

Chapter 1

Birth of New Government: Background, Features and Tasks

On October 20, 1999, as many Indonesians watched live TV broadcast, Abdurrahman Wahid was elected as the fourth president of the Republic of Indonesia. It was the first time since Indonesia's independence that a president was chosen through the democratic process of voting in the People's Consultative Assembly (MPR), the nation's supreme legislature. On the following day, October 21, Megawati Soekarnoputri, the leader of the Indonesian Democratic Party of Struggle (PDI-P), and the eldest daughter of Soekarno, the country's founding president, was elected as vice-president also by voting.

What is the significance of the birth of this new government in Indonesia's social political context?

Firstly, it laid to rest the people's distrust of politics and the political instability that had continued since the last years of the Soeharto government. Former President B.J. Habibie, who automatically was promoted from the post of vice-president upon Soeharto's resignation, allowed freedom of speech and freedom of association, and revised the law on general elections. However, no matter how hard he tried to promote democratic reforms under the banner of "Reform" (*Reformasi*), Habibie had been just "a part of the Soeharto regime" in the people's eyes. Only after Habibie failed in his reelection bid, did many Indonesians feel that they finally were able to break with the Soeharto regime and the people's deep-rooted distrust of the government was wiped out. The curtain had finally fallen on the long last scene at the "Soeharto Imperial Theater" and been raised on a new scene at a new theater.

Secondly, the new government was the product of a delicate balance and hard-won compromises among conflicting political forces. A departure from the Soeharto regime would have been made clearer if Megawati had become president, given the persecution she suffered under the Soeharto government as an opposition leader. But she was not chosen president. Why? One of the reasons was a strong feeling of repulsion among Muslim forces toward Megawati, who was supported by secular Islam and non-Islamic forces. On the other hand, Abdurrahman Wahid (popularly called

Gus Dur) was the chairman of Nahdlatul Ulama (NU), Indonesia's largest Islamic organization known for being tolerant and moderate, and thus was in a position to forge a point of reconciliation between Muslim forces and secular groups. While Gus Dur was one of the reformist leaders, he won the presidential election more with the support of old regime forces than the support of reformists. Given this, Megawati's backers had to be content with her occupying an important corner of the new government as vice-president. Therefore, it can be argued that the combination of Gus Dur as president and Megawati as vice-president was the best duet available to call together conflicting forces and to minimize opposition, given that stability is the most crucial prerequisite for Indonesia's recovery from its deep political and economic crisis.

The third point to be noted is the historic significance of the presidential election through the democratic process. Soekarno, a leader of Indonesia's independence movement, became the founding president with the declaration of independence. Soeharto seized political power through measures beyond the law after crushing the September 30, 1965, incident. Habibie succeeded to the presidency when Soeharto resigned. After having three presidents who all assumed power under extraordinary circumstances, Indonesia managed to choose the new president by voting in the new MPR mostly made up of members newly elected by free general elections. Indonesia, which was until recently criticized as being a "developmental dictatorship" and a "typical authoritarian regime" by the international community, deserves high praise for the fact that it managed to accomplish the election of national leaders constitutionally and democratically in such a short period of time. The moment Gus Dur was elected, he declared "this is the second independence", praising Megawati who lost the vote. The statement can be interpreted as implying that this election marks the very first step to construct a democratic regime in Indonesia, departing from the authoritarian regime which had long thwarted the people's will and that it heralds an independence, not of the nation, but of the people of Indonesia. To lay the foundation

toward a new national system of democracy and social justice is the historic task assigned to the Gus Dur government.

This chapter discusses how the new government, which marks a new starting point in Indonesian history, came into being, what characteristics it has, and how it is going to deal with problems it faces, focusing on new President Abdurrahman Wahid alias Gus Dur.

1. 1 *How the Gus Dur/Megawati Government Came About*

1. 1. 1 **Mediation by Abdurrahman Wahid**

In the June 7, 1999, general elections, Megawati's Indonesian Democratic Party of Struggle (PDI-P) became the top party by polling 34% of the vote, followed by the ruling Golkar Party with 22%. Those polling third to seventh were all Muslim parties (See Appendix). It took nearly two months to confirm the election results, but the presidential race was launched the day after the ballot date between Megawati and then-President Habibie, Golkar's official candidate.

As preliminary election results showed the PDI-P in the lead, many Indonesians raised expectations about Megawati being their new president. Intellectuals and students asserted that "the choice of the people must be respected" and that "Megawati should take the initiative in shaping a new government."¹ But a sense of crisis spread among political elites and Islamic forces over Megawati's victory. The most exemplary of arguments used in Megawati bashing was the assertion that "a female president is against Islamic doctrines." Among Muslim parties, the United Development Party (PPP) and the Justice Party (PK) declared their adherence to that position. The Association of Indonesian Muslim Intellectuals (ICMI), the nucleus of support for Habibie, voiced its concerns more plainly and directly: Many candidates and supporters of Megawati's party are non-Islam Christians and ethnic Chinese or secular Islamic people.² Among other criticisms were that "the party does not have talented people," "Megawati herself is not a capable leader," and "she is conservative." Needless to say, such Megawati bashing irked her supporters. In East Java and Bali, small nationalistic parties banded together to express their support for Megawati. The radical

group that called itself "the people's struggle for total reform" started distributing compacts sealed with blood. Responding to such developments, some radical Muslim groups called for a "*jihad*" (holy war) for the reelection of Habibie.

It was Abdurrahman Wahid (Gus Dur) who made the first move out of concern over the deepening confrontation between Islam and secularism. Megawati bashing marked the first phase of the presidential race, the second phase came in the form of mediation efforts by Gus Dur. Before the general election, Gus Dur spoke of solidarity with Megawati and inter-party cooperation between the National Awakening Party (PKB), which he founded with NU as the core support body, and Megawati's PDI-P. After the elections, however, he first sought to find a way to avoid the concentration of power in Megawati's hands by separating the head of state and the head of administration. But jurists and leaders of other political parties rejected the idea as being too difficult under the existing constitution. The next move he made was to try to forge tripartite cooperation between himself, Megawati, and Amien Rais, the leader of the National Mandate Party (PAN) and a former head of Muhammadiyah, Indonesia's second largest Muslim organization, and the three-party alliance. The three were fellow members of the Ciganjur group (named after the location of Gus Dur's private residence where they met) that presented a program of reforms from outside the legislature when the People's Consultative Assembly (MPR) was sitting in a special session in November 1998. But Megawati did not respond to Gus Dur's overtures, partly because the results of the general elections were not finalized. Amien Rais, for his part, sharpened his attacks on Megawati, chiding her for not initiating any moves and taking conservative stances on each and every reform issue, from amendment of the constitution and a federal system to the abolition of the dual function of the military. The rift between Megawati and Amien Rais widened, and the three-way meeting called "the second Ciganjur" did not materialize after all.

Gus Dur then began working on Muslim parties. On June 26, Gus Dur visited Amien Rais at the office of Muhammadiyah. They shared the notion that the choice between Megawati or Habibie was risky, as Gus Dur said after the meeting, "We have to find a third candidate acceptable for both Muslim forces and Megawati supporters."³ Gus Dur

and Amien Rais then separately met leaders of the PPP and PK to ask them to join the search for a “third candidate”. By that time, however, Gus Dur hinted that he no longer regarded Megawati as the next president by saying “it would be five to 10 years before Indonesian society accepts a female president”. Gus Dur’s mediation efforts suited Amien Rais’ interests. He publicly stated that he could neither join hands with Megawati nor align himself with the ruling Golkar Party as a reformist. Taking over Gus Dur’s maneuvering, Amien Rais proposed forming a “Middle Axis” (*Poros Tengah*) by the five Muslim parties placed third through seventh in the general elections and fielding Gus Dur as the presidential candidate of the Middle Axis.

Gus Dur’s mediation thus prompted Amien Rais to advocate the formation of the Middle Axis and gave rise to a drive to make Gus Dur himself the “third candidate.” In the meantime, Gus Dur did not fail to inform Habibie, Golkar Party leader Akbar Tandjung, Military Commander Wiranto and other key figures of these political developments in detail. Gus Dur not only stood at the point of contact between Muslim and secular forces but also served as an intermediary between the ins and outs of the Habibie government.

1. 1. 2 Consolidation and Setback of the Habibie Camp

Around the same time, Habibie supporters were making steady efforts to secure votes for the president’s reelection, a scene considered to be the third phase of the presidential race. In the general elections, the Golkar Party saw the votes they obtained increase as the vote counting progressed to cover more of the outer (non-Java) islands. With the seat allocation method favoring outer islands, the party eventually secured 120 seats in the 500-member House of Representatives. Golkar performed well in outer islands, partly because the bureaucracy-driven vote-collecting machinery still remained in better shape in non-Java areas than in Java and partly because Habibie who hailed from an outer island found strong support there. The support base for Habibie consisted mainly of those from his home province South Sulawesi and other outer islands, Muslim forces led by the ICMI which Habibie founded, and those enjoying vested interests going back to the Soeharto era. The Habibie camp calculated that the combined strength of the

Golkar Party, Muslim parties other than PKB that backed Megawati, and regionally appointed members from outer islands would give them over 300 votes, putting the 351 of the MPR’s 700 votes needed for the reelection of Habibie within reach. Media reports said Habibie backers were buying votes for several hundred million rupiahs a piece to secure the necessary remaining votes. Diplomatic observers also tended to think Habibie was leading the race.

Then two unexpected events broke out – the Bank Bali scandal and the East Timor issue – and public opinion against President Habibie broke forth. This is the fourth phase of the presidential race. The former is a scandal wherein the Bank Bali under recapitalization with an infusion of public fund is suspected of having allowed an illegal outflow of funds that were funneled to the “Habibie Success Team,” a group of close Habibie aides working for the president’s reelection, through a private enterprise controlled by Golkar’s deputy treasurer. Some 600 billion rupiahs that were channeled out of Bank Bali were rumored to be just a fraction of several trillion rupiahs in political funds collected by the team. The Supreme Audit Agency commissioned a foreign consulting firm to probe the allegations. But as the long form of the investigation report was not to be published, the International Monetary Fund (IMF) told Indonesia of its decision to shelve loan negotiations with the government. The scandal came as a one-two punch to the Habibie government. Indeed, it was a fresh corruption allegation under the Habibie government with the banner of *Reformasi*. Moreover, in connection with the restructuring program of the banking sector, the case strained the government’s relations with the IMF and caused a further setback to the country’s economic recovery.

On the East Timor front, the situation changed swiftly after the East Timorese rejected the “wide-ranging autonomy” proposal in the August 30 referendum. Defying the vote result, pro-integration militias went on the rampage, causing a great number of casualties and floods of refugees. Under pressure from the United Nations, Indonesia accepted an international force into East Timor. When Habibie proposed the referendum in January 1999, the president and his aides ought to have estimated that, by allowing the territory’s independence, the international community would

praise the Habibie government for resolving a long-standing international problem, which had brought Indonesia no benefits and had taken a high toll in lives and massive subsidies. However, contrary to Habibie's calculations, everything turned against him and everyone blamed him. First, he was attacked for having made the decision on the referendum within the inner circle of his close aides without referring the issue to the House of Representatives and with only an *ex post facto* report to the cabinet. He was also held responsible for the referendum outcome that so easily led to the secession of East Timor, where so many human lives had been sacrificed since the 1976 annexation. He was further denounced for the new tragedies brought about by pro-integration militia violence. The international community also joined a chorus of accusations from the humanitarian viewpoint.

Thus, his fortunes were abruptly reversed in the final phase of the presidential race. Calls for the withdrawal of Habibie's candidacy began to be heard from within the Golkar Party, bringing out the intra-party confrontation between the Habibie backers = Black Golkar (*Golkar Hitam*) and the reformists = White Golkar (*Golkar Putih*). The Habibie supporters that accounted for 60% of Golkar parliamentarians,⁴ particularly the South Sulawesi faction, became more impatient and went all out for securing reelection votes, prompting Megawati to warn that she would mobilize mass movements to counter the Habibie camp. Amid the heated situation, MPR was convened on October 1, 1999.

1. 1. 3 Political Game in the People's Consultative Assembly

In the People's Consultative Assembly (MPR), arrangements were made to first elect the two heads to preside over the legislature – speaker of MPR and speaker of the House of Representatives (DPR) – then to hear President Habibie's accountability speech to sum up his accomplishments while in office, and after a vote to accept or reject the speech, to elect the new president and vice-president.

A breakdown in the distribution of strength in the assembly is shown in the table. Of the five Muslim parties that were to form the Middle Axis, PKB (57 seats) chose to align with PDI-P and did not actually join the Middle Axis. Since PPP, PBB and other small Muslim parties (92 seats in total)

were actually close to the Golkar Party, those that explicitly supported Gus Dur were only PAN and PK (these two formed the Reform Faction for combined 49 seats). Therefore, the actual distribution of strength gave the Habibie-Golkar camp 274 seats (Golkar and the above-mentioned Muslim parties), with the Megawati camp close behind with 261 seats (PDI-P, PKB and nationalistic small parties). Gus Dur supporters numbered 49, while the military had 38 appointed seats and there were 73 appointed seats for representatives of various organizations (hereafter "organizations representatives").

The election of the MPR speaker on October 3, 1999, provided the first climax of political maneuvering. In the Golkar Party, party leader Akbar Tandjung was negotiating with the Middle Axis on a power-sharing arrangement giving the MPR speakership to the Middle Axis and Golkar taking the DPR speakership, while Golkar reformist leader Marzuki Darusman was talking to Megawati supporters on a plan to give the MPR speakership to the Megawati camp and the DPR speakership to Golkar. In return for not putting up the party's candidate for the MPR job, Golkar would land the DPR post either way. The Megawati camp, for its part, decided to field PKB leader Matori as the unified candidate, while the Middle Axis group chose Hamzah Haz, leader of the third-biggest party PPP, as its likely candidate.⁵ Seeing the possibility of Gus Dur standing for MPR speaker, however, the Middle Axis thought it necessary to ascertain Gus Dur's intentions in order to avoid a situation where a Middle Axis candidate would be competing with him. Gus Dur, though the founder of PKB, was neither its leader nor a member of the party. Representing NU, Gus Dur was a member of the assembly as an organizations representative. NU had long been of the opinion that the right position for Gus Dur, as a leading figure in the Islamic circle, was the head of the highest organ of sovereign power, rather than the post of president that might expose him to the full brunt of public criticism. But Gus Dur told Amien Rais and other representatives of the Middle Axis: "I will not run for the MPR speaker post. I will give my full backing to you, Amien".

Gus Dur arbitration determined Amien Rais as the candidate of the Middle Axis. In the end, he was elected MPR speaker by garnering 305 votes from the Middle Axis (except PKB) and Golkar,

Table 1-1 Composition of Seats and Strength in the People's Consultative Assembly (MPR) in October, 1999

Name of faction	Name of political party	Abbreviation	House of Representatives (DPR)		People's Consultative Assembly (MPR)		
			by Party	by Faction	Rep. of Region	by Faction	by Strength
<Megawati Camp> PDI-P Faction	Indonesian Democratic Party of Struggle (Partai Demokrasi Indonesia Perjuangan)	PDI-P	153	153	32	185	
PKB Faction	National Awakening Party (Partai Kebangkitan Bangsa)*	PKB	51	51	6	57	
Indonesian Unity and Nation Faction	Justice and Unity Party (Partai Keadilan dan Persatuan)	PKP	4	12	2	14	261
	Indonesian Democratic Party (Partai Demokrasi Indonesia)	PDI	2				
	Indonesian National Party-Marhaen (Partai Nasional Indonesia-Massa Marhaen)	PNI-MM	1				
	Indonesian National Party Front Marhaenis (Partai Nasional Indonesia-Front Marhaenis)	PNI-FM	1				
	Independence Vanguard Party (Partai Ikatan Pendukung Kemerdekaan Indonesia)	P-IPKI	1				
	Democratic Catholic Party (Partai Katolik Demokrat)	PKD	1				
	Indonesian Unity in Diversity Party (Partai Bhinneka Tunggal Ika Indonesia)	PBTI	1				
	People's Sovereignty Party (Partai Daulat Rakyat)	PDR	1				
Love the Nation Democratic Faction	Love the Nation Democratic Party (Partai Demokrasi Kasih Bangsa)	PDKB	5	5	0	5	
<Middle Axis *> Reform Faction	National Mandate Party (Partai Amanat Nasional)*	PAN	34	41	8	49	49
	Justice Party (Partai Keadilan)*	PK	7				
<Habibie Camp> Golkar Faction	Golkar Party (Partai Golongan Karya)	Golkar	120	120	62	182	
United Development Faction	United Development Party (Partai Persatuan Pembangunan)*	PPP	58	58	12	70	
Crescent Star Faction	Crescent Star Party (Partai Bulan Bintang)*	PBB	13	13	0	13	
Muslim Community Faction	Nahdlatul Ummat Party (Partai Nahdlatul Ummat)	PNU	5	9	0	9	274
	Muslim Community Awakening Party (Partai Kebangkitan Umat)	PKU	1				
	United Party (Partai Persatuan)	PP	1				
	Indonesian United Islam Party (Partai Syarikat Islam Indonesia)	PSII	1				
	Indonesian Masyumi Islamic Political Party (Partai Politik Islam Indonesia Masyumi)	PPII Masyumi	1				
<Other> Military Faction	—	TNI	—	38	—	38	38
Organizations Representatives Faction	—	UG	—	—	8	73	73
Total			462	500	130**	695**	695**

Source: Compiled by the author from *The Jakarta Post*, *Kompas*, etc.

Notes: * The parties that compose the Middle Axis. However, PKB practically did not participate in it.

** Total number of seats is 695 due to the lack of 5 seats from province of East Timor out of 135 seats of Representatives of Regions.

outnumbering Matori's 279 votes. Incidentally, the military faction cast a bloc vote for a candidate of its own, displaying neutrality between the two competing camps. Amien Rais, who leads the fifth largest party that got only 7% of votes in the general elections, obtained the post of MPR speaker thanks to Gus Dur's backing. He voiced his particular gratitude to Gus Dur in an acceptance speech, saying, "This post should have been occupied by Abdurrahman Wahid, instead of me." In the election of the DPR speaker on the following day, Golkar Party leader Akbar Tandjung won an overwhelming victory in line with the prearranged scenario.

The climax in the proceedings of the MPR came in the vote to accept or reject President Habibie's accountability speech. Contentious points in the question-and-answer session included the Bank Bali scandal, the policy to cede East Timor, the dropping of an investigation into Soeharto's alleged illicit gains of wealth, and human rights violations in numerous cases of rioting and disturbances under the Habibie government. PDI-P, PKB and other nationalist parties (for a combined strength of 261 seats) clearly rejected the president's speech. The Habibie camp believed they had a fairly good chance even if PAN and some of organizations representatives voted against Habibie. They also considered the support from the military as a *fait accompli* since Habibie had been asking Military Commander Wiranto to run as Golkar's vice-presidential candidate. On the eve of the voting day, however, Wiranto made an abrupt announcement that he would not stand as a candidate for vice-president from Golkar, saying that he had never received an official request from Golkar as a party. On October 19 (more precisely, before dawn on October 20), after breathtaking moments of vote counting, the MPR rejected Habibie's accountability speech in a vote of 355 against and 322 in favor. Most of the "no" votes cast in addition to the Megawati camp's 261 are estimated to have come mainly from the military and the reformists within the Golkar Party (at least 76 out of the additional total of 94, according to the author's estimate).

Thus, the scenario for Habibie's reelection, written solely on the basis of in-house vote counting aloof from social aspiration for reform, collapsed in the face of a last-minute about turn of the military and the White Golkar. Behind the

military's decision not to support Habibie was the pressure brought on Wiranto by reformist officers and divisional commanders in Java who became concerned about the prospect of Habibie's reelection. At the same time, the military's move was also intended as Wiranto's way of getting back at Golkar leader Akbar Tandjung who did not support him as an official candidate for vice-president (See also Chapter 3). Despite his continued support for Habibie on the surface, Akbar actually maneuvered for having the Habibie speech rejected by undermining Wiranto's candidacy for vice-president and letting Marzuki Darusman lead the intra-party reformists.

1. 1. 4 Toward the Presidential Elections

Habibie gave up on his presidential bid following the MPR's rejection of his accountability speech. Habibie reportedly tried to field Amien Rais, formerly a key member of ICMI, as Golkar's presidential candidate in his place, instead of Akbar Tandjung who was held responsible for the speech's rejection. But Amien Rais declined the offer, saying he cannot compete with Gus Dur. Then Akbar's candidacy was considered, but Akbar also turned it down. Golkar's Habibie backers could not find any presidential candidate and studied the option of abstention, but eventually decided to support Gus Dur.

Gus Dur supporters were worried until the last moment that he might take his name out of the race for health reasons and give the presidency to Megawati. But the presidential election on October 20 turned out to be a head-on collision between Gus Dur recommended by the Middle Axis and Megawati of PDI-P, and Gus Dur won by collecting 373 votes as against 313 votes for Megawati. The bulk of the votes for Gus Dur came from the votes in favor of Habibie's accountability speech, meaning the Golkar Party, particularly the Black Golkar (Golkar votes that went to Megawati were nearly 40 votes⁶), and Muslim parties. They were joined by some from the military, organizations representatives and PKB. This is to say that Gus Dur, because of Habibie's withdrawal from the race, was elected president by fully taking over the Habibie camp's votes that rejected Megawati. Who were the contributors of this outcome? One is Amien Rais, who put up Gus Dur as the candidate of the Middle Axis while not totally sure of Gus

Dur's real intentions. The others working backstage were the military and the White Golkar that paved the way for the defeat of the Habibie speech.

The outcome of the presidential election disappointed Megawati supporters outside the assembly. They felt betrayed by Gus Dur who had underscored solidarity with Megawati, and could not accept the result that denied the presidency to the winner of the general elections. Megawati supporters rioted in her home ground Central Java, particularly Solo, and in East Java, Bali and a part of Jakarta. Central and East Java are also strongholds of NU. And the NU leaders' biggest concern was possible clashes between local NU members and Megawati supporters, and that is why they told Gus Dur not to leave any source of trouble with Megawati supporters when they conveyed the approval of his presidential candidacy. The best way to settle the situation was to place Megawati in the seat of vice-president. But PDI-P, dead set on seeking the helm of government, had no intention of fielding Megawati for the second position. In defeat Megawati was stubborn, and said that she would refuse to join a vice-presidential race by voting. Up until then, Gus Dur publicly stated that he favored Akbar Tandjung as the vice-presidential candidate of the Middle Axis, and even took steps to install Hamzah Haz as the DPR's deputy speaker on the assumption that DPR Speaker Akbar might leave the post to run for vice-president. After the presidential election, however, Gus Dur visited Megawati's private residence to ask for her cooperation. PKB officials also called on Megawati to announce that the party would put her up as its candidate. The race for vice-president on the following day October 21 was at first joined by four candidates – Megawati recommended by PKB, Hamzah Haz of PPP, Golkar leader Akbar Tandjung, and Military Commander Wiranto recommended by a group of interested assembly members. With the latter two candidates withdrawing immediately after the assembly opened its session, the vote was cast on the remaining two, and Megawati was chosen as vice-president with 396 votes against 284 votes for Hamzah Haz. News about Megawati's election as vice-president helped quell the rioting.

The pairing of Gus Dur and Megawati came into being by climbing over the two steep hurdles of getting Habibie to drop his reelection bid and of having a proud Megawati settle with the num-

ber two position. All forces in the assembly contributed, either directly or indirectly, to the process of electing the duo, from the Black Golkar, the Middle Axis and the military to the White Golkar and the alliance of PDI-P and PKB. The new government was indeed inaugurated by incorporating the conflicting forces of Islam and secular-nationalism, as well as the Habibie supporters and reformists. It was Gus Dur who stood at the crossing point of the confrontational axes. He might have been the only person who could draw up this scenario beforehand with confidence, with a firm belief that only he could turn the confrontation into reconciliation. It was such a risky endeavor and its success should be attributed to the wisdom of Indonesia as well as that of Gus Dur himself.

1.2 Characteristics of the New Government

On October 26, 1999, President Abdurrahman Wahid and Vice-President Megawati launched their new government with the announcement of a National Unity Cabinet (*Kabinet Persatuan Nasional*). This section is an analysis on the nature of the new government undertaken by looking at the cabinet lineup, ministerial reorganization and anticipated policy direction.

1.2.1 Features of the Lineup

The "National Unity Cabinet" can be characterized as a lineup attaching more importance to freshness than experience, aimed at a balance of power rather than expertise or teamwork (See Appendix for cabinet lineup).

As many as 31 in the 35-member cabinet are new to ministerial posts (the number increased to 32 after Hamzah Haz resigned his post one month later). It contrasts with President Habibie's "Development Reformation Cabinet" (*Kabinet Reformasi Pembangunan*) which was launched after Soeharto's resignation with 60% of its members having held ministerial posts under Soeharto. In the new cabinet, the color of the Soeharto and Habibie governments has almost disappeared. Gus Dur backed down on the idea of inviting former Minister of Finance Fuad Bawazier and former Minister of Cooperatives Subiakto Tjakrawerdaya, who both had close ties with the Soeharto family, to join the cabinet in the face of strong public repulsion that emerged immediately after the idea

was floated. The new cabinet can be characterized as having a lot of young talent, the youngest being 34 and the average age at 52 is five years younger than the previous Habibie cabinet. A clean and fresh lineup is definitely what the new government needs, though it can also be viewed as a weak point, i.e., uncertainties of capabilities and judgment.

In contrast with a cabinet with new faces, experienced personnel including old faces were placed outside the cabinet. In the National Economic Council (DEN), a newly set up advisory board for the president, Gus Dur invited economists from a group of economic technocrats that had been the economic brain trusts of the Soeharto government as well as Subiakto who failed to get a cabinet post. It is reported that Gus Dur appreciates Subiakto's idea of development emphasizing both market economy and social justice. Another advisory body from business circles, the National Business Promotion Council (DPUN), organized owners of business groups developed in the last decades and headed by Sofjan Wanandi, one of the leading businessmen in the Soeharto era. Thus, for posts outside the cabinet, Gus Dur promoted old faces even those with alleged connections with Soeharto, if he put confidence in their capabilities and ideas.

The biggest feature of the new cabinet's composition is a good balance of power, as the new government preaches "national reconciliation". The government recruited talent mostly from politicians but also from a broad field of scholars, bureaucrats, military officers, businessmen, NGO activists and labor union leaders. Politicians account for 20 of the 35 cabinet members, with all the seven major political parties represented, a result that reflected the process of electing the Gus Dur/Megawati duo. Four each were selected from the PKB that Gus Dur founded, Megawati's PDI-P, Golkar, and Amien Rais' PAN, with the three other parties sending in their top leaders. The military provided six officers to the cabinet. The number is the same as the previous Habibie cabinet, inviting criticism of ignoring the reform goal of "de-politicization of the military." But the new government in turn gave the post of defense minister to a civilian and that of military commander to a navy officer for the first time ever. Another important consideration is regional balance, particularly, the balance between Java and non-Java representation, because both the president and vice-president hail from Java. A total

of 12 non-Java people were installed, including four from South Sulawesi, the stronghold of the Habibie faction that supported Gus Dur in the presidential election, and one each from Aceh and Irian Jaya, the provinces with separatist movements. Megawati's brain, Kwik Kian Gie, was named coordinating minister for economy, the first ministerial appointment of an ethnic Chinese never seen during the Soeharto and Habibie years (with the exception of Bob Hasan, "financial manager" of the Soeharto family, who joined Soeharto's last cabinet as minister of trade and industry). Kwik is a Buddhist and the minister of social affairs from Bali is a Hindu, indicating that the new government paid heed to minority religious groups.

As Gus Dur himself revealed, the cabinet was formed through consultation among the five key persons – President Gus Dur, Vice-President Megawati, MPR Speaker Amien Rais, DPR speaker Akbar Tandjung, and Wiranto, then military commander. The five recommended their own candidates, with their guarantees on the personalities of the recommended people. Of the 35 cabinet members, eight were recommended by Gus Dur, seven each by Wiranto and Amien Rais, and four each by Megawati and Akbar Tandjung (it is not known who recommended the five bureaucrats; see Appendix list). Along with Wiranto who took charge of the military personnel, Amien Rais had an outstanding influence over cabinet appointments. The minister of finance, a post that drew keen attention as crucial for overcoming the economic crisis, and the minister of national education came from the Center of Social and Policy Studies (PPSK), a think tank headed by Amien Rais. He also recommended an Acehnese for the minister of human rights affairs and an NGO leader for the minister of housing and regional development. The new minister of finance, Bambang Sudibyo, a scholar of accounting, is said to be the inventor of the "Middle Axis" idea, and his appointment may be interpreted as Amien's reward for his service. Former minister of finance, Fuad Bawazier, whose cabinet appointment fell through, is an alleged financier of Amien. Gus Dur may have left a great deal of cabinet makeup to the discretion of Amien credited with Gus Dur's election as president. Considering that most of the Amien-recommended cabinet members hail from Muhammadiyah, Gus Dur might also have wanted to play up the honeymoon between his own Muslim body NU and Amien's Muhammadiyah.

Traditional Muslim NU based on the rural communities of Java and modern Muslim Muhammadiyah supported by urban intellectuals have been in rivalry for many years. NU and Muhammadiyah have seven ministers each on the new cabinet.

As hitherto examined, the new cabinet is a product of multifaceted balancing among various forces, such as between Islamic political parties and secular ones, parties and non-parties, civilians and military, regions, ethnicities, religions, and the NU and Muhammadiyah. Precisely because of this, the makeup of the cabinet itself contains the risk of inefficient policy arrangement with little coordination as well as the risk of conflicts of interests once the balance is tipped. In this sense, the heavy responsibility for coordinated effective administration should be shouldered by the three coordinating ministers in day-to-day business, the five key persons who made personnel recommendations, and most of all, President Gus Dur himself in his role as the ultimate coordinator.

In two months since the inauguration of the cabinet, however, one of the coordinating ministers, Hamzah Haz, leader of the PPP, has resigned without stating clear reasons. Another coordinating minister, Wiranto, was to be deposed relating to charges against the military over human rights violations in East Timor. Amien Rais began to criticize that the Gus Dur/Megawati government did not effectively cope with religious turmoil in Maluku. And Gus Dur himself seems to lean more to one-man initiative than coordination.⁷ Seeing this above progress, it is more appropriate to say that the power balance under President Gus Dur always remains in flux and the lineup of the government will not stay intact for its five-year term.

1. 2. 2 Ministerial Reorganization and Policy Direction

Reformist scholars have asserted that the government should be slimmed down as government intervention is reduced and have proposed cutting the number of cabinet posts to 24 or 21. However, with regard to this proposal nothing has happened. The number of ministerial posts is 35, the same as in the previous cabinet, not only because of the priority given to power balance but also because of the creation of new positions. Three new portfolios were created for maritime exploration, regional

autonomy and human rights, reflecting issues the Gus Dur government considers as important. In particular, Gus Dur established the maritime exploration post out of his belief that Indonesia, the world largest maritime nation, has so far hardly utilized the resources it is endowed with.

While the total number of cabinet posts was not reduced, the Gus Dur government started cutting some ministries. The Ministry of Information and the Ministry of Social Affairs were abolished as it was thought that the government should have no part in these matters. The National Development Planning Agency (Bappenas) and the Ministry of Public Works were downgraded, as the government plans to gradually cede their functions to regions in line with decentralization. The ministers for state enterprises and for cooperatives were said to be retained only for the current term, while those of immigration and women affairs escaped getting the ax, though some claimed the posts have outlasted their usefulness.

The downgrading of Bappenas is of particular importance in connection with the direction of development policy. In the Soeharto era, a group of economists who studied neo-classical economics in the United States negotiated with the World Bank and IMF and took charge of macro-economic management, policy formulation and allocation of development funds, with Bappenas as the core organizational base for their operations. Known as the "Berkeley Mafia" in the early years of the Soeharto era and later collectively called the "economic technocrats," nearly all of them were lecturers at the faculty of economics in the University of Indonesia. Many intellectuals expected those economists to stay in the new cabinet, to secure the resumption of IMF loans and to lead the policy toward an economic recovery. But the new government degraded Bappenas to just a government agency with the Bappenas head no longer a ministerial post, and invited not a single economic technocrat tied to the University of Indonesia to sit on the new cabinet.

From the Bappenas affair we can read a message. First, the new government may regard the economic technocrats as too closely associated with Washington, namely the World Bank and IMF, and thus it wants to take a certain distance from them. Second, it may want to change routes to allocate development funds, which had long been under the thumb of the economic technocrats based at

Bappenas. The Ministry of Finance and regional governments will likely be the future main route for fund allocation, and the function of Bappenas is to be limited to planning and coordination (See also Chapter 7). Third, the Gus Dur government seems to want to transform the basic development strategy by shuffling the lineup of policymakers, organizations and fund flows. The specific shape of the new strategy is not in sight yet. Given Gus Dur's personal emphasis on maritime resources, agriculture, small businesses and regional autonomy, however, it can be assumed that the new government intends to make a major shift away from mega-project or big-business-driven development under the leadership of central government, to participatory development that would revitalize local small business based on resources in each region. The emphasis upon the development of resource-based industry and small- and medium-enterprises were also incorporated in the Letter of Intent that was first signed with the IMF under the new government. Gus Dur's way of thinking can be traced back to his experience of agricultural development and rural financing that he practiced through NU and *pesantren* (traditional Islamic boarding schools).

1. 2. 3 Profile of Abdurrahman Wahid

To understand the character of the new government, it is important to know the personality and background of new President Abdurrahman Wahid.⁸

Abdurrahman Wahid was born in Jombang, East Java, in 1940 as the eldest of six brothers. His paternal grandfather, Hasyim Asy'ari, was the founder of NU. His father, Wahid Hasyim, was also a famous NU leader and one of the drafters, along with founding President Soekarno and Vice-President Hatta, of the Jakarta Charter (it stipulated *Pancasila*, the five principles of the Republic of Indonesia, and was later incorporated as the preamble of the 1945 constitution). His mother Sholehah is a daughter of another NU leader. Gus Dur's good lineage as a Muslim leader is the foremost reason why Muslims in Indonesia regardless of faction, not to mention an estimated 30 million NU followers, respect him.

After graduating from junior high school, Gus Dur learned and taught at *pesantren*, and then studied abroad for nine years from the age of 22. He

studied Islam at Al-Azhar University in Cairo, literature and philosophy at the University of Baghdad, and then at many schools in the Netherlands and other European countries, but did not graduate from any of them officially. He has no experience of studying in the United States.

After returning home in 1971, Gus Dur, while teaching at *pesantren*, became known as a columnist contributing to *Tempo* magazine and other publications. Armed with his wide reading from Karl Marx's *Das Kapital* to European social liberalism, his comments covered a wide range of issues from culture to politics. He also freely expressed his opinions on social justice and human rights issues even under the tight gag put in place by the Soeharto regime.

In 1984, when he was 44, Gus Dur assumed the chairmanship of NU over the elder predecessor Idham Kharid. Until then, NU was an important faction of the Muslim opposition United Development Party (PPP). But NU decided to withdraw from politics to revert to a religious organization in line with the founding spirit of 1926 and gave its members freedom of choice on political party affiliations. That decision helped widen, rather than narrow, the scope of NU activities under Gus Dur's leadership. Gus Dur himself once voiced the intention of joining the ruling Golkar Party. After criticizing the formation of ICMI by Habibie, then a state minister, as an act of sectionalism for using Islam as a political tool, Gus Dur launched the Forum of Democracy (*Forum Demokrasi*) to counter ICMI. In the meantime, he made approaches to Soeharto's eldest daughter Tutut, who became Golkar's vice-president, praising her as "the person who will lead the country in the future." Several years later, however, he became a leader of "*Reformasi*," cooperating with Megawati, Soekarno's eldest daughter. The seemingly opportunistic behavior he displayed was backed by Gus Dur's keen sense of politics, sense of crisis facing the politicization of Islam, and visions toward the post-Soeharto era. While Gus Dur's approach to Tutut was seen as politically motivated, his relationship with Megawati, both based in East Java, is very personal, on "brother/sister" terms as they call it.

Gus Dur's way of thinking is nonlinear, broad and flexible. Among NU leaders, Gus Dur is prominently liberal and tolerant, taking the lead in hosting reconciliatory sessions with other religious groups and having deep ties with the ethnic

Chinese community. It is not unusual for him to astonish many Muslims around him. He at one time advocated replacing the Muslim greeting "*Assalam Alaikum*" by one in the Indonesian language. He has called for the restoration of diplomatic relations with Israel. His speech and action often invited criticism for being "inconsistent" or "unpredictable." That was why most Indonesians did not take his presidential candidacy so seriously, expecting he might quit at any time. However, it is also true that Gus Dur's behavior is often based on his own long-term vision looking scores of years ahead into the future. Gus Dur has a great sense of humor and a sharp tongue. He can engage in grassroots dialogue with farmers and participate in academic discussions of high abstraction. Gus Dur has a good command of English, Dutch and French, not to mention Javanese, Indonesian and Arabic.

Gus Dur's health was the biggest source of concern when he ran for president. He had suffered cerebral apoplexy twice in the past. He escaped death by surgery early in 1998 but his weak eyesight deteriorated further. However, his frequent domestic and foreign trips in the past year and a half prove that he has recovered his health to a considerable extent through post-surgery moderation and plenty of pluck.

1.3 Priority Issues the New Government Has to Tackle

While the Indonesian people voiced joy and relief on the birth of the new Gus Dur/Megawati government, reformist intellectual Ichlasul Amal, Rector of Gadjadara University, cautioned against too much merrymaking. He said: "Let's celebrate for just two days. There are piles of knotted problems in front of us." As he pointed out, the newborn government has been thrown into turbulent waters from the first act of the new drama, which is not limited to just riding out the economic crisis. All sorts of problems that had long been sealed by the Soeharto's authoritarian regime with its power and force must be settled by establishing a totally new form of rule based on the strength of a "civil society." This is a serious challenge that could make or break the unity of the Indonesian people and the stability of the nation.

The last part of this chapter sheds light on the new government's priority issues and how it is going to cope with them.

The first issue the new government recognizes as its top priority is overcoming the economic crisis (See also Chapters 5, 6 and 7). An economic recovery depends on a recovery of confidence both at home and abroad. Judging that distrust of the government at home has been wiped out for the moment, Gus Dur went on a tour of ASEAN member countries, the United States, Japan, the Middle East, China and Europe in rapid succession. The primary objectives of his energetic foreign travel were to regain international confidence in the new Indonesian government and secure their commitments to economic assistance. In Singapore, Gus Dur specifically called on the ethnic Chinese community to feel secure about coming back to Indonesia and investing in his country. In the short run, Indonesia has to rely on foreign fund inflow, either public assistance or private capital, as the sole pump-priming tool, since domestic capital mobilization is weak given the on-going banking and corporate restructuring and institutional reforms. However, Coordinating Minister Kwik Kian Gie stated that Indonesia could not remain dependent on foreign aid for an indefinite time. The new government therefore should bring forward its clear vision of development as well as concrete steps to promote exports and investment so that the players can prepare their business behaviors in the foreseeable future.

Secondly, the most crucial issue confronting the new government is to avert the danger of Indonesia's disintegration. There are two kinds of regional turmoil at present; one is separatist movements in Aceh and other areas like Irian Jaya, South Maluku and East Kalimantan, the other is the religious turbulence taking place in Maluku. Spurred by East Timor's referendum and resultant independence, an armed separatist force in Aceh, GAM, has begun to publicly demand the same path. Gus Dur first called on international support from neighboring countries for Indonesia's national unity. Then domestically, Gus Dur, intentionally announcing his readiness for a referendum in Aceh and for future federalism, invited public participation to demand more discreet steps in order to maintain national unity. How to handle Aceh is crucial as it is the first separatist issue from the territory of the former Netherlands East Indies. In the meantime, the conflict of Muslims versus Protestant Christians in Ambon has not settled down in more than a year and indeed has further expanded

to North Maluku and then to Lombok, each case with a background of political, economic and historical conflict of interests among the local residents. What should be noted is that this type of disorder could be triggered by the introduction of regional autonomy and could quickly spread to other areas with political provocation, sometimes connected with power politics at the central level. While Gus Dur has been advocating the necessity of decentralization since the Soeharto period, he also realizes that its process should be carried out prudentially through efforts to enhance the awareness and problem-solving capabilities of local residents themselves, as he stated that "Problems are hard to solve before people themselves become aware of the problems". He would probably follow a long-term course toward a flexible form of regional autonomy, whereby Aceh and other controversial regions would be granted wide-ranging autonomy while other regions would benefit from a more gradual process of decentralization (See also Chapter 4).

The third and the historical task for the new government is to expose the negative legacy of the Soeharto regime and to set out to build transparent and democratic political and economic institutions. This is exactly what the people expect the new government to do. Top on the list should be Soeharto's suspected illicit amassing of personal wealth and the Bank Bali scandal that allegedly implicated Habibie. To clarify these two cases will have a symbolic meaning (but Gus Dur voiced his readiness to pardon Soeharto and Habibie even if these former leaders are found guilty in the judiciary). In line with the structural reforms agreed with the IMF, state-owned enterprises and governmental institutions that had enjoyed monopolistic rights under the Soeharto regime – such as Pertamina, a state-owned oil company, PLN, a state-owned electric power company, BULOG, a food procurement agency as well as the central bank – were audited and found to have many cases of "marked-up" investment, procurement contracts with unreasonably high prices, collusion with particular private companies, improper use of funds and so forth. President Gus Dur is undertaking the replacement of top leaders of such companies and agencies. In order to do away with abuse of KKN (collusion, corruption and nepotism) that had been deeply rooted in the past decades, institutional reforms should be pursued steadily over the me-

dium and long term; such as the establishment of a transparent auditing system, effective governance systems, mechanisms of surveillance, penalty systems over wrongdoing, and the enhancement of morale and discipline of civil servants accompanied with pay raises. The separation of the three powers and reform of the judiciary are other important themes of institutional reform. It is a notable progress that the DPR under the new government has started to fulfill the role of checks and balances over the administration; for instance, the above-stated auditing reports were submitted to the DPR and the Letter of Intent between the government and the IMF was consulted on with the DPR for the first time. The placement of Marzuki Darusman, a Golkar reformist leader and chairman of the National Human Rights Commission (Komnas HAM), in the post of attorney general can be evaluated as a good sign toward rebuilding the judiciary, which previously did not function at all to check administrative power due to the lack of rule of law. It is very important to establish the supremacy of law and the institutional independence of the judiciary from the political power. The military reform is one of the heaviest themes in the framework of national regime transformation toward democracy. The Gus Dur government should treat a path of its gradual reform with full care particularly of intramilitary politics, taking into account the risk to send the military running wild to shake the government by managing security (see Chapter 3 for detailed discussion).

Lastly, foreign policy seems to be one of the fields President Gus Dur sets as a priority. As Gus Dur himself spoke of soon after taking office, his foreign policy gives weight to Asia. He chose ASEAN for his first foreign trip as president, and China and India as the destinations of his first official diplomatic visits. From what the author observed, Gus Dur is of the belief that the prosperity and stability of Asia must be achieved by Asians themselves without being dictated to by any outside powers including the United States and West Europe. His concept of Asia seems to be wide and multiplex. As with ASEAN, of which Indonesia was a co-founder, it extends to East Asia led by Japan, to West Asia that includes the Middle East nations with Islamic ties, to the tripartite relations among the major Asian countries, China, India and Indonesia. Given the deepening interdependence and globalization of economies, it is possible that Gus Dur will push

ahead with his own style of economic diplomacy with these Asian countries. It is necessary to closely watch how Indonesia is going to rebuild its international relations under the stewardship of Gus Dur, Indonesia's new leader with his unique personality.

(Yuri SATO)

Notes:

1. For example, "Prof. Dr. Nurcholish Madjid: Berdemokrasi Harus Konsekuen" (Democracy must accept its consequences), *Kompas*, June 24, 1999; "KAHMI: Pemenang Pemilu Layak Pegang Inisiatif" (The winner of the general elections is entitled to take the initiative), *Kompas*, June 30, 1999.
2. "Pesan ICMI terhadap Pemerintahan Mendatang: Jangan Lecehkan Umat Islam" (ICMI's demand to the coming government: Do not make light of Muslims), *Kompas*, June 16, 1999.
3. "Dibahas, Jalan Tengah Pencalonan Presiden" (The middle road to a presidential candidate discussed), *Kompas*, June 27, 1999.
4. Marzuki Darusman, chairman of the Golkar faction in the House of Representatives (DPR), said, "Habibie supporters from outer islands or of Islamic orientation account for 60% of the party ranks," in a November 1999 interview with Koichi Kawamura.
5. In that process, a variety of power-sharing plans were discussed between Golkar and the Middle Axis, including the one for Akbar Tandjung to be the MPR speaker and Amien Rais to be the DPR speaker, and another for the reversed posts between the same two men. *Kompas*, October 3, 1999 and October 4, 1999.
6. Based on Kawamura's interview with Marzuki Darusman (November 1999).
7. M. Sadli, "Satu Bulan Gus Dur, Angka Rapornya Merah atau Hitam? ' (Did Gus Dur get a passing mark or a failing mark in his report card after one month?), *Business News*, November 26, 1999. He commented, "Properly speaking, he should wait for a consensus to be forged, but Gus Dur takes the initiative without consulting anybody. This style of presidency cannot be sustained ordinarily. The unshakable position of Gus Dur, however, owes much to his high morality."
8. Based on the introductory stories on Gus Dur of *the Jakarta Post*, *Kompas*, *Republika* newspapers and *Tempo* magazine. An anthology of Gus Dur's column contributions is also useful. For example, Frans M. Parera and T. Jakob Koekerits, eds. *Gus Dur Menjawab Perubahan Zaman* (Gus Dur responds to changes of the times), Jakarta: Kompas, 1999.