As the Yudhoyono Era Ends, Sweeping Changes Are in Store

By A. Lin Neumann

When Indonesia goes to the polls in mid-2014, it will likely set the stage for a dramatic new era in the republic’s politics. Just two years ago, it was widely expected that outgoing president Susilo Bambang Yudhoyono would be able virtually to anoint his successor, but corruption scandals, economic worries and an increasingly palpable public pressure for change have blown that prospect away, reports A. Lin Neumann.

WHAT A DIFFERENCE a few years can make. Barely two years ago, the prospect that Indonesia’s national elections in 2014 could herald a major shift in the country’s political landscape seemed hardly possible. All of the likely presidential contenders then were well known faces, entrenched figures straddling the Suharto and post-Suharto eras. But a steadily growing number of corruption scandals have severely weakened the current order and the emergence of a relative political novice as the front-runner to become president suggests that Indonesia could be entering an altogether new stage in its democratic development.

With legislative elections coming in April and presidential polls due in July, Indonesian President Susilo Bambang Yudhoyono is in the twilight of a presidency that in many ways should be celebrated as a triumph. When the democratic era began in Indonesia after the fall of Suharto in 1998, the country was a basket case. The economy shrank by more than 13 percent in the aftermath of the Asian Financial Crisis. In 1999, East Timor left the republic in a spasm of violence and looting. Deadly religious strife was rife in numerous provinces, Aceh was in turmoil due to an ongoing insurgency and analysts spoke in grave terms about the looming “Balkanization” of the massive archipelagic nation. The Bali nightclub bombings in 2002 seemed to mark Indonesia as a hotbed of terrorism and instability.

Then Yudhoyono came into office in 2004, succeeding the lackluster Megawati Sukarnoputri. With his image as Indonesia’s “thinking general,” Yudhoyono left the military in 1999 with a reputation as a reformer. He began a political career as a corruption fighter and man of integrity and transparency. He attracted many of the best minds and smartest political operators to his Democratic Party, which was purpose-built to serve as his vehicle to power. The country has prospered under him.

On his watch, the separatist war in Aceh was settled, the threat of terrorist violence from the al-Qaeda-linked Jemaah Islamiyah group that carried out the 2002 Bali bombings and numerous other attacks has been largely rolled up, and religious violence in eastern Indonesia has been brought under control.

Indonesia became a member of the G-20, and its opinion was sought out by the world on how to manage climate change and deal with the 2008 financial crisis that shattered credit markets worldwide. When Indonesia emerged from 2008 in good shape, Yudhoyono was swept into a second term with a 60 percent majority vote, pledging to redouble efforts against corruption while tackling deep structural problems in infrastructure, education and health care.

Having grown by 5 percent annually since 1998, real gross domestic product had almost doubled by the end of 2012 and nominal per capita income was seven times higher. Logically, much of the credit should go to Yudhoyono as the man at the helm during this period of rapid expansion.

But instead of coasting to the finish line and preparing for the life of an elder statesman, Yudhoyono is ending his second and final term as an embattled and even forlorn figure. Yudhoyono’s legacy is in jeopardy over corruption charges that have implicated numerous top officials in his Democratic Party, including a cabinet minister and the party’s chairman. There is little bravado left.

“When’s not hope that in five or 10 years’ time, Indonesia will be clean from corruption,” Yudhoyono said in December at ceremonies marking Indonesia’s Anti-Corruption and Human Rights Week. “Corruption prevention and eradication is an endless battle.”

UP IS DOWN AND DOWN IS UP

The scandals and Yudhoyono’s reputation for being indecisive have largely turned the political odds upside down. Polls show his Democratic Party plummeting in popularity and likely to move into also-ran status in April’s legislative elections. The president’s “unity coalition” government, which is comprised of various parties prepared for the life of an elder statesman, Yudhoyono is ending his second and final term as an embattled and even forlorn figure. Yudhoyono’s legacy is in jeopardy over corruption charges that have implicated numerous top officials in his Democratic Party, including a cabinet minister and the party’s chairman. There is little bravado left.

Far from feeling like a nation in triumph, political dysfunction is fueling public anger, creating a situation where the two presidential front-runners are both relative outsiders and unlikely leaders of a major regional power. The assumption as recently as two years ago that Yudhoyono might simply choose a successor now seems woefully naive.

The economy is also weakening. With a current account deficit running at around 4 percent of GDP and the rupiah weakening to four-year lows of around 12,000 to the US dollar, there are major concerns. The country has to import significant amounts of oil because its own production
is declining steadily, the government still partially subsidizes fuel, largely for domestic political reasons, and a spate of recent policies pushing a nationalist agenda have caused many big-ticket foreign investors to delay planned investments.

Indonesia also has deep deficits in infrastructure, a forlorn educational system, tottering healthcare delivery and a highly politicized policymaking apparatus that sees political party leaders put in charge of many key ministries — with predictably corrupt results.

ENTER JOKOWI

The likelihood is that Indonesia will see a massive shift away from Yudhoyono’s Democratic Party, which has plummeted in polls as corruption charges have risen. Megawati’s opposition Indonesian Democratic Party of Struggle (PDI-P), which has been out of power since 2004, is poised to take over because it has Jakarta Governor Joko “Jokowi” Widodo in its ranks, and he is now the most popular politician in the country. If PDI-P names him its candidate ahead of April legislative elections, the party is expected to get a major bump that will see it poised to seize the presidency in July.

This could be a major gamble. Jokowi, as he is universally known, began his political career just eight years ago when he became mayor of the small East Java city of Solo. Plain-talking and accessible to his constituents, the former furniture manufacturer attracted notice from national leaders because he excited people in a way that traditionally reserved and imperious Indonesian politicians don’t.

In 2012, he stood for Governor of Jakarta and confounded polls by winning against an incumbent supported by Yudhoyono’s Democrats and the country’s biggest party, the Suharto-founded machine Golkar. He almost immediately became a presidential contender by default, just as the Democrats were sinking into the mire of scandal. He has the right touch. He goes to rock concerts — Metallica is a favorite — and mixes in the mosh pit with the masses. He walks about on handshake tours of the city and has undertaken relatively small but effective projects to give some Jakarta neighborhoods modest facelifts.

Bigger problems — massive traffic congestion, pollution, lack of clean water and sanitation — are more daunting, but Jokowi may become president long before he has to answer for those issues facing the capital. Recent polls give him an electability rating of 40 percent, 20 points higher than his nearest challenger.

In person, Jokowi is humble but seems decisive, leaving little doubt that he is comfortable wielding power. His typical approach is to identify a problem, seek a solution as quickly as possible and then act. He has overhauled tax collection in Jakarta, instituted a health-card system for the poor and taken the unusual step of forcing civil servants to come to the office on time. He has made some inroads into Jakarta’s massive urban issues, building neighborhood parks, clearing illegal vendors off streets they have occupied for decades and breaking ground on a mass transit rail project that has been under discussion for 25 years.

Should Jokowi run, as seems likely — though he refuses to discuss the matter publicly — it is unclear what kind of policies he would pursue nationally. PDI-P is nationalist and secular in origin, the party of the nation’s founding president, Sukarno. His daughter, former President Megawati, still chairs the party and has the sole power to decide if PDI-P will ask Jokowi to run. Jokowi himself is untested on the national and international stage — which is a big part of his domestic appeal — and while he seems honest and forthright, how that will translate into complex national governance is a matter of some concern.

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THE OTHER GENERAL

The other front runner is even more of a wildcard than Jokowi. Retired General Prabowo Subianto, who is in second place in opinion polls, is overshadowed by Jokowi’s popularity but still has a chance. Prabowo and his Gerindra (Great Indonesia Movement) party supported Jokowi’s run for Jakarta governor last year but they are no longer allies.

Known for a short fuse and a checkered human rights record from his days as a hard-man general in Suharto’s army, Prabowo is still unable to get a visa to the United States because of his rights record, although he has never been fully investigated or tried for alleged crimes perpetrated in East Timor when it was under Indonesian rule and other alleged violations. His temper is also known to explode at odd moments, such as one anecdote I heard recently: he grew enraged and challenged a female American Marine colonel to a push-up contest during a formal dinner. It ended in a draw.

Once married to Suharto’s daughter, Prabowo has resurrected himself as a populist-nationalist man of the people after being drummed out of the army in 1998 amid allegations — never proven — that he was plotting a coup. His tough guy image appeals to a lot of people and his blue-blood Javanese heritage gives him a sense almost of noblesse oblige, as if the nation has been waiting for him to come to its rescue. His grandfather was the founder of one of Indonesia’s first banks and a key figure in the independence movement of the 1940s; his father was a leading economist and cabinet member under Suharto; and his brother Hashim Djojohadikusumo is a very successful businessman with a vast fortune.

Prabowo has almost constantly been running for president since he returned to the country in 2002 after a period of self-exile in Jordan. He crafted a media image as a decisive man of action with deep concern for the masses that was designed to create an air of inevitability around him for 2014. Until Jokowi came along, the strategy was working. If Jokowi falters, Prabowo will gain a prize that he has been eyeing since he was a teenager and which both his father and, most importantly, his grandfather taught him to believe was his destiny.

Prabowo’s plain talk also can be appealing. “In the end we found that the political and economic system we built in the last 15 years turns out to be a very weak system,” he told me recently in an interview. “Corruption has increased. It is so massive at every level. This is common knowledge. Even the poorest people in the street know this is happening. They see it every day.” Do nothing, he says, and Indonesia will become a “failed state.”

THE REST OF THE PACK

The only other significant players in the race for president both have major problems and are unlikely to take a leading position. Yudhoyono’s Democrats are struggling to remain relevant, and the massive Golkar party, Suharto’s former political vehicle, is so far saddled with party chairman and coal tycoon Aburizal Bakrie as its candidate; he has struggled to poll above single digits for “electability,” largely due to his business empire’s tainted reputation.

Yudhoyono attempted to resurrect his party’s chances by creating the closest thing Indonesia has ever seen to an open nominating process that emulated the US presidential primary system, at least in name. If the Democrats were to leave the scandals behind them and have any relevance beyond being the party that put Yudhoyono in power in 2004 and 2009, a somewhat “open” nominating process may be a major event and a way to shed some light on party politics, where decisions about major candidates are nearly always made by a handful of power brokers.

Unfortunately for the Democrats, none of the 11 candidates in the primary process — which involves nationwide campaigning and an eventual decision based on opinion polling in April — are likely to be popular enough to be elected president. Also, in the complex political arithmetic of Indonesia, a party or coalition of parties must win 20 percent of the seats (or 25 percent of the total vote) in April’s legislative elections to qualify to put a presidential candidate on the ballot. Given its declining fortunes and constant drum-beat of bad news growing out of several scandals, the Democrats are likely to be at best a junior partner in any coalition, perhaps with a vice-presidential slot.

The best thing going for the Democrats is that Yudhoyono retains considerable personal popularity among voters. The difficulty is that his ability to cut political deals grows weaker as the scandals drag out and his party looks increasingly irrelevant to the final outcome in 2014. Finally, many insiders say that what Yudhoyono craves out of 2014 is protection from corruption investigations of his family once he leaves office. The primary increasingly seems just a way for Yudhoyono to keep the party in the news and hopefully find a spot for a trusted Democrat as a vice-presidential candidate in coalition with another party, perhaps Golkar, for 2014.

Finally, Golkar’s Aburizal Bakrie, the consummate insider businessman, has stayed on message and insisted he will also see through a run for president in 2014. Moving from business to “full-time” politics in 2004 in Yudhoyono’s first cabinet, Bakrie is seen as someone who uses the political system to favor his empire. This impression was confirmed for many when the Supreme Court absolved his companies of responsibility for the 2006 Lapindo mud flow disaster. The Bakrie Group later also narrowly escaped ruin when regulators suspended trading in Bakrie stocks for several days during the crash of 2008. In 2009, he was widely believed to be behind a political investigation into respected Finance Minister Sri Mulyani Indrawati that eventually drove her out of government in favor of a senior job at the World Bank in Washington.

All of these factors and more inhibit his ability to rise in the polls and make his long-stated desire to be president seem quixotic. Indeed, many observers are just waiting for him to find an excuse — his health, perhaps — to withdraw. There are constant rumblings inside Golkar, with various officials saying the party has failed to cultivate new leaders and that it has suffered under Bakrie’s leadership. Golkar leaders also say that numerous financial troubles inside Bakrie Inc. have dried up payments promised to various branches of the party.

Given his many negatives as the personification of old-school politics, it is highly unlikely Bakrie could win the presidency. It appears likely, however, that he will hold on to the Golkar reins and keep running at least until the legislative elections. The party could change candidates or realign itself in various ways following the elections, depending on its coalition partners.

It is important to note that because of its long history and organizational strength, Golkar will almost certainly do well in the legislative polls, making it an attractive partner for any coalition. A pairing with the Democrats — they are nominal allies in the current government — is not out of the question.

BIG CHANGES

As recently as two years ago, most experts on Indonesian politics believed that very little would change in the current election cycle. Voters in 2014 would get a lackluster choice — Bakrie, Megawati and a hand-picked Yudhoyono can-
didate — and calls for greater reform would go unheeded. But the combination of scandals inside the Democrats, the rise of Jokowi and incipient economic troubles has shaken up the system.

There is a great weariness over constant tales of politicians enriching themselves at the public trough. The powerful if outgunned Corruption Eradication Commission (KPK) seems to drag down a new politician every few weeks, undermining many political parties with high-profile investigations that have made the small agency one of the most popular offices in government.

Also, under Yudhoyono’s administration, political party hacks guiding key ministries such as forestry, agriculture and mining have not only been accused of corruption but have driven restrictive regulations that impede foreign investment. The result has been a dramatic slowdown in energy extraction that is making the current account deficit worse.

What keeps the machine ticking over is Indonesia’s enormous demographic advantage as a youthful nation and the growth of the middle class. But infrastructure has lagged behind, massive government-owned contractors dominate competition for big-ticket projects, the implementation of a new land acquisition law is stalled. It is a long list, and the chief complaint against Yudhoyono has been that he rarely sorts out anything, preferring not to take hard stands on controversial issues.

The short-term answer I hear more and more is that Indonesia simply needs “leadership,” which is why both Prabowo and Jokowi have significant followings. It seems likely that for 2014, the country could get a massive shift in power with unpredictable results. In many ways, Yudhoyono is seen to have squandered his second term, coasting on past performance and letting key ministries go their own way, often at cross purposes with the president himself.

As with many countries that enjoy runs of giddy economic success, until recently it seemed as if Indonesia could do no wrong and that policies and government action did not really matter all that much as the country went from strength to strength. In fact, policies do matter, and while the country’s huge market and young demographics will keep fueling growth for some time, it will take skillful policy choices to fix an ailing infrastructure, educate the young and build a solid foundation for growth. It will start with the next president.

I was speaking recently with an heir to one of the country’s major business families about the prospects for the 2014 transition. “We are just tired of Yudhoyono. It’s good that he’s going,” said the young man, whose family backed the president’s rise a little under a decade ago. “We like Jokowi, but even Prabowo is okay. We just need a change.”

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