INDONESIA IN 2002

The Rising Cost of Inaction

Michael S. Malley

Abstract

During 2002, communal conflicts abated in Indonesia, the government and rebels in Aceh signed a ceasefire agreement, major economic indicators improved, and a four-year-long constitutional reform process came to a successful conclusion. Yet, serious challenges remain for the country, including rampant corruption, economic weakness, and terrorism. Weak leadership and the fragmentation of political power make concerted action to resolve these problems unlikely before a new government is elected in 2004.

On October 12, 2002, Indonesia suffered the world's deadliest terrorist incident since the attacks on Washington and New York on September 11, 2001. Nearly 200 people, mainly foreign tourists, were killed when bombs exploded outside two popular nightclubs on the island of Bali. That same evening, smaller bombs exploded near the U.S. consulate in Bali and the Philippine consulate in Manado, the Indonesian city closest to the Philippines, but neither caused any casualties.

Despite frequent and increasingly insistent warnings from the United States and neighboring countries, Indonesia had not taken action to forestall a terrorist attack. The reasons why Jakarta failed to act preemptively resemble those that have prevented it from addressing a wide range of serious challenges, including rampant corruption, slow economic growth, and military autonomy from civilian control. One line of explanation emphasizes President Megawati Soekarnoputri's lack of leadership ability; the other refers to the fragmented nature of power in Indonesia since the fall of Soeharto in 1998 after more than three decades of authoritarian rule.

Michael S. Malley is Assistant Professor of Political Science at Ohio University, Athens, Ohio.

Asian Survey, 43:1, pp. 135–146. ISSN: 0004–4687

Megawati's critics commonly argue that she lacks a sense of urgency, prefers to reign rather than rule, and, in any case, lacks sufficient knowledge about or even interest in key policy issues. Her instincts are socially and politically conservative. Unlike her predecessor, Abdurrahman Wahid, she limits her public comments almost entirely to formal speeches and refrains from challenging legislative authority or military privilege. Consequently, her critics say, the reform process that began in 1998 is stagnating, and underlying problems are going unaddressed.

Of course, Megawati's ability to lead depends in part on the willingness of others to follow. Her secular-nationalist party is the country's largest, but since it controls less than one-third of the seats in the national legislature she cannot count on broad political support. Her principal opponents are found in the Islamic parties that sank her initial bid for the presidency in 1999 and forced her to accept one of their leaders as vice president when they drove Wahid from office in 2001. From this standpoint, she is unable to take decisive action, especially on issues associated with Islam, because she is engaged in a delicate balancing act to maintain her own position.

Whether due to poor leadership or the difficulty of reaching consensus among a large number of powerful players, Indonesia's leaders have tended to defer action on many of the major problems they inherited from the Soeharto regime. Even before October 12, the costs of this approach were rising. Corruption and the lack of legal certainty caused foreign and domestic investment to decline sharply, diminishing the prospects for faster economic growth. And a 36-hour battle in late September between an elite police unit and more than 100 members of an army airborne command in North Sumatra illustrated the poor condition of the state institutions most critical to providing national security.

The Bali Bombing

Prior to the bombing, intelligence agencies in Asian and Western countries had uncovered links between al-Qaeda and Jamaah Islamiyah (JI), a network of militant Muslims who aim to create an Islamic state in Southeast Asia. Early in the year, neighboring countries arrested JI operatives and unsuccessfully demanded that Indonesia arrest the group's spiritual leader, Abu Bakar Ba'asyir, who runs a religious school in central Java and spent much of the 1980s and 1990s in Malaysia. Just before the first anniversary of the September 11 attacks, the United States warned that a terrorist attack in Indonesia was likely. That warning was based largely on information obtained from Omar al-Faruq, a Kuwaiti who lived in Indonesia from the late 1990s until June 2002, when Indonesian intelligence officials quietly arrested and turned

him over to the United States. According to leaked accounts of his interrogation, he coordinated al-Qaeda's operations throughout Southeast Asia.[1]

Most Indonesians greeted foreign warnings skeptically, even derisively. Vice President Hamzah Haz, who leads the country's largest Islamic party, emerged as the chief skeptic. In March, he hosted a dinner for Indonesia's three most prominent Muslim militants, including Ba'asyir, and afterward announced that there were no terrorists in Indonesia. Several weeks later, police arrested one of his dinner guests, Ja'far Umar Thalib, after he said in a speech that he intended to kill all the relatives of Indonesia's first president, Soekarno—which would include Megawati, his daughter. Among a procession of Islamist politicians, Hamzah was the first to visit Ja'far in jail. Not long after, as foreign pressure to arrest Ba'asyir mounted, Hamzah again demonstrated his support for Ba'asyir by traveling to meet him at his religious boarding school.

Intensified U.S. warnings in September of potential terrorist attacks in Indonesia provoked even shriller responses. The leading Muslim-oriented newspaper argued that the United States was waging "information terror" because it failed to substantiate its claims that hardline Indonesian Muslims, such as Ba'asyir, had links to al-Qaeda.[2] Frustrated by the Indonesian government's lack of initiative, U.S. President George Bush telephoned Megawati in mid-September and urged her to take firmer action against potential terrorist threats. Yet, despite al-Faruq's claim to have been involved in two attempts to assassinate her, the warning had no apparent effect.

The actual attack provoked further outbursts from hardliners and revealed deep conflicts within Megawati's government. Ba'asyir argued, and many Indonesians concurred, that the United States had orchestrated the bombing in order to justify its contention that Indonesia was a haven for terrorists. In a cabinet meeting two days after the attack, the information minister, a retired general, criticized Megawati for having been too passive and failing to offer guidance, and Hamzah Haz complained that security officials had kept him in the dark. The police, he said, had told him there was no terrorist network in Indonesia, and the intelligence chief rarely shared useful information with him.[3]

The attacks emboldened Megawati to pursue a more aggressive policy against possible terrorist threats. Within a week, she issued an anti-terror decree that permits year-long detention of terrorist suspects without trial and

1. Romesh Ratnesar, "Confessions of an Al-Qaeda Terrorist," *Time*, September 23, 2002, pp. 35–38, 41.

2. "Teror Informasi" [Information terror] *Republika* [Republic] (Jakarta), September 23, 2002.

3. "Sidang Kabinet yang 'Meriah'" [The "gleeful" cabinet meeting], *Kompas* (in Indonesian), October 16, 2002.

provides the death sentence for convicted terrorists. Foreign governments had urged Indonesia to pass such an anti-terrorism law, but the House of Representatives (Dewan Perwakilan Rakyat, DPR) had resisted. Soeharto had used the military to repress hardline Muslims, and many people, especially devout Muslims, feared such a law would only encourage the security forces to return to their old ways. Megawati's decree did not allay these fears, nor did her decision shortly thereafter to centralize all intelligence gathering under the head of the State Intelligence Agency, A. M. Hendropriyono. He was a retired army general who had commanded an attack on an Islamic sect in 1989 that resulted in dozens if not hundreds of deaths. Human rights groups criticized Hendropriyono's proposal to establish offices of his agency in provincial and district capitals as replicating the centralized, security-driven model of the Soeharto era. Despite Indonesian unease, Washington welcomed his appointment because it viewed him as the Indonesian official most committed to the anti-terrorism campaign.[4]

In addition to legal and institutional changes, Megawati authorized an intensive police investigation under an independent-minded officer. Just days after the bombing, she appointed a Balinese police general, I Made Mangku Pastika, to lead a multinational team of investigators. Until then he had commanded the police in Papua. In that position, he oversaw two investigations that turned up evidence that army special forces had assassinated a Papuan independence leader in late 2001 and ambushed a convoy of schoolteachers returning to the Freeport mine in Papua in August 2002.

In Bali, Pastika coordinated a team including more than 100 foreign police officers that gathered evidence and arrested at least three key suspects, all Indonesians. One confessed to planning the attack, another to involvement in carrying it out. Both acknowledged their association with Ba'asyir. The third is suspected of heading Jamaah Islamiyah operations in Southeast Asia. Their testimony, and that of others arrested during the investigation, provided evidence of an extensive terrorist network inside Indonesia with links to international terrorist networks. The confessed mastermind also claimed to have planned a series of church bombings around Christmas in 2000. Police arrested Ba'asyir in connection with those bombings, but not the ones in Bali.

Despite fears that a tough approach toward suspected terrorists would provoke an Islamist backlash, none occurred. Public opinion polls showed that most people approved of the government's approach, including its cooperation with foreign intelligence agencies. However, nearly half of respondents

4. Jay Solomon, "Indonesia's Spy Chief Draws U.S. Praise, Rights Concerns," *Wall Street Journal*, November 4, 2002 (online edition).

did not believe that international terrorist networks were present in Indonesia.[5]

Politics

Just two months before the terrorist attack in Bali, Indonesian legislators adopted the fourth constitutional amendment in four years. This achievement, and the debates that accompanied it, provided good reason to believe that far-reaching reforms remain possible, that civilians are able to curb military influence, and that hardline Muslims are a noisy but marginal group.

The country's legislative upper house, the People's Consultative Assembly, approved an amendment that changes the country's political structure in at least two fundamental ways. First, the Assembly surrendered its right to elect the country's president and vice president. Henceforth, they will be directly elected. New rules require not only that the victors secure more than half the popular vote, but that they win at least 20% of the vote in half the provinces; if they don't, a second round of elections will be held. Second, the new amendment replaces the 200 unelected members of the Assembly (who represent the provinces and various social groups) with the elected members of a new legislative body, the House of Regional Representatives (Dewan Perwakilan Daerah, DPD). This change will take effect once the first DPD members are elected in 2004, and will mark the first time in Indonesian history that all legislators obtain their seats by election.

Such sweeping changes were possible in part because an Assembly working committee, with members from all major parties, gained control of a process that many legislators lacked the training to understand. In addition, the committee proposed changes that threatened only the 200 appointed Assembly members, not the 500 members who sit in the Assembly by virtue of their membership in the House.

As important as the changes made by the Assembly was its rejection of a proposal to introduce Islamic law. Three parties, including the one Hamzah Haz leads, withdrew their demand after Indonesia's two largest religious organizations, Nahdatul Ulama (Revival of Islamic Scholars) and Muhammadiyah, publicly opposed such an amendment. The Constitution continues to guarantee freedom of worship and does not accord special privileges to any religion.

Regional Issues

Since 1998, Indonesia has endured violent communal and separatist conflicts. Megawati often expresses concern that these conflicts, in combination with the decentralization policy adopted by B. J. Habibie's government in 1999

5. *Kompas*, November 17, 2002.

and implemented by Wahid in 2001, threaten national unity. Early in 2002, she proposed to revise the 1999 law that mandates decentralization and regulates center-region relations. However, she met stiff resistance from the district-level governments that benefit from the law, and national legislators responded unenthusiastically to her proposal. In August 2002, Megawati said her government would propose amendments to the law after the Assembly session, but it did not follow through.

To address violent conflicts, Megawati does not need to assemble a legislative coalition and has been able to alter government policy substantially. Two persistent communal conflicts, one in Maluku and the other in Central Sulawesi, claimed fewer lives in 2002 than any time since they began. In part this can be attributed to peace agreements between the warring parties reached during negotiations that the government sponsored in late 2001 and early 2002. It is also due to the government's increased efforts to enforce peace after the agreements were signed. Perhaps more importantly, Jakarta adopted a more aggressive approach toward Laskar Jihad, the Muslim militia led by Ja'far Umar Thalib, which sent thousands of recruits from Java to defend Muslims in Maluku and Sulawesi. Immediately after the Bali bombing, Ja'far announced that the militia would disband, and its troops began to depart from each region by the hundreds. However, sporadic violence remained common in both regions throughout the year.

Toward separatist movements in Aceh and Papua, Megawati toughened government policy. In January, Indonesian troops managed to kill the top Acehnese rebel military commander, and the next month Megawati established a special army command for Aceh. In May, under increasing military pressure, negotiators for the rebel Free Aceh Movement (Gerakan Aceh Merdeka, GAM) in Geneva acceded to Jakarta's demand that they accept the new provincial autonomy law as the framework for further discussions. However, GAM viewed the law as the starting point for future talks, while Jakarta saw it as the endpoint, and fighting between the two sides continued. In late October, government troops encircled a large contingent of rebel forces and maintained a siege until a ceasefire agreement was signed in early December. Indonesia granted Aceh broad autonomy, and the rebels agreed to participate in a political process that will include regional elections in 2004. However, the accord does provide for disarming the rebels or demilitarization of the province, and the rebels did not renounce their goal of independence.

A new law granting "special autonomy" to Papua took effect at the start of 2002, less than two months after a leader of the region's peaceful, civilian independence movement was assassinated. Unlike Aceh, the province has not experienced widespread violence. However, human rights groups fear this may change. During the year, they say that as many as several thousand Laskar Jihad fighters moved to Papua and the army began to establish mili-

tias like those it backed in East Timor.[6] In late August, a convoy of school teachers from the Freeport mining company was attacked by armed men, resulting in the deaths of two Americans and one Indonesian. A police investigation implicated members of the army special forces. In November, the Washington Post reported that U.S. intelligence officials had obtained information that the armed forces commander, General Endriartono Sutarto, had discussed the possibility of such an attack.[7] Endriartono denied the charges and threatened to file a $1 billion lawsuit against the *Post*.

Military Reform

Despite concern that the military would seek to preserve or restore its political influence through the constitutional reform process, the top brass seemed more concerned to maintain military autonomy from civilian control. This was made especially clear in March, when the armed forces chose as their chief spokesmen Sjafrie Sjamsoeddin. He was the general who commanded the Jakarta garrison during the violence surrounding Soeharto's fall in 1998 and an army special forces unit at the time of the Santa Cruz massacre in East Timor in 1991.

Megawati's military appointments reflected her conservative tendency, and perhaps a politicization of the armed forces. In June 2002, she appointed Endriartono as commander of the armed forces and Ryamizard Ryacudu as army chief of staff. Like most officers, they share Megawati's preference for a tough approach to separatism. Ryamizard is close to Megawati and widely tipped to succeed Endriartono before the 2004 election. Like Megawati's husband, Ryamizard hails from South Sumatra, where his father was an army general and loyal supporter of Megawati's father, Soekarno. Although Endriartono has declared his support for the military's "new paradigm," signaling some support for reform, Ryamizard staunchly defends the army's territorial command structure through which it raises funds and influences politics at all levels of government.

Although the military enjoys presidential support, its economic condition is so dire that military readiness as well as civilian control are threatened. In July, senior air force and navy officers testified with unprecedented bluntness before a House committee. They claimed that few of their ships, planes, and other major weapons systems were operational and most were obsolete. Subsequently, a former defense minister, Juwono Sudarsono, publicly discussed

6. International Crisis Group, "Resources and Conflict in Papua" (Brussels and Jakarta), September 13, 2002, and "Is a Zone of Peace Possible in West Papua?" *Tapol,* Indonesia Human Rights Campaign, *Bulletin Online*, no. 168 (September 2002), <http://tapol.gn.apc.org/168wpap.htm>. Accessed December 4, 2002.

7. Ellen Nakashima and Alan Sipress, "Indonesia Military Allegedly Talked of Targeting Mine," *Washington Post*, November 3, 2002, p. A18.

his calculations that 70% of military spending comes from sources other than the official budget. Endriartono did not deny this estimate, and acknowledged the importance of revenues raised by military foundations and businesses. Audits of companies controlled by the army's largest foundation showed that few are making money, and the lack of resources appears to have increased soldiers' reliance on illegal activities. In late September, police in North Sumatra arrested a civilian whose drug-trafficking apparently enjoyed army protection. In response, more than 100 soldiers staged attacks on two police offices over nearly two days, resulting in several deaths.[8] Army and police forces have clashed violently on at least two dozen occasions since 2001.

The Economy

By many measures, the political stability that Megawati brought to politics provided conditions for a modest economic recovery. Economic growth accelerated from less than 2% on an annualized basis during the last quarter of 2001 to nearly 4% in the third quarter of 2002. In addition, during the course of 2002 short-term interest rates declined from more than 17% to about 13%, and the rupiah strengthened by about 15% against the U.S. dollar. Inflation, which had been rising steadily for two years, peaked at an annualized rate of nearly 15% in February and then fell to about 10% in December.

These economic achievements are due in no small part to the government's ability to meet the reform targets set forth in its agreements with the International Monetary Fund (IMF). For instance, in January, the government cut fuel subsidies by one-fifth and for the first time tied changes in retail prices for each fuel type to changes in its respective international market price. In addition, in March the government completed the privatization of Bank Central Asia, which had been delayed for two years. By the end of the year, the agency in charge of selling off state-controlled assets had nearly met its annual target. Previous governments had delayed selling assets and cutting subsidies because of concern about destabilizing nationalist or populist backlashes. Megawati's government suffered neither.

Despite this progress, a major challenge is looming. For the second year in a row, economic growth is likely to be well below 4%, and most forecasters predict a similar result for 2003. At this rate, output per capita will not regain pre-Asian crisis levels until 2006 or later,[9] and economic activity will be inadequate to absorb currently unemployed workers, let alone new entrants to

8. John McBeth, "The Army's Dirty Business," *Far Eastern Economic Review*, November 7, 2002, p. 20.

9. Paul R. Deuster, "Survey of Recent Developments," *Bulletin of Indonesian Economic Studies* 38:1 (April 2002), pp. 6–7.

the work force, of whom there are more than two million each year. Although open unemployment remains low by international standards, a United Nations official in Indonesia estimates that nearly 30% of the labor force is underemployed (defined as working less than 35 hours per week and actively looking for additional work).[10]

The roots of slow growth are found in the declining levels of investment. In fact, since mid-2001, investment has been shrinking. In December 2002, the Investment Coordinating Board announced that the value of foreign investments it had approved during the first eleven months of the year was 15% less than in the corresponding period in 2001, and domestic investment approvals were 62% below the previous year's.[11] The board's figures exclude investment in mining and oil and gas, but the international accounting firm PricewaterhouseCoopers released a report in November 2002 that showed a sharp decline in those sectors since 2000. While firms continue to produce oil, gas, and minerals, exploration for new deposits has nearly stopped, thus diminishing the prospects for future growth in output.

The bombing in Bali worsened an already poor investment climate, but foreign donors attempted to stem the damage. The Consultative Group for Indonesia, an organization of Indonesia's main donors, postponed its annual meeting from late October to early 2003 in order to assess the bombing's actual impact on the economy and allow the government time to deal with the terrorist threat. In the interim, donors supported an increase in deficit spending in order to stimulate the economy. In December 2002, the IMF approved the government's revised 2003 budget and agreed to disburse an additional $365 million loan.

Corruption

Private investors' lack of interest in Indonesia, despite growing consumer demand and increased political stability under Megawati, reflects the importance and severity of other problems. Chief among these is corruption. Investors complain mightily about tax and customs administration, but especially about the legal system. They have plenty of company. On a visit to Jakarta in July 2002, a U.N. special rapporteur on the independence of judges and lawyers commented that he "didn't realize that the situation could be as bad" as he had found.[12] At the same time, a prominent watchdog group,

10. Satish Misra, "On Unemployment: Squaring the Circle II," *Jakarta Post* (in English), December 4, 2002.

11. Government of Indonesia, Investment Coordinating Board, "Summary Investment Report, January 1–November 30, 2002," <http://www.bkpm.go.id/bkpm/figure.php?mode=baca&info_id=107>. Accessed January 4, 2003.

12. "RI Judiciary Worse than First Thought: UN Rapporteur," *Jakarta Post*, July 22, 2002.

Indonesia Corruption Watch, released a report called "Unveiling the Court Mafia," in which it described judicial corruption as "systemic."[13]

Two major cases concerned investors. A two-year legal battle between a Canadian life insurance company and its former Indonesian partner peaked in June when a panel of judges declared the Canadian company's local subsidiary bankrupt, even though it was solvent, simply because it had not paid a dividend in 1999. After strong protests from the company and the Canadian government, the Supreme Court reversed the judges' decision and opened an investigation into allegations they had been bribed. In a separate case in August 2002, another court overturned a Swiss arbitration panel's decision that required Indonesian's state-owned oil company to pay compensation to a foreign firm, Kahara Bodas, for a failed joint venture in electric power generation. The panel's decision previously had been upheld by courts in Hong Kong, Singapore, and the United States.

At the end of the year, the House of Representatives passed a sweeping new law to create an anti-corruption commission with power to investigate and prosecute state officials. The new commission will absorb a commission that has been charged with auditing the wealth of public officials but which lacked enforcement authority. Whether the new body succeeds depends on who is appointed to run it. The signs are mixed. Public opinion polls indicate that most Indonesians, not just foreign investors, are frustrated at the lack of government action against corruption. In June, pollsters from *Kompas*, Indonesia's leading newspaper, found that 85% of voters were "very disappointed" with Megawati's efforts to stamp out corruption, collusion, and nepotism, the evils against which reformers of all stripes had united in 1998 to drive Soeharto from office. The same polls found that only one-fifth were satisfied with the government's law enforcement efforts in general.[14]

Many events undermine public confidence. The House speaker, Golkar party chief Akbar Tanjung, was convicted of corruption in September 2002, but refused to resign while the appeal process was underway. Reports that legislators solicit bribes were so widespread that a leading newsweekly ran a cover story about the "House of People's Bribery," a play on the DPR's Indonesian-language name. Pressing its point, the magazine described in detail the luxury cars that legislators drive.[15] Even signs of progress seem to increase public cynicism. As weak as the commission to audit public officials' wealth was, it managed to obtain public disclosures from many high-ranking officials and roil the political waters. In December, it recommended that

13. "Report Reveals Corruption in Court Is Organized," ibid., July 23, 2002.

14. "Setahun Pemerintahan Megawati" [The Megawati government's first year], *Kompas*, July 22, 2002.

15. "Tak Putus Dirundung Suap" [Always dogged by bribery], *Tempo*, September 30, 2002.

Megawati fire her attorney general, and called on the police to investigate him, saying it had found strong indications he was guilty of corruption.

Foreign Relations

Apart from security concerns related to international terrorism, Indonesia faced serious challenges in its relations with Malaysia and China.

Malaysia's decision early in the year to deport illegal Indonesian workers and stop recruiting new legal workers from Indonesia provoked angry outbursts in Jakarta but apparently little constructive action or diplomacy. About one million Indonesians worked in Malaysia, and nearly half were thought to lack official permits. Malaysia took the decision following an incident in January in which Indonesian workers attacked police who were searching for illegal drugs in the factory where they worked. Rather than expel all illegal workers immediately, Malaysia waited until August, when a new law that mandates caning, jail, and harsh fines for illegal workers and their employers, took effect. As that date approached, nearly 500,000 Indonesians rushed to leave. Since the Indonesian government took no steps to receive them, many found themselves stranded for several weeks at border posts in dire conditions.

China's aggressive pursuit of its own economic interests has begun to reshape its relationship to Indonesia. During the year, China became the largest offshore producer of oil in Indonesia by purchasing production rights from other investors. In August, China selected Australia over Indonesia to supply liquefied natural gas worth nearly $14 billion over 25 years but in September signed another deal to buy gas from Indonesia's Tangguh field in Papua, worth $12.5 billion over a similar period.[16] After losing the first contract, Indonesia permitted Taiwan's vice president to visit Bali and meet high-level officials. But after winning the second contract, Jakarta scuttled a proposed visit by Taiwan's president in December. Indonesia's labor-intensive, export-oriented manufacturing businesses have found it increasingly difficult to compete with Chinese products in domestic and foreign markets. In December, Indonesian textile producers warned that exports were likely to fall 20% in the coming year and requested the government to impose 40% tariffs on imported Chinese goods to protect the domestic textile market.

Conclusions

Neither divided government nor weak presidential leadership has prevented Indonesia from achieving substantial progress. A lower level of communal violence, an effective anti-terror investigation, steady economic growth, and

16. Michael Richardson, "Chinese Raise Energy Stakes in Indonesia," *International Herald Tribune*, November 6, 2002.

constitutional reform have contributed to making Indonesia safer, wealthier, and more democratic than it was a year ago. Yet, against these encouraging developments must be placed the threat of terrorism, persistent support for separatism in Aceh and Papua, rampant corruption, and military weakness. As suggested by the Bali bombing, battles between the army and police, and falling investment, the question is whether Indonesian leaders can address major challenges before they threaten the progress that has been achieved.

In the more stable political climate that Megawati's presidency has brought to Jakarta, it is easier to see that the most pressing need is no longer to democratize an authoritarian regime but to strengthen a weak state. If the army remains not just above the law and outside civilian control, but beyond the reach of its own commanders, it will threaten democracy and economic development, not to mention national security. If laws are not justly enforced, politicians and investors will have little incentive to play by the rules, and again democracy, development, and security will be at risk.

In the short term, the prospects for state strengthening are dim. The national government is fiscally strapped, and most contenders for political power appear to enjoy the free rein that state weakness affords them. Over the longer term, constitutional reform has increased the chance that future presidents will enjoy a broad mandate and be able to display bolder leadership. However, it has not reduced the likelihood that political power will remain fragmented among many political parties, as well as the armed forces, bureaucracy, and autonomous local governments. This is not a recipe for imminent disaster or an argument for unalloyed pessimism. Rather, the mix of contradictory trends and the absence of a strong pro-reform constituency suggest that Indonesia is likely to settle at a low-level equilibrium characterized by slow economic growth, weak democratic institutions, and sporadic but locally contained violence.