

CONFLICT PREVENTION INITIATIVE

Addressing the Sources of Insecurity in Indonesia
Final Report of the Web Conference

June 5 - June 14, 2001

Program on Humanitarian Policy and Conflict Research
Harvard School of Public Health
www.preventconflict.org
Prepared by Judy Stone, Program Manager

ADDRESSING THE SOURCES OF INSECURITY IN INDONESIA

Final Report of the Conflict Prevention Initiative Web Conference

I.	Introduction	3
II.	Background	3
III.	Addressing the Causes of Instability in Indonesia	4
	Understanding the Causes of Insecurity	4
	Finding Solutions	4
IV.	The Territorial Integrity of Indonesia.....	5
	The Likelihood of Disintegration.....	5
	Is Territorial Unity Good for Indonesia?.....	6
	Would Independence Be Better for the Provinces?	6
	The Effects of Disintegration on the Region.....	6
	Addressing the Sources of Insecurity and State Unity.....	7
V.	History.....	7
	The Stability of the New Order Regime.....	7
	The End of the New Order Regime.....	8
	The Impact of Authoritarian Rule	8
VI.	The Political System.....	9
	Democratization	9
	Decentralization	9
	Absence of Stable Institutions.....	11
	Leadership	11
	Role of the Military	12
VII.	Society and Culture	13
	Role of Political and Social Elite in Reform	13
	Role of Civil Society	14
	Intergroup Tensions.....	15
VIII.	The Economic System.....	16
	Macroeconomics	16
	Foreign Investment.....	16
	Competition over Resources	17
	Sustainable Livelihoods	18
IX.	Role of NGOs.....	18
X.	Appendices	21
	Appendix A – List of Participants.....	21
	Appendix B – Terms of Reference.....	22

I. INTRODUCTION

The Conflict Prevention Initiative of the Harvard Program on Humanitarian Policy and Conflict Research convened an online conference, “Addressing the Sources of Insecurity in Indonesia,” from June 5 to June 14, 2001. Over one hundred respected scholars, NGO activists and officials were selected from Indonesia and around the world to join this important forum. The participants were carefully chosen to represent a wide variety of different perspectives on the sources of the current insecurity.

The objective of the conference was to provide a closed forum for the exchange of information and analysis on the sources of social, political and economic insecurity in Indonesia as well as to deliberate on the most effective strategies for conflict prevention in the region.

This conference aimed to use online conferencing to facilitate an exchange between scholars and practitioners from around the world on conflict prevention strategies. This medium provided an opportunity to bring together a diverse group of individuals, many of whom would be unable to meet in a more traditional forum.

This report presents a synopsis of the main issues and findings of the online discussion, and includes policy recommendations suggested by the participants for organizations involved in the promotion of human security in Indonesia. The report summarizes the contributions of the over 100 participants, many of whom were Indonesian. Their input was not censored and represents an array of political opinions. The role of the Harvard Program was to present these various perspectives and to distill innovative recommendations from the discussion, not to determine the value of participants’ observations or to judge their appropriateness. **Consequently, the report and the recommendations reflect the views of the participants and not necessarily those of the Harvard Program.**

The early sections of the report outline the historical background of the present unrest, discuss the challenges of conflict prevention in Indonesia and lay out key considerations regarding the territorial integrity of Indonesia. The following sections analyze the causes of human insecurity in the historical, political, socio-cultural and economic spheres. The final section focuses on the role of NGOs. The recommendations provide concrete suggestions for ways to promote human security in each focus area.

II. BACKGROUND

With over 210 million people, Indonesia is the world’s fourth most populous country. Today the country faces massive social, political and economic challenges. In the wake of the devastating Asian financial crisis of 1997, and the collapse of the 32-year Suharto regime in 1998, many Indonesians hoped for a future free from corruption and repression. Elections in 1999 brought to power a government under Abdurrahman Wahid that relinquished state control of the media and has sought to address many of the country’s serious problems of governance. Yet despite these and other encouraging developments, the country faces worsening political, economic, ethnic and religious tensions that have repeatedly led to bloodshed.

The Wahid government is currently facing a crisis of credibility that leaves it unable to exercise effective control over the military, the parliament, or prominent economic actors, all of whom are seeking to maintain their respective power and influence. Even if President Wahid is replaced by the popular Vice-President Megawati, the government will continue to face tremendous obstacles. Though the economy expanded at a growth rate of nearly 4 percent in 2000, it needs major reform if it is ever to realize its vast potential.

In this same period, latent ethnic and religious tensions have erupted into violence in many parts of the archipelago and show few signs of abating. Following the breaking away of East Timor in 2000, separatists in the province of Aceh launched a new armed uprising aimed at achieving independence. In Irian Jaya (recently renamed West Papua), separatist activists are also challenging Indonesian rule. In the Molucca Islands, fighting between Christians and Muslims has led to more than 4,000 deaths since January 1999.

In addition to economic, political, ethnic and religious tensions, the sprawling archipelago experiences some 7,000 earthquakes a year. Large-scale and unsustainable logging operations have created environmental disaster areas in much of the country and have destroyed the habitat and livelihoods of indigenous peoples throughout the archipelago.

For more information, please see the briefing reports produced by the Program at http://preventconflict.org/portal/main/background_overview.php.

III. ADDRESSING THE CAUSES OF INSTABILITY IN INDONESIA

Understanding the Causes of Insecurity

Indonesia is facing not one but many crises, each of which springs from multiple sources, with diverse effects on the security of people in the country. The archipelago confronts economic, political, and institutional crises as well as challenges to the integrity of the state. The sources of the current instability are intricate and interrelated, resulting from, among other factors, problems of transition, institutional weakness, economic decline, and military dominance, as well as religious heterogeneity, ethnic diversity, and problematic center-periphery relations.

All these factors interact in complex ways and cannot be easily separated. The diverse regions of this vast country face different combinations of circumstances, requiring a context-specific response.

Finding Solutions

According to some observers, the crises facing Indonesia are to be expected in a country living through such a fundamental transition, and so need not raise excessive alarm. Yet the time lag between the existence of problems and their eventual solution causes severe distress and insecurity among the country's population.

Finding solutions to Indonesia's current instability is not easy and is fundamentally bound up with the problem of trying to understand Indonesia's past and present. In order to develop ideas for constructive change, it is important to understand all the dimensions of the current crisis, and to decide how to limit further deterioration, to address the most basic and pressing problems, and to begin to prepare for the near and longer term future.

Some commentators question whether solutions can be found in the framework of the constitutional, structural, territorial and ideological status quo, and suggest that a major rethinking of the current state will be required in order to move forward. This most fundamental question of the territorial integrity of the Indonesian state delimits the strategies that can be considered to promote the security of the Indonesian people. As such, the first issue addressed in this report is whether it is likely and desirable for Indonesia to remain a unitary state and, if not, what options are possible.

Many different actors have a role to play in addressing the security of the people of Indonesia and in changing conditions for the better. These actors include the government of Indonesia, international organizations and donors, and local and international NGOs as well as individual Indonesians committed to peace building. The recommendations below are directed at all of these groups of actors and are integrated into a brief examination of the causes of insecurity in Indonesia.

IV. THE TERRITORIAL INTEGRITY OF INDONESIA

The Likelihood of Disintegration

In recent years, separatist movements have increasingly threatened the territorial integrity and unity of the diverse archipelago. The question of the unity of Indonesia has an impact on the stability of particular regions and the entire country, as well as on the stability of all of Southeast Asia. This section discusses the likelihood and desirability of retaining the territorial integrity of Indonesia.

The disintegration of Indonesia is not as likely as is often suggested by Indonesians and outsiders, at least in the short term. Still, the lack of credible data and reliable predictions means that the issue should not simply be ignored. Many analysts do not believe that East Timor's recent independence will boost separatist sentiment beyond the short term. Historical and cultural differences make East Timor a special case and an unsuitable precedent for the separatist aspirations of other regions.

The major political actors are united in their opposition to any form of disintegration. The unity of Indonesia is one of the few rallying points within the political elite. This elite tends to view "separatism" as a betrayal of the struggle for the independence of the Indonesian nation and of the heroes who sacrificed their lives for that goal. The army is likely to remain among those most opposed to separation.

The incentives for secession are differently structured for resource-rich and resource-poor areas. Poor areas are less likely to want to secede, as they would form seriously disadvantaged states and would be dependant on transfers from richer areas. The provinces most likely to break away include Aceh in the medium term and West Papua (Irian Jaya) in the much longer term. Other resource-rich areas such as Riau and East Kalimantan have no long-established independence movements.

However, the economic viability of these future states is not the only consideration. Battles for independence are also fueled by an emotional drive for freedom, regardless of the economic consequences.

It seems that separatist movements are unlikely to fragment the Indonesian state in the coming years; however, if a total collapse of the political center were unexpectedly to occur, state fragmentation could become a more likely prospect.

Is Territorial Unity Good for Indonesia?

Although many regard with horror the possibility of a disunited Indonesia, with the serious potential for chaos and the negation of years of post-independence effort, others view disintegration with greater optimism. Some believe that the crises of the status quo cannot be overcome without establishing a different kind of future state or states. These optimists have compared Indonesia's circumstances with the situation in Pakistan, which survived as a nation even after the loss of half of its population to the newly formed state of Bangladesh.

Given the absolute hostility of the army to any secessionist ideas, however, the consequences of moving towards disintegration would be severe and costly, both in financial and human terms, and would mean both the outbreak of violence and its debilitating effects on development.

Would Independence Be Better for the Provinces?

Separation would not solve all of the problems in the provinces and might create many of its own. Although some observers consider that a form of federalism or independence would benefit the more developed provinces at least economically, the poorer provinces could suffer severe economic repercussions.

A violent fight for independence would seriously threaten human security. In the longer term, people's lives may remain vulnerable and under the threat of poverty in newly created and disorganized small states. One participant suspected that most people would choose to live within a united Indonesia, as they feel "Indonesian," are primarily concerned with living secure lives in which they are able to feed their families, and are extremely wary of further violence.

The Effects of Disintegration on the Region

Opinions are divided on the impact that the disintegration of Indonesia would have on the surrounding region. Some regional actors are concerned that fragmentation could produce many unpredictable states with unforeseen impacts on security and trade. A particular concern is for

the security of shipping routes for Japan and Korea and in the important Malacca Straits area. The possibility of an independent Islamic state in Aceh troubles those concerned for the stability of Muslim communities in Malaysia, southern Thailand and the Philippines. The impact of any new states on regional security and trade is impossible to predict and the stakes are high. The effects will fall not only on nations in the region, but also on all actors with economic or political interests in the region.

Addressing the Sources of Insecurity and State Unity

There is considerable disagreement on whether a unitary state, or alternatively a federal system, would increase or decrease the insecurity of people in Indonesia and in the region. While some analysts see no reason not to envisage other options and consider separation as a potential means to increase security, many are convinced that disintegration will likely lead only to violence and chaos.

It is important that the Indonesian people – not only the elite, and not outsiders – participate in decisions on how the Indonesian entity is to be defined in the future. At this time of unrest, outsiders should signal support for a unified Indonesia rather than question its relevance or importance; however, there may be a point beyond which no one should go to prevent disintegration.

Recommendations:

- ❑ Efforts to address the sources of insecurity in Indonesia should be discussed within the context of the unity of the Indonesian state, since continued unity appears the most likely outcome at this stage. Ideas should be developed to address some of the separatists' concerns through limited autonomy where this approach is feasible and helpful.

V. HISTORY

Many observers believe that an analysis of Suharto's Orde Baru (New Order) (1976-1988) provides a useful context for understanding the causes of the current crises and for devising possible frameworks to address the sources of insecurity after the tumultuous period of transition.

The Stability of the New Order Regime

The New Order regime was remarkably stable from 1976 until 1988. Internationally, the regime benefited from the Cold War setting and the support of the United States for anticommunist regimes. American support was particularly strong in Southeast Asia, where anticommunist regimes were expected to balance the Communist victories of 1975, to domesticate Islam and to support foreign investment. The New Order regime itself encouraged rapid economic and social development and peace with Islamic forces. Though corrupt, the regime was not so crooked as to hinder development or to repel the international community. Domestically, citizens felt that

the more unscrupulous aspects of the regime were a tolerable price to pay for the improving economic conditions and a developing middle class. Islamic society, for its part, did not consider the regime a threat to further Islamicization across the country.

The End of the New Order Regime

After 1988, the stability of the New Order regime was undermined. At the international level, the fall of the USSR meant that the West was no longer prepared to support anticommunist regimes. The 1991 Dili massacre altered US and European willingness to nurture military contacts in Indonesia. The regime responded to renewed separatism in Aceh and the experience of the collapse of the USSR, which they understood to have been caused by more open policies, and became convinced of the need to clamp down to keep the nation together. At the same time, Suharto's children became increasingly greedy while corruption and immorality reached objectionable proportions. Deregulation during 1983 – 1995 in response to low oil prices allowed banks to house money-laundering activities. Open capital markets brought unexpected amounts of attention and unanticipated risks. The Indonesian people – the urban poor, the increasingly sophisticated middle class, coupled with heightening regional sentiment and a more religious society – began to feel that the price they were paying for the regime was too high. They craved more justice and freedom at the very time that the regime was pushing to grant less. Stability was undermined as the regime and domestic society attempted to pull the country in different directions.

The Impact of Authoritarian Rule

More than three decades of authoritarian rule have left a lasting impression on Indonesian society and have impeded its ability to confront the recent crises. Government institutions have, for many years, been plagued with no longer acceptable levels of inefficiency, incompetence, lack of respect for the rule of law, and corruption. The authoritarian regime also prevented the development of the healthy civil society required for a vibrant democracy. Authoritarian structures prevented participation in government, and ideological teaching methods in schools and universities as well as the controlled media have meant that the Indonesian masses today have only a scant understanding of the importance of civil society. The legacy of New Order “top down” approaches to conflict prevention and management have left citizens unprepared to deal with everything from human rights abuses to the need for improved sanitation. (Further details on government institutions and the need for the development of civil society can be found in the separate sections below.)

The current crises in Indonesia are, to a significant extent, the product of the experience of decades of authoritarian rule followed by its collapse. In order to move forward, it may be helpful for Indonesia to devote energy to understanding the years of Suharto's New Order. Such efforts may help civil society and the government come to terms with the past.

Recommendations:

- ❑ Efforts to move forward and come to terms with the past could involve such Commissions on Truth and Reconciliation as were helpful in this regard in post-Pinochet Chile and post-apartheid South Africa.

VI. THE POLITICAL SYSTEM

Democratization

Against this authoritarian background, the challenge of reforming and rebuilding the Indonesian state is immense, and in the eyes of many some turbulence is inevitable. The transition has been carried out so fast that many new ideas have been scheduled for implementation simultaneously. Some even suspect that this pace may have been a deliberate ploy to guarantee failure, and thereby to generate popular appeal for a return to the authoritarianism of the past.

The socio-cultural tradition has not developed fast enough to keep up with the rate of political change. Many local people have not had a chance to develop an understanding of democracy, having no experience in Indonesian political history from which to draw. They want “democracy” but appear not to agree on what exactly this means and how it should be implemented. Furthermore, there are no obvious candidates to represent the people’s interests in this transition and the people in power have not changed significantly.

Democratization will not solve all of Indonesia’s problems and is embraced fervently only by the urban political elite, who constitute a small fraction of the populace. In contrast with elsewhere in the world, Indonesians do not consider democracy the only possible model of government, but rather one form of economic and political arrangements among several choices.

The creation of democratic institutions accountable to the electorate would bring possibly the greatest contribution to the welfare of the Indonesian people, despite the tremendous challenges involved. Important elements of the democratization process are the education of people at the community level on the ideals of democracy and the development of civil society, as discussed below.

Recommendations:

- Democratization in Indonesia must be supported and allowed to continue to develop at a sure and steady pace. Support should be given for organizations that attempt to educate the Indonesian people, particularly in the provinces, on democracy’s goals and the nature of democratic citizenship.

Decentralization

Many consider that democracy will only flourish in Indonesia with increased decentralization of power away from the Javanese center. Since its independence, the presidents of Indonesia have concentrated power in the center. Public administration and taxation systems remain highly centralized in Jakarta, an orientation that has hindered development, particularly in resource-rich provinces.

Many observers have welcomed recent government moves towards decentralization as endeavors to allow the outer provinces more power in political and economic decision-making. They view decentralization as a reasonable response to the clamors for self-rule in many regions.

However, a number of problems with these efforts have come to light. According to many, decentralization, much like democratization, has been carried out too fast. The devolution has in many cases resulted in the decentralization of inefficiency and corruption, rather than the decentralization of power. Many areas are floundering as a result of decentralization, and some analysts are worried that future steps may further exacerbate regional tensions. There have also been problems of coherence, with a marked lack of coordination between independently functioning local and central governments. Many local governments suffer from grave inexperience with ruling and a lack of functioning capacity. Many in the government, most notably Vice President Megawati, are opposed to further decentralization measures for these and other reasons.

Moreover, some of the new district self-governance regulations – those in West Sumatra, for example – have been predicated on the assumption of homogenous communities and thus ignore the presence of many migrants and transmigrants. Examples such as this highlight the need to ensure that the rights and needs of minority communities are secured in the decentralization process, which may be difficult to achieve in tense areas.

Decentralization is another key solution to the current tensions in Indonesia but many obstacles and problems to its implementation remain to be surmounted. Analysts disagree on whether the process should be slowed down. Deceleration is also likely to prove unpopular and politically unpalatable, not to mention undesirable. Nonetheless, a tacit slowdown may be necessary to ensure both better planning in Jakarta and better preparation in the regions.

A number of small but essential details must also be considered. These include inter-governmental fiscal mechanisms to ensure that poor regions receive enough money and that local governments are not suddenly in control of large budgets that they have no experience in managing. Other important aspects include promoting improved regulation and supervision, paying attention to good governance and accountability in the regions and putting checks in place to ensure that basic services such as health care are not disrupted.

Recommendations:

- ❑ Efforts to decentralize the system of governance in Indonesia must be supported. Local analysts should be involved in ensuring that continued decentralization is carried out in an orderly and effective fashion.
- ❑ Support must be given to improve the planning of future decentralization efforts. Specialists must be given a role in creating strategies for Jakarta, and regional projects to prepare local governing institutions for their new roles should be considered. Both local and international NGOs and donors could have a role in this preparation.
- ❑ Attention must be paid to details such as improved regulation and supervision, good governance and accountability, and the continuation of basic services.

Absence of Stable Institutions

In this period of democratic transition, one of the most difficult challenges facing the Indonesian political system is the lack of enduring institutions at all levels of government through which citizens can voice their needs and aspirations. This is a legacy of the New Order era, when the regime failed to establish and empower viable institutions. As a result, poorly functioning institutions exist from the village to the national level. In addition, widespread and endemic corruption persists at all levels of the political, administrative, judicial and military systems.

The absence of stable and uncorrupt institutions significantly hinders attempts at effective democratization and decentralization in Indonesia.

Recommendations:

- ❑ The government and civil society of Indonesia need to develop strategies to build more effective institutions. These efforts should be fully supported by the international community and must be developed to create incentives for employees to make their institutions more effective and free from corruption.
- ❑ Among the most urgent needs are the development of a more efficient civil service, where employees are well-trained and adequately remunerated, and an independent and corruption-free judiciary that apportions accountability regardless of ethnic, religious, or power relationships.

Leadership

Since the collapse of Suharto, Indonesia has been searching for a figure capable of filling the leadership vacuum and of advancing the causes of democracy, justice and civil society. President Wahid, despite widespread admiration, has failed to alleviate intergroup conflict and has allowed the military to reclaim center stage. The current leaders have come to power in an era of uncertainty and confusion and appear unable to create the climate required for the further development of democracy.

Strong leadership is required if Indonesians are to work together to address the mistakes of the past. Demands for strong leadership may appear incompatible with the aims of democracy and inclusiveness – for example, likely candidates will tend to be Javanese. Yet strong but inclusive leadership for democratic ends, both in Jakarta and throughout the provinces, is an important tool to address the current insecurity. Finally, the new leaders must also work to gain the confidence of the people.

Ways need to be found to develop leadership qualities among existing and future government and NGO officials. The recommendations below contain suggestions of possible training programs to help nurture these skills.

Recommendations:

- ❑ Encouragement and support should be given to local NGOs that attempt to develop leadership training programs for young future Indonesian leaders. This training should

teach leadership skills as well as develop an understanding of democracy, social justice, good governance, civil society and human rights.

- ❑ Local training programs for government officials, members of district parliaments and district leaders should also be further developed. These programs should also teach skills such as facilitation and community-based conflict resolution, as well as convey a basic understanding of the sustainable management of environmental resources.
- ❑ Strategies should be sought to expand excellent but small-scale projects, using those successful small projects as models.

Role of the Military

The Indonesian military is seen by many as an integral cause, but perhaps also a potential solution, to many of the security problems facing the Indonesian people. Despite its many shortcomings, it seems inevitable that the army will continue to play an important role, as it remains one of the few organizations with real managerial experience. Indonesians and outsiders must work to ensure that this role is constructive.

The army is considered by some to be the institution most responsible for tearing the country apart through human rights violations, thuggery, corruption and intimidation. Its critics note that decades of cooperation with other armies and overseas training have not convinced the military to combat corruption, to empower the civilian leadership or to respect human rights. Senior staff have gone unpunished for past atrocities in Aceh, Timor and most notably in East Timor. This display of unaccountability and impunity has provided little incentive to troops to curb their violence. An example of the ongoing aggressiveness is the continuing military policy in Aceh. The Indonesian parliament has authorized the military to conduct a “limited military operation” (recently renamed a “limited security operation”). The operation is aimed at the leadership of the GAM (Free Aceh Movement) separatists, even the official army spokesman has admitted that it is difficult to guarantee that there will not be civilian victims. Some have suggested that the number of civilians harmed by the army in Aceh may be as high as 1 person every 4 hours.

Other observers believe that military reform has gone further than critics credit. Evidence to support this belief may be seen in the military’s recent opposition to the imposition of a state of emergency and the dissolution of the parliament, although there may be other and more political reasons for the military’s opposition.

Opinions are also divided on the ways in which the Indonesian government and outsiders should relate to the military. Many observers are wary of compromise and believe constant pressure will be required to push the army to the political margins and to contain its activities to the military’s usual sphere. The opposing view stresses that refusing to interact with the military as a political actor would be to exclude an important player and to fail to take advantage of opportunities to expand military horizons.

Economic constraints are among the major causes of military excesses. The Indonesian government funds only 25% of the army’s requirements in terms of living expenses, salaries and military equipment. This shortfall leaves soldiers at all levels in a constant search for money, distracting them from their duties and supplying them with incentives to prey on the civilian

population. In areas where separatism is rife and the people are unprepared to assist the military, the soldiers' efforts to secure money are particularly unpopular. In addition, the involvement of the military in business is widely criticized.

It is unlikely that the cash-strapped government will be able to fund the army properly in the coming years but still mechanisms should be considered to increase military professionalism and to move down the path towards transparent military funding.

Recommendations:

- ❑ An increase in military salaries could help eliminate corruption within the military and eliminate the incentive for rapacious behavior among soldiers and the resulting civilian hostility. Financial security could free time and energy for training troops, for example, on the rules of engagement and the humanitarian treatment of civilians. To pay for salary increases, a reduction in the total number of soldiers should be considered, as fewer but more professional soldiers could do the same job.
- ❑ In those crisis areas where professional behavior is paramount to the accomplishment of the mission, soldiers could be paid dramatically higher "combat pay" and could be provided with special funding for equipment.
- ❑ If military involvement in business continues to be necessary, ventures must be transparent and subject to the legal guidelines that apply to other Indonesian businesses and charities. An aggressive audit of military ventures and other off-budget activities should be considered.
- ❑ In addition, the police needs to be reformed and trained in non-violent methods of crowd control to act as an independent complement to the army.

VII. SOCIETY AND CULTURE

Role of Political and Social Elite in Reform

The significant gap between the elite and the majority of Indonesians can be seen in their differing views on reform. According to many observers, "reform" to the elite meant gaining access to the prerogatives previously reserved for the small circle surrounding Suharto. Having now secured access to political power and lucrative business deals, the elite has ceased to insist on further reform and instead seek order and stability. Many believe that the elite are inherently conservative, unwilling to imperil their advantages.

For other Indonesians, much remains to be gained from reform. They clamor for greater political participation, fair judicial processes, the routing of corruption and greater openness and transparency in government. Many areas remain underdeveloped, and the people are poor and without effective representation. Further democratization and decentralization would require a new relationship between all citizens and their government, not only among the political elite.

Some observers believed that the forces of globalization and the need to vie in the competitive global capital and goods markets would encourage elite reform. Yet in Indonesia, it appears to some that the elite have effectively secured the benefits of globalization without seeing the need for change.

The elite hold much of the power in Indonesian society, the middle class remains fairly weak, and social mobility is low. Involvement of the elite in reform is therefore likely to be necessary for effective democratization.

Recommendations:

- ❑ Projects that educate the elite on reform should be considered and supported.
- ❑ Efforts could be made to understand how the incentive structure facing the elite affects its willingness to engage in reform.

Role of Civil Society

The New Order leaders neglected the nation-building step of creating a strong civil society to help secure democratic stability. A civil society that brings down an authoritarian regime will need different qualities if it is then to consolidate democracy. In the new system, civil society needs to be able to engage in political compromise and internal dissent, exercises that would have hindered their ability to unite in opposition to the nondemocratic regime. Unless civil society is renewed, it will be very difficult to consolidate democracy in Indonesia.

Civil society has an important role to play in demanding transparency, in ferreting out corruption, and in bridging the remaining gaps between citizens and their government. An active civil society could increase diversity and creativity in local government, improve the delivery and quality of government services, decrease tolerance for corruption, and increase pressure for accountability, among other important social changes. For further analysis, see the section below on the Role of NGOs.

Recommendations:

- ❑ An important way to build Indonesian civil society is through the formation of networks of groups based on interest and expertise, both within Indonesia and globally. Such networks could strengthen and empower civil society by making small organizations aware that they are part of a larger force for reform and could provide opportunities for sharing ideas and expertise.
- ❑ Skills development is another important way to build civil society. Training, particularly of women and youth, could help communities develop a strong civil society capable of social change. Different types of training programs may be appropriate to different groups and could include general occupational skills, socio-political skills such as mediation and community organization as well as more general civics courses. This effort would require trained teams of local people who are prepared to work with each community. International organizations could aid in building the capacity to conduct such training.

- ❑ Efforts should be considered to promote a spirit of volunteerism, especially among young people. These volunteers could play an important role in the training of others, as suggested above.

Intergroup Tensions

According to many observers, the relationship between different groups in Indonesia is similar to the dynamic in other places. Minorities are tolerated for the benefits they bring but suffer periodic spasms of intolerance during times of impunity. Examples include the sporadic outbreaks of persecution against the Chinese on Java.

Past regimes did not develop a pluralistic socio-cultural policy. Large numbers of transmigrants were relocated to outlying provinces to live among native populations with no effort by the government to help the migrants and their “native” hosts coexist effectively. Reports suggest that most transmigrants acknowledge that they live in someone else’s home and try to adjust their behavior accordingly. In addition, many of the “host” communities have a tradition of welcoming migrants, preferring a peopled to an empty landscape. Yet recently there have been many outbreaks of violence between these groups. Solutions to this problem should not imply that every migrant return to their origins, as such a decree would undermine the possibilities for a pluralist, democratic future.

When Indonesian communities do not feel invaded and threatened, they are far more likely to be more tolerant of outsiders. They may even be able to find ways to benefit from the arrival of the newcomers. On the other hand, once violence has broken out, rebuilding pluralist communities becomes much more difficult. A discussion among analysts, advocates and the media is required to discuss how to nurture traditions of pluralism before the need for conflict resolution actually arises.

Recommendations:

- ❑ Efforts should be made to help mixed communities find ways to balance the interests of newcomers and host communities without violence. In addition, care should be taken to ensure there is no perception that either side enjoys impunity.
- ❑ A dialogue should be encouraged and supported on how to nurture traditions of pluralism, using experiences from Indonesia and around the world.
- ❑ Where violence has broken out, community-based dialogues should be set up in the regions in question, making use of the mediation and conflict resolution skills of the local community, and enlisting outside support when necessary.

VIII. THE ECONOMIC SYSTEM

Indonesia faces a far more serious economic situation than any other Asian state affected by the 1997 financial crisis. The government encounters many challenges in this sphere, which will have a great impact on national unity.

Macroeconomics

In many regions progress has been made in recovering from the financial crisis. But major economic problems remain at the political center and these could adversely affect outlying areas and precipitate intergroup violence.

Until the end of the fourth quarter last year, the economy performed fairly well, roughly in line with the rest of the region. However, the recent leadership crisis and the standoff between the president and parliament have led to a dangerous situation where the budget deficit may rise to 6% of GDP. The main economic challenge is to stabilize the rupiah, and to increase its value to approach again its 1997 worth. Observers believe that the elite is unwilling to make the necessary sacrifices to achieve currency stability. Ordinary people understand the importance of import and export prices but without a strong and committed leader there is no one to represent their interests in this regard.

Other problems include serious government underfunding. Poor funding impedes the government's ability to function effectively and without corruption in this period of transition. The solution to this problem will not be found in further burdening the small number of existing taxpayers. Instead, a total revamping and broadening of the tax base is required, which may take some time to achieve and may confront opposition from the public. The recent success of the Indonesian tax agency in increasing the proportion of people registered for taxes, however, is an encouraging sign.

Recommendations:

- ❑ Efforts must be made to find ways to represent the interests of ordinary people in economic decision-making at the local level, and to transmit their views to the central political system.
- ❑ The Indonesian government must be supported in its efforts to stabilize the rupiah.
- ❑ To combat government underfunding, the Indonesian tax system should continue to push for higher levels of tax registration, especially among wealthy Indonesians.

Foreign Investment

There is considerable disagreement about the importance of foreign direct investment (FDI) in the continuing economic development of Indonesia. Some analysts believe that FDI is not a significant driving force in the economy and that international financial markets are feverish and unreliable sources of economic guidance. These analysts argue that FDI contributes only 3-6%

of total investment, employs only a small proportion of the labor force, and contributes little to technological improvements in the manufacturing sector. However, other analysts dispute the figures on which this argument relies, citing the fact that oil, gas, financial concerns and equipment loans are not accounted for in such calculations.

This latter opposing view notes that the countries that have done best in the world, in terms of human development indices as well as economic growth, are all major recipients of FDI. Simplified images of an Indonesia that would be happy if mischievous markets and intervening outsiders would just go away will not help to secure the safety and livelihood of local people or to resolve the existing conflicts.

While increases in FDI are not potentially destabilizing, indirect investments in shares and loans may be destabilizing if the demand for foreign exchange increases and a run on the banks ensues.

Many observers criticize the performance of the International Monetary Fund (IMF) in Indonesian economic affairs, pointing out that the IMF has been unrealistic in its demands. Indonesia has met demands to reduce subsidies on many goods but there may still be a negative response from those adversely affected. In the future, the Indonesian government may encounter problems agreeing to IMF terms; for example, disposing of state assets is likely to trigger opposition from the parliament. Despite the imperfect performance of the IMF, Indonesia needs to improve relations with the Fund in order to avoid souring the attitudes of foreign investors, bilateral donors and other international foreign institutions.

Recommendations:

- ❑ The Indonesian business sector should continue to seek FDI. Efforts should be made to strengthen the capacity of Indonesian banks to withstand the vagaries of the international financial system.
- ❑ The Indonesian government should attempt to improve its relationship with the IMF, meeting the Fund's demands wherever possible, while implementing policies to mitigate any harsh effects on the Indonesian population.

Competition over Resources

According to many experts, the tensions resulting from the mingling of populations through transmigration and more recent migration are caused by economic tension rather than ethnic or religious friction. The challenge of conflict prevention becomes how to reconcile the economic interests of the native population with those of the later arrivals.

The two groups often differ in economic worldview. Some observers believe that it would not occur to the native population to focus on how groups can work together to develop an area. For example, it is irrational to consider selling trees if your community's livelihood has always depended on its proximity to the forest. But sustainable development is considerably more complex than forest-loving natives opposing rapacious resource-extracting migrants. For many years, the indigenous people have cleared forest for agriculture and boosted their incomes to pay for schooling, housing and clothing by selling forest products and planting cash crops such as rubber, cocoa and coffee. In these agrarian transformations, some households inevitably fare

better and a local class hierarchy begins to develop. As one example of these complexities, a boom in cocoa prices in Central Sulawesi drew tens of thousands of new migrants from the South to acquire cocoa land from indigenous farmers. The farmers, to their later regret, sold out, some bullied by those seeking to profit but others tempted by the lure of cash in hand.

Recommendations:

- ❑ Attempts should be made to understand further the economic basis of many of the tensions between native populations and later arrivals.
- ❑ Support should be given to local governments to resolve economic disputes through previously determined mediation mechanisms. The processes could be the same throughout Indonesia and developed by the central government.
- ❑ Local community groups composed of members of all of the local populations should meet to discuss upcoming problems with respect to natural resources and development initiatives, even before the need for conflict resolution becomes apparent.

Sustainable Livelihoods

Severe poverty in economically underdeveloped provinces makes people more susceptible to provocation by political groups and more willing to turn to violence to achieve their ends. It is widely agreed that the creation of sustainable livelihoods is an issue common throughout the country, and that such an achievement would generate goods and services that are widely needed as well as increase stability and human security.

According to many observers, previous efforts to create sustainable livelihoods have been reactive, rather than systematic or focused; there have been gaps between the policies designed and their implementation. Serious challenges persist to design strategies to maintain sustainable cash-based livelihoods. Non-renewable resources, which are so plentiful in many provinces, cannot convert into cash reliably without destroying more habitats that previously provided a sustainable livelihood.

Recommendations:

- ❑ More weight should be placed on the economic welfare of marginal people in Indonesia, with a particular focus on creating sustainable livelihoods and on renewing resources. There is a need for a national consensus and coordination of these efforts.

IX. ROLE OF NGOS

The development of the NGO sector is an important part of the development of civil society and the prevention and management of political and social tensions in Indonesia. Indonesian NGOs are as plural and diverse as Indonesian society with different visions, methods and scales of operation. They are active throughout Indonesia in attempts to improve human security and

social, economic and environmental affairs, and their numbers have mushroomed in recent years. Today there are thousands of domestically active organizations, mostly locally organized, often around villages, and over 100 national organizations, as well as umbrella organizations such as INFID (International NGO Forum on Indonesian Development).

Some NGOs – such as YLBHI, PBHI, Elsam, KontraS, and Walhi¹ – were instrumental in pro-democracy movements during the Suharto era, and have tried to reposition themselves in the new political system. These organizations have had to respond to the fact that the state has, at least in rhetoric, adopted their reform agenda and that a number of former activists are now in government, including President Wahid himself.

Some participants observed that in this era of reform, NGOs lack a clear target and there is confusion about their role. Despite their increasing numbers, only a few have had significant success in helping to make sense of the political chaos.

Causes such as biodiversity and the environment are viewed as safe non-political terrain, and are thus popular with international donors. This focus has encouraged Indonesian NGOs to frame, if not always to conduct, their activities in these terms, rather than to confront issues such as class inequality or land struggles. Some believe that this tendency may have compromised their ability to represent the interests of local communities.

The recent confrontation between the President and Parliament is considered to have confused pro-democracy NGOs, who appear undecided about whether to distance themselves from the power struggle and to reemphasize their demands for reform, or to side with President Wahid and in so doing support non-democratic means.

Many NGOs have a considerable role in conflict prevention, not only directly through their activities and methods but also indirectly; as community advocates, their activities may reveal the deep-rooted causes of local tensions.

Aceh is an example of an area in which NGOs are persistently active, despite the continuing violence, in documenting human rights abuses and disappearances, in encouraging continued tolerance of Islam and in seeking an end to the violence. Yet they remain weak, with a low capacity for making connections both among themselves and with the international media. Self-censorship is widely in evidence through intimidation by GAM and by the government. NGOs in Aceh face a strict choice between allegiance to one or the other side, which hinders their ability to empower civil society. Intense pressure from both GAM and the government limits the ability of these NGOs to criticize actions and to reveal human rights abuses. The recently facilitated dialogue between GAM and the government did not involve civil society, thereby frustrating the attempts of the NGO community to play a role as peacemakers.

An example of the quandaries facing an Acehnese NGO is a group that works for independence and brings the plight of the Acehnese to the world. The clear bias of the organization towards

¹ These acronyms stand for: YLBHI (Yayasan Lembaga Bantuan Hukum Indonesia, or the Indonesia Legal Aid Foundation); PBHI (Perhimpunan Bantuan Hukum dan Hak Azasi Manusia Indonesia, or the Legal Aid and Human Rights Institute); Elsam (Lembaga Studi dan Advokasi Masyarakat); KontraS (Commission for Disappearances and Victims of Violence); Walhi (Wahana Lingkungan Hidup Indonesia, or the Indonesia Forum for Environment).

independence has prevented it from receiving support from international donors whose governments have expressed support for the “territorial integrity of Indonesia.”

Despite the many challenges and pressures, NGOs in Aceh are highly active in many areas including addressing corruption, involving the community in provincial budgeting, and the empowering of women through gender awareness. Some organizations examine the possible impact of the imposition of Syariah (Islamic Law) while others work to aid their fellow Acehnese who have been displaced by the violence.

Recommendations:

- ❑ Programs of training and education in building small organizations, in facilitation and mediation skills, and in the sustainable management of the environment would be very useful in the provinces. Existing programs should be supported and their activities increased in scale to reach a larger audience.

X. APPENDICES

Appendix A – List of Participants

Marco Altherr	Vedi Hadiz	Marie-Josée Rheaume
Ichlasul Amal	Medelina K. Hendytio	M.C. Ricklefs
Kusnanto Anggoro	Konrad Huber	Fainula Rodriguez
Bo Apslund	Yulia Immajati	Barnett R. Rubin
Jimly Asshiddiqie	Ismartono	Duane Ruth-Heffebower
Eileen Babbitt	Suzaina Abdul Kadir	Tamrat Samuel
Tim G. Babcock	Meth. Kusamahadi William	Joseph H. Saunders
Michael L. Bak	Kwan HL	Robert Scalapino
Richard W. Baker	Cornelis Lay	Philip Schwehm
Jacques Bertrand	Jennifer Leaning	Krishna Sen
Anne Bichsel	Harald Leisch	Benni Sormin
Maurice A. Bloem	Daniel Lev	Andy Sparkes
Robert S. Boumphrey	Tania Li	Chandra Lekha Sriram
John Bresnan	Merlyna Lim	Michael F. Stievater
Ina Breuer	Robert Lowry	John Strain
Jason Brown	Andrew Mack	Iwan Gardono Sujatmiko
Todd Bruce	Rizal Malik	Sudarno Sumarto
Carmel Budiardjo	Michael Malley	Esty Sutyoko
Nikki Burns	Edward Masters	Rob Thayer
James Castle	Masdar F. Mas'udi	Tamrin Amal Tomagola
Jeannie S. Cho	Nick Mawdsley	Daniel Toole
James Clad	Jenny McAvoy	Lampang Trijono
Paul Cleveland	Rodd McGibbon	Shin Umezu
Harold Crouch	Marcus Mietzner	Djoeke Van Beest
John Davies	Lenard Milich	Werner van den Berg
Peter de Young	Mubyarto	Michael Van Langenberg
James L. DeHarpporte	Yanti Muchtar	Johanna Grombach Wagner
Dana Robert Dillon	Riefqui Muna	Chris Wangkay
Djajadi	Ann Marie Murphy	Donald E. Weatherbee
Joana Ebbinghaus	Oren Murphy	Stephen Weaver
Robin Ellis	Mitsuo Nakamura	Paul Weelen
Michael Elmquist	Subinay Nandy	Andrea Woodhouse
Donald Emmerson	Zakaria Ngelow	Tabrani Yunis
Joseph Errington	Rani Noerhadhie	
Gareth Evans	Nico Schulte Nordholt	
Fajrul Falaakh	Kevin O'Reilly	
Ratih Hardjono Falaakh	Diarmid O'Sullivan	
Wayne Forrest	Samsu Rizal Panggabean	
Theodore Friend	Bishow Parajuli	
Jerome Frignet	Ramadhan Pohan	
Dennis Gallagher	Arifah Rahnawati	
Jennifer Ganem	Ravi Rajan	
Ann Gregory	Ramesh Rajasingham	
Hadar N. Gumay	Alain Retier	

Appendix B – Terms of Reference

Conflict Prevention Initiative Website - Conference Series
Addressing the Sources of Insecurity in Indonesia

May 2001

TERMS OF REFERENCE

The Program on Humanitarian Policy and Conflict Research is a new research and policy program based at Harvard University. The Program is engaged in research and advisory services on conflict prevention strategies, the management of humanitarian crises and the protection of civilians in conflict areas. The Program advises international organizations, governments and non-governmental actors and focuses on the protection of vulnerable groups, conflict prevention strategies, and the role of information technology in emergency response.

A key project of the Program is the Conflict Prevention Initiative website interface on conflict prevention and crisis management developed in partnership with the UN Executive Office of the Secretary General and the UN Department of Political Affairs. This website provides an interactive virtual platform for policy and decision makers to gain access to information and academic resources, integrated linking systems, and on-line discussions forums.

The website also supports a new online conferencing facility. Every three months, the Conflict Prevention Initiative team chooses a topic or country, and convenes a group of academics and practitioners from all around the world to join an exchange on that issue. The conference takes place on the Internet, with background documents provided by the Initiative, and written comments published from the participants. The topic chosen for May 2001 is “Addressing the Sources of Insecurity in Indonesia.”

Aims

I. Web Portal on Indonesia

The Conflict Prevention Initiative will host a website portal on Indonesia starting mid-May 2001 for an initial period of 6 months. The aims of the portal are:

- To offer easy access to critical information on the sources of political instability and human insecurity in Indonesia;
- To create a network of experts and policy makers to share information and analysis on the ongoing security situation; and
- To lay the groundwork for the development of an online conference.

The portal will offer:

- A searchable database of reference materials, including articles and journals on the situation in Indonesia;
- A searchable database of links to international organizations, government departments, NGOs, political parties and academic centers involved in Indonesia;

- Easy access to essential legal and political documents on the current situation in Indonesia;
- An interactive map annotated with information on regions at risk; and
- Interactive areas where users can request and share information, links and analysis.

The intended audience of the portal includes decision-makers from the UN, governmental entities and civil society organizations who are involved in local, national and international responses to instability in Indonesia. Access to the portal will be free, once users have registered on the portal website. The users will have unlimited use of the database, the ability to request additional information and documents from the Harvard research team, and the opportunity to participate in or audit web conferences.

II. Web Conference on Addressing the Sources of Insecurity in Indonesia

The Harvard Program on Humanitarian Policy and Conflict Research will convene a web-based conference on the situation in Indonesia from the 5th to the 14th of June. The aims of the conference are to:

- Exchange information and analysis on the sources of insecurity in Indonesia, including structural factors and the role of social, economic and political agents in promoting or exacerbating that instability;
- Establish a network of leading academics, governmental and non-governmental policy makers, political parties and movements and local NGOs to discuss the political, social and economic dimensions of the conflict in Indonesia;
- Identify the threats to stability that should be addressed by the international community, the Indonesian government and civil society; and
- Develop strategies and policy recommendations to address these threats and to build alliances between the affected parties.

Enhancing communication between government, military, private sector and civil society actors in Indonesia could reduce human insecurity by helping to promote democratization and to build economic stability in the region.

Background

With over 210 million people, Indonesia is the world's fourth most populous country. Today the country faces massive social, political and economic challenges. In the wake of the devastating Asian financial crisis of 1997, and the collapse of the 32-year Suharto regime in 1998, many Indonesians hoped for a future free from corruption and repression. Elections in 1999 brought to power a government under Abdurrahman Wahid that has relinquished state control of the media and has sought to address many of the country's serious problems of governance. Yet despite these and other encouraging developments, the country faces worsening political, economic, ethnic and religious tensions that have repeatedly led to bloodshed.

The Wahid government is currently facing a crisis of credibility that leaves it unable to exercise effective control over the military, the parliament, or economic actors, all of whom are seeking to maintain their respective power and influence. Even if Wahid is replaced by the popular Vice-President Megawati, the government will continue to face tremendous obstacles. Though the

economy expanded at a growth rate of nearly 4 percent in 2000, it needs major reform if it is ever to realize its vast potential.

In this same period, latent ethnic and religious tensions have erupted into violence in many parts of the archipelago and show few signs of abating. Following the independence of East Timor last year, separatists in the province of Aceh launched a new armed uprising aimed at achieving independence. In Irian Jaya (recently renamed West Papua), separatist activists also challenge Indonesian rule. In the Molucca Islands, fighting between Christians and Muslims has led to more than 4,000 deaths since January 1999.

In addition to economic, political, ethnic and religious tensions, the sprawling archipelago experiences some 7,000 earthquakes a year. Large-scale and unsustainable logging operations have created environmental disaster areas in much of the country and destroyed the habitat and livelihoods of indigenous peoples throughout the archipelago.

Implementation

The portal and its conference will be hosted on the Conflict Prevention Initiative website of the Program on Humanitarian Policy and Conflict Research at Harvard University. The Program will support the conference by coordinating and editing inputs from experts from around the world and by providing links (at www.preventconflict.org/portal) to a diverse array of background documents and academic articles on the history and sources of instability.

After consulting with key partners and a number of organizations and individuals active in the field, the Program at Harvard will select 75-100 participants at the local, regional and international level from the academic and policy communities to take part in the event. Members of the Harvard team will meet potential participants, and offer training where appropriate to enhance the online conference. Only participants chosen through this process will be able to submit their comments for publication on the conference website.

The participants will retain the option of remaining anonymous. Each participant will be allocated a unique username and password. At the beginning of the conference, the Harvard Program will select key articles of particular interest to serve as a common departure point for the conference and to spark debate on the issues. A number of specific policy questions will be posed – including questions relating to the future roles of international actors and donors.

The conference will proceed with the participants submitting their comments to the Harvard team for posting on the website, via the website or email. The Program will moderate the discussion and may choose to divide the conference into a number of subsections as it proceeds. To the extent possible this will be done without compromising the multidisciplinary aspect of the conference.

At the end of the conference, a conference report, including a list of the participants, will be produced by the Harvard Program and translated into Bahasa Indonesia, which will be widely distributed among organizations working in this area. It is hoped that this document will be a useful input into the policy process.

For more information, please contact:

Harvard Program on Humanitarian Policy and Conflict Research
1033 Massachusetts Avenue, Cambridge, MA 02138

Tel: (617) 496 8640

Fax: (617) 384 5908

Director: Claude Bruderlein, cbruderl@hsph.harvard.edu

Project Manager: Judy Stone, jstone@hsph.harvard.edu

Research Coordinator: Julie Fossler, jfossler@hsph.harvard.edu