



Indonesia's Decade of Democracy Deserves U.S. Recognition and Support by Ann Marie Murphy

Dr. Ann Marie Murphy (murphyan@shu.edu) is assistant professor at the John C. Whitehead School of Diplomacy & International Relations, Seton Hall University, adjunct research fellow at the Weatherhead East Asian Institute, Columbia University, and Asia Society associate fellow. An earlier version of this article appeared on opinionasia.com.

As the U.S. election season swings into high gear, millions of Americans are following every detail of the presidential campaign. Few, however, are paying attention to Indonesia as it prepares for elections in 2009. Indonesia may be the world's fourth most populous country, third largest democracy and home to the world's largest community of Muslims, but it is also the most important country Americans know virtually nothing about. They should take notice. Over the past decade, Indonesia has undergone a remarkable political transformation that clearly refutes the proposition that democracy and Islam are incompatible.

Following the overthrow of General Suharto after three decades in power, Indonesia began a political transition under extremely inauspicious conditions in 1998. The economy shrank 14 percent that year, the largest single year economic contraction of any economy since the great depression. The economic crisis plunged millions into poverty and social violence erupted in parts of the country.

But Indonesia rose from these depths, consolidated democracy, restored economic growth, and resolved major social conflicts. Since then, Indonesia has held two parliamentary elections in 1999 and 2004, which international observers deemed free and fair. In 2004, Indonesia elected its president directly for the first time.

A decentralization program transferred significant powers to local governments and since 2005, there have been over 350 elections for local officials. Voter turnout in Indonesia's local elections averaged 65-70 percent. (In contrast, only 55 percent of Americans voted in the 2004 elections.) In Indonesia, 43 percent of incumbents running for re-election were defeated, while in the U.S. incumbents won over 90 percent of congressional races.

The democratic process has encouraged the peaceful resolution of longstanding conflicts. At the dawn of the millennium, many analysts warned that Indonesia would become another Yugoslavia: a multiethnic state long held together by an authoritarian leader that would descend into sectarian violence and break apart. But the government signed a historic peace agreement with the Acehese separatist group, *Gerakan Aceh Merdeka* (GAM) in 2005, ending three decades of fighting. Today, a former GAM leader serves as governor of Aceh after a landmark election in 2006. At the other end of

the archipelago in Papua, direct elections for provincial governors and an increase in spending on social services have dampened the appeal of the Papuan separatist movement.

A vibrant civil society has taken root in Indonesia. An outspoken press provides an important check on the government; stories on official misconduct are routinely front page news. Corruption watch and human rights organizations investigate and publicize cases of government malfeasance and abuse of power.

Suharto's traditional suppression of political Islam meant that many Muslim activists were at the forefront of the *reformasi* or reform movement that toppled him. Democracy has opened up political space for Islamic fundamentalists, but the overwhelming majority of Indonesians adhere to a moderate interpretation of Islam. A proposed constitutional amendment to require all Muslims to comply with *sharia* law was resoundingly rejected. Today, *Nahdlatul Ulama* and *Muhammadiyah*, the world's two largest Muslim social organizations with 40 million and 35 million members respectively, are expanding their education, healthcare, and other social services as they follow Islam's injunction to promote social justice.

At the same time, Indonesia regained its economic health, and repaid the \$43 billion that it borrowed from the IMF during the economic crisis ahead of schedule. Its debt burden has steadily declined while foreign exchange reserves, almost depleted in 1998, now stand at \$60 billion. In 2007, the economy grew 6.4 percent. At a time of global food scarcity, Indonesia has once again become self-sufficient in rice, the country's staple food.

But this young democracy faces many daunting challenges, with poverty alleviation topping the list. Despite the economic recovery, the World Bank reports that 17 percent of the country's population lives in poverty, and over 40 percent of the population lives on less than \$2 a day. Rising prices for food and fuel hit the most vulnerable Indonesians hard. Generating jobs for the millions who enter the labor force each year is another critical task given the country's high level of underemployment.

Indonesia's infrastructure is crumbling after a decade of little maintenance and requires significant upgrading if economic growth is to continue. An insecure regulatory and legal environment inhibits foreign investment, which historically played an important role in the country's economic development. Despite a high profile anti-corruption campaign by President Susilo Bambang Yudhoyono that has witnessed the prosecution of senior government officials, Indonesia remains one of the world's most corrupt countries, placing 143 in Transparency International's 2007 corruption index. It is difficult to envision Indonesian thriving in an increasingly

competitive global environment without major bureaucratic, regulatory and legal reforms.

Expanding access to social services and enhancing the quality of those services is pivotal to Indonesia's future. The economic crisis reversed many of the human development gains Indonesia had made earlier. Rates of infant and maternal mortality rose while those of literacy and access to potable water dropped. The quality of Indonesian education is poor, and many students were forced to leave school for financial reasons over the past decade. Social stability may be threatened if the government cannot meet the basic health and education needs of so many of its citizens.

The specter of terrorism also lurks – as seen in the 2002 Bali bombings that killed 202 people and other attacks blamed on the regional terrorist network, *Jemaah Islamiyah* (JI). But so far Indonesia has prevailed in its counterterrorism fight. Since 2002, it has arrested more than 400 JI terrorists and more than 250 militants have been prosecuted and convicted. JI's system of cells has been damaged and its command and control structure degraded. Indonesia has achieved these results with a "soft" policy of winning hearts and minds, largely avoiding the use of torture and other harsh techniques that Indonesian officials argue only provide fuel for terrorist recruitment.

Indonesia has many obstacles to overcome as it strives to enhance the quality of its governance and the welfare of its citizens. Nevertheless, at a time when the U.S. has promoted democracy as an antidote to terror, a cure for social instability and a means to unleash economic growth, Americans should join Indonesians as they celebrate a decade of democracy. And the U.S. should assist Indonesia as it grapples with the country's remaining challenges.

Reducing poverty, reforming governance, and improving education are critical to Indonesia's future. They are also areas where U.S. assistance can make a difference. Small and medium-size businesses are the engine of Indonesia's economic growth. American technical support for this sector

can help raise professional standards and expand opportunities. An inability to effectively deliver many government services – from power generation to transportation, communication and health services – impedes economic development and hence poverty alleviation. Often, the most critical bottlenecks are at local levels, where government capacity is weakest. The U.S. has wide-ranging expertise in these areas and can help Indonesia enhance government capacity.

Most fundamentally, Indonesia must upgrade its poorly functioning education system. An informed electorate is necessary for the continued consolidation of Indonesian democracy and an educated workforce is required for economic progress. The Bush administration allocated \$157 million for educational assistance over five years, but more could be done. There is a stark need for well-trained educators at all levels of Indonesia's educational system. Expanding opportunities for Indonesians to pursue advanced degrees in the U.S. would not only produce a new cadre of academic leaders, but also forge personal ties between a younger generation of Americans and Indonesians.

Indonesia is too important to remain so unknown to so many Americans. Indonesia's achievements over the past decade deserve our recognition and its efforts to build upon them deserve our support.

Applications are now being accepted for the 2008-2009 Pacific Forum Vasey Fellow position. Details, including an application form, can be found at the Pacific Forum web site [<http://www.csis.org/experts/fellows/vasey/>].