is in Robert A. Dahl, *Polyarchy: Participation and Opposition*. New Haven: Yale University Press, 1971. A contemporary version is Larry Diamond, Juan Linz, and Seymour Martin Lipset, *Democracy in Developing Countries*. Boulder, Colorado: Lynne Rienner, 1989.

⁵ For an extended discussion, see R. William Liddle, "Coercion, Cooptation, and the Management of Ethnic Relations in Indonesia," in Michael E. Brown and Sumit Ganguly, eds., *Government Policies and Ethnic Relations in Asia and the Pacific*, Cambridge, MIT Press, 1997, pp. 273-320.

⁶ Indonesia's Muslim population (86% of the total) can be divided into three groups: *abangan*, traditionalist, and modernist. *Abangan* is a Javanese term, applied to Muslims whose religious beliefs and practices are more animist and Hindu than Islamic. Traditionalists are pious Muslims who adhere to the Syafi'i school of jurisprudence in Sunni Islam. Modernists are pious Muslims who reject the jurisprudential schools and their reliance on the authority of religious teachers/scholars, the *ulama*. Instead, modernists emphasize the believer's right to interpret the Qur'an directly. These distinctions were first made by Clifford Geertz in *The Religion of Java*, Glencoe, The Free Press, 1960. In recent decades there has been a general tendency for *abangan* to become pious Muslims. The boundaries between modernist and traditionalist have also become blurred, largely under the influence of modern Western-style schooling. Nonetheless, the categories remain politically significant. There is also a growing number of secular Muslims who do not affiliate with any religiously-based political organizations.

⁷ Soemarsaid Moertono, *State and Statecraft in Old Java*, Ithaca, New York, Cornell Modern Indonesia Project, 1968.

⁸ Salim Said, "Suharto's Armed Forces: Building a Power Base in New Order Indonesia, 1966-1998," *Asian Survey* XXXVIII, 6 (June 1998), pp. 535-552.

⁹ Robert Cribb, ed., *The Indonesian Killings 1965-1966*, Clayton, Victoria, Monash University Centre of Southeast Asian Studies, 1990.

¹⁰ Soebijono, A. S. S. Tambunan, Hidayat Mukmin, and Roekmini Koesoemo Astoeti, *Dwifungsi ABRI*, Yogyakarta, Gadjah Mada University Press, 1997.

¹¹ “Undang-Undang Dasar Negara Republik Indonesia Tahun 1945,” in Prof. Padmo Wahjono, SH, *Negara Republik Indonesia*, Jakarta, Rajawali, 1982, p.145 (my translation).

¹² This argument is examined more fully in R. William Liddle, “A Useful Fiction: Democratic Legitimation in New Order Indonesia,” in Robert Taylor, ed., *The Politics of Elections in Southeast Asia*, Cambridge, Cambridge University Press, 1996, pp. 34-60.

¹³ The phrasing is taken from the Preamble to the 1945 Constitution. See Prof. Padmo Wahyono, *op.cit.*, p. 144. (my translation).

¹⁴ “Laporan Stenografi Amanat Presiden Soeharto pada Malam Ramah Tamah Dengan Pengurus KNPI 19 July 1982,” Jakarta, 1982, typescript. This is an unofficial transcription of an extemporaneous speech in which President Suharto explained at length to young Golkar leaders the deep historical roots of New Order values.

¹⁵ The best account of the formation of ICMI is M. Syafi’i Anwar, “Islam, Negara, dan Formasi Sosial dalam Orde Baru,” *Ulumul Qur’an*, III, 3, 1992, Supplement, pp. 1-28.

¹⁶ A close account of corruption in the 1992 election is “*White Book*” on the 1992 General Election in Indonesia, Translated with an Introduction by Dwight Y. King, Ithaca, Cornell Modern Indonesia Project, 1994.

¹⁷ Prof. Padmo Wahjono, *ibid.*

¹⁸ Hal Hill, *The Indonesian Economy Since 1966*, Cambridge, Cambridge University Press, 1996, p. 15-17.

¹⁹ Hill, p. 193.

²⁰ Salim Said, *op.cit.*

²¹ Asia Watch, “East Timor: The November 12 Massacre and its Aftermath,” *Indonesia Issues* 17-18 (December 1991).

²² Confidential telephone interview, Jakarta, May 16, 1998.

²³ Confidential interview, Jakarta, August 1998.

²⁴ Interviews with national Golkar leaders Akbar Tandjung, Theo Sambuaga, and Tuswandi, Jakarta, August 22-24, 1998.

²⁵ R. William Liddle, "Habibie Under Siege? Elections Will Be the Real Test," *The Asian Wall Street Journal*, September 23, 1998, p. 10. The original research was reported in R. William Liddle, "Evolution from Above: National Leadership and Local Development in Indonesia," *Journal of Asian Studies* XXXII, 2 (February 1973), pp. 287-309.

²⁶ *Kompas* (Jakarta), July 21, 1998, p. 1. *Kompas* is the main Jakarta daily newspaper.

²⁷ See for example the cover story on the armed forces and the dual function in *Forum Keadilan* (Jakarta), October 19, 1998, pp. 10-19. *Forum Keadilan* is a Jakarta newsweekly.