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INTRODUCTION

Indonesia was in a parlous condition in 1998. Only a few years earlier, in the mid-1990s, it had often been portrayed as one of the Third World's success stories.¹ President Soeharto's military-backed New Order was certainly authoritarian but it had underwritten political stability for almost three decades since the bloody upheaval surrounding the collapse of President Soekarno's Guided Democracy in 1965–66. Over the next three decades, that political stability had provided the foundation for average annual economic growth of 7 per cent that had raised per capita income to over US\$1,000 and transformed Indonesia by the mid-1990s into a “near-NIC” on the brink of achieving Newly Industrializing Country (NIC) status.² But the Asian Monetary Crisis — spreading from Thailand in July 1997 — brought rapid growth to a sudden halt.³ Tied to a maze of patronage networks, the Soeharto regime had been much less able than other regional governments to take the firm measures necessary to avert the crisis or at least mitigate its consequences. Indonesia's economy was in disarray with a virtual halt to investment and sharply rising unemployment — aggravated fortuitously by the impact on agriculture of drought caused by El Nino climatic conditions. As beggars re-appeared in large numbers on the streets of Jakarta and other cities, crime rates rose and looting became commonplace, while anti-Chinese rioting spread through Java and on other islands. Finally, massive student demonstrations triggered two days of anti-Chinese rioting in Jakarta in May 1998 that forced the resignation of President Soeharto and marked the end of his New Order.

The timing of the collapse of Indonesia's authoritarian regime was clearly not a direct result of domestic social and political change driven by economic

growth but rather the opposite — the sudden interruption and indeed reversal of that growth in response to unexpected external factors. The Indonesian case, however, did not mean that the level of economic development is unimportant for understanding the fall of an authoritarian regime and transformation in the direction of democratization. As argued by Rueschmeyer, Stephens and Stephens, “An agrarian society before or in the incipient stages of penetration by commercial market relations and industrialization is unlikely to gain or sustain a democratic form of government.” On the other hand, they note the findings of cross-national statistical comparisons that record “a positive, though not perfect, correlation between capitalist development and democracy.”⁴ In fact, Indonesian society had already been substantially transformed since the mid-1960s by rapid economic growth under the New Order which resulted in urbanization, the growth of industry, the spread of education and the expansion of the middle class. But, in the judgement of many observers before 1998, the middle class was still too small and the overwhelmingly Chinese business class too dependent on indigenous bureaucratic and military patrons to provide a solid foundation for democratization, while it was feared that the loosening of authoritarian restraints on inter-communal tensions could open the way to violent conflict in a population still divided along ethnic, regional, religious and class lines.⁵ In mid-1997, no observer, whether Indonesian or foreign, anticipated that President Soeharto’s New Order had already entered its final year. The most common expectation was that President Soeharto would eventually be succeeded by another general heading a regime not very different to the New Order.

Unexpected political transitions are, as O’Donnell and Schmitter point out, characterized by “extraordinary uncertainties” in circumstances where there are “insufficient structural and behavioural parameters to guide and predict the outcome” and “assumptions about the relative stability and predictability of social, economic, and institutional parameters ... seem patently inadequate”. These authors therefore turn to political concepts to explain political phenomena. They famously stated that “there is no transition whose beginning is not the consequence — direct or indirect — of important divisions within the authoritarian regime itself, principally along the fluctuating cleavage between hard-liners and soft-liners.” Such rivalries continue after the fall of the regime with the result that the transition toward democracy often progresses through a series of negotiated “pacts” in which pro-democracy forces increase their influence but at the same time limit the threat to the basic interests of members of the old regime. Too rapid democratization, which threatens established interests, can endanger the transition process. They note that “an active, militant, and highly mobilized popular upsurge may be

an efficacious instrument for bringing down a dictatorship but may make subsequent democratic consolidation difficult and under some circumstances may provide an important motive for regression to an even more brutal form of authoritarian rule.” But they also acknowledge that “conditions that are conducive in the short run to an orderly and continuous democratic transition, such as the drafting of interim pacts, may subsequently impede democratic consolidation if their restrictive rules and guarantees produce substantive disenchantment and procedural deadlock”. For them, “Political democracy, then, usually emerges from a nonlinear, highly uncertain, and imminently reversible process.”⁶

Indonesia’s political transition in the aftermath of the fall of Soeharto was clouded by the uncertainty envisaged by O’Donnell and Schmitter as remnants of the New Order regime clung to power in the face of multiple challenges. The authoritarian regime had not been brought down by a committed democratic elite that had mobilized mass support against the government. Certainly, students with the encouragement of part of the educated middle class, had been holding huge demonstrations calling for “democracy” and “reform”, but there was no cohesive organized opposition movement waiting in the wings to take over power.⁷ The government had instead been confronted by deep popular anger at the regime’s failure to ameliorate the social impact of the economic crisis while the military had become reluctant to take the risks of defending what increasingly seemed to be a doomed regime. By the time the regime fell, political protests and disorders in the main cities and the provinces had spread beyond the capacity of the government to repress by conventional authoritarian means. In circumstances where the new government, headed by Soeharto’s civilian vice president and protégé, B.J. Habibie, was composed mainly of carry-overs from the authoritarian regime, lacked legitimacy and was internally divided and uncertain of its authority over the military, the new president turned to “democratization” as a more promising alternative.

The transition from authoritarianism toward democratization in Indonesia did not fit comfortably with the patterns commonly proposed by political scientists. In his book on *The Third Wave*, Huntington describes three patterns: transformation, replacement, and transplacement. In “transformation”, the authoritarian government itself initiates the reforms that lead to democratization; “replacement” refers to the violent overthrow of the authoritarian regime; in “transplacement” there is a balance between those supporting and opposing democratization with the result that the transition can only proceed through negotiations and compromise. The Indonesian transition had elements of all three.⁸ By the 1990s, leading members of the

Soeharto regime, including the president himself, were already giving attention to the need to civilianize and liberalize the regime and some limited reforms had been implemented before the crisis hit in mid-1997 but these concessions fell far short of real “transformation”. As in the “replacement” scenario, the regime fell in response to mass rioting and the threat of further breakdown of public order, but in the Indonesian case it was only the president and some of his closest supporters who were replaced while much of the new government consisted of personnel who had served in similar roles under Soeharto. In Indonesia, the negotiations and compromises that characterize “transplacement” did not bring about the change in government but followed it as powerful survivors of the old regime engaged with new political forces in political struggles to shape the contours of the new regime. The crucial condition driving these elite negotiations was the precipitous economic decline and the consequent mass violence in May 1998 which engendered fears that renewed violence would exacerbate the economic collapse and political upheaval. Reform was therefore seen as imperative for elite survival and, in the view of many, perhaps also for national survival.

The sudden departure of the old president had triggered a scramble between factions and groups to secure positions in whatever regime was to emerge in the New Order’s wake. A succession of short-lived governments headed by presidents Habibie, Abdurrahman Wahid and Megawati Soekarnoputri followed. Deficient in legitimacy and internal cohesion, they proved unable to guarantee public order and security in many parts of the country, let alone restore conditions that would encourage a renewal of rapid economic growth. Although forced to step back from its previously pre-eminent political role, the deeply entrenched military was able to obstruct the full imposition of civilian control but was too divided and demoralized to perform effectively its responsibility to uphold order. In the absence of strong and legitimate government, the country appeared to be moving toward national disintegration. The security forces seemed unable to prevent rioting and looting while criminal gangs (*preman*) operated unhindered by, or in tandem with, local government in many districts.⁹ The fall of Soeharto also opened the way to the re-invigoration of separatist movements in East Timor, Aceh and Papua — and East Timor’s eventual exit from the Republic after an internationally endorsed referendum in 1999. Fighting between Muslims and Christians led to thousands of casualties and much destruction in Maluku and Central Sulawesi. In West and Central Kalimantan indigenous Dayaks killed hundreds of migrant Madurese and forced tens of thousands to flee their homes. In other regions violence between members of ethnic and religious communities was less devastating but still added to the numbers killed or

mained. Throughout Indonesia more than a million refugees were unable to return to their homes. At the beginning of the twenty-first century, Indonesia was looking less like a near-NIC than a near-failed state.

Indonesia, however, never descended to the depths of full state failure. The concept of the “failed state” had been applied to several countries in Africa in the 1990s where government barely existed and civil conflict became ubiquitous.¹⁰ After the Bali bombing in 2002 following the attacks on the United States in September 2001, Indonesia was regarded by some as a near-failed state and often identified in the international press as a potential base for Al Qaeda.¹¹ But central government authority in Indonesia was in fact much stronger than in countries such as Afghanistan or Somalia where effective rule by local warlords over vast tracts of territory was unchallenged. This is not to deny that several regions in Indonesia had acquired some of the characteristics of failed states. In these regions government authority did in fact break down and local conflicts took on the character of civil war. If regions like Maluku, Poso, Aceh, Papua and parts of Kalimantan had existed as independent countries, they may have fitted the description of failed states, but they were small territories within a far larger state which maintained national institutions throughout its territory even when their authority was sometimes quite tenuous.

A more appropriate framework was that of the “weak state” — the concept proposed by Joel Migdal — in which the institutions of government exist but are unable to impose their will on powerful vested interests in a “strong society”.¹² Migdal’s explanation of state weakness, however, did not fully fit the Indonesian case. The problem in Indonesia under Soeharto was not so much that a reform-minded state lacked the authority to impose its will on powerful vested interests in society as that the state itself had been penetrated by those vested interests.¹³ Segments of the state were “captured” by a disparate range of interests, some of which had their origins in business and others in the state itself, including the bureaucracy and the military.¹⁴ As long as the New Order lasted, these competing segments were held together through their personal and institutional links to President Soeharto and his subordinates but his fall opened the way to increasing fragmentation. In place of the relatively unified New Order patronage network, the post-authoritarian governments consisted of rival parties and bureaucratic factions that all fostered their own patronage networks.

Despite internal rivalries among his supporters, Soeharto’s authority under the New Order had been such that he was able to foster the formation of a more-or-less cohesive political, social and economic elite during the three decades of his rule and prevent the emergence of serious challengers from

within the regime. But the elite's relative cohesion depended on the overriding presence of Soeharto himself and was shown to be brittle when its patron was deposed, even though many of its members survived the "transition" and continued to play major roles in key institutions of the state and associated commercial empires. Richard Robison and Vedi Hadiz argued that "the crisis failed to sweep away the very interests and forces incubated within the Soeharto regime, which underpinned and defined it. These survived to re-establish the economic and political power relationships within new institutional arrangements." Thus, what took place was "the reorganization of the power relations incubated within the Soeharto regime, rather than their fundamental transformation". The difference after 1998, according to Robison and Hadiz, was only that "Authority over the allocation of resources, contracts and monopolies had been shifted from a highly centralized system of state power to a more diffuse and chaotic environment of political parties, parliaments and provincial governments."¹⁵

This book aims to examine how Indonesia pulled back from the precipice in the years after 1998. How could political reforms be implemented in such unpromising circumstances? Initial political reform was not a case of a carefully planned overhaul of state institutions but primarily a response to the chaotic circumstances of 1998. In the face of huge popular protests, President Habibie felt compelled to embark on the dismantling of the New Order authoritarian regime in which he had long played a prominent role. Restrictions on the press and other freedoms were lifted, new political parties were formed and in 1999 Indonesia's first free general election since the 1950s was held. Members of the New Order political elite, however, continued to occupy key positions in the regime. Soeharto and a few of his cronies were forced out but many ministers, bureaucrats and military officers retained their positions while all the provincial governors owed their appointments to the fallen president. Following Habibie's failure to win re-election in late 1999, the short-lived presidencies of Abdurrahman Wahid and Megawati Soekarnoputri saw a broadening but not replacement of the political elite. The many New Order survivors who retained their positions were forced to make room for new entrants, including earlier critics of the Soeharto regime. Successive post-authoritarian cabinets continued to be made up of uneasy multi-party coalitions, including many ministers who had quite comfortably served in, and benefited from, the New Order government. Meanwhile the military remained under the leadership of officers who had loyally served Soeharto in the past.

In contrast to the view that political reform requires strong political leadership with a unified vision and determination to resist pressures from

self-serving sectoral interests, the early post-authoritarian Indonesian state not only lacked capacity to impose policies on a recalcitrant society but was even more than its predecessor thoroughly penetrated by vested interests originating from both outside and within the state itself. How could reform be fostered in, to repeat Robison and Hadiz's characterization, this "diffuse and chaotic environment of political parties, parliaments and provincial governments" where old interests remained entrenched and new interests were emerging? Yet, during the next decade political reform in Indonesia did in fact lead to at least a partial transformation of some key aspects of the political system which, if by no means total, was in many ways quite fundamental and certainly made it very different to the New Order system. This study, therefore, questions whether the "reorganization of power relations" within the old elite necessarily prevented movement toward a more "fundamental transformation". While identifying areas of significant reform, however, it also examines obstacles to, and limitations on, the reform process which sometimes resulted in reform hardly taking place at all.

A central concern of this study is to show how significant reforms were adopted by institutions that were largely dominated by self-interested and often corrupt political forces that in many cases had been closely tied to the Soeharto regime. Grindle and Thomas, in their book on reform in developing countries, distinguish between what they call "crisis-ridden" reforms and those conducted in a "politics-as-usual" environment. They point out that "many reforms emerge and are considered" in circumstances where "policy elites believe that a crisis exists and that they must "do something" about the situation or they will face grave consequences". In crisis-ridden or crisis-driven reform, "concern about national welfare, political stability, and broad coalitions of political support tends to dominate their deliberations". On the other hand, in politics-as-usual reform, "change is considered desirable but the consequences of not acting are not considered threatening to the decision makers or the regime". Thus in politics-as-usual reforms, "concern about bureaucratic and narrow clientelistic relationships is much more apparent".¹⁶

In the Indonesian cases described and analysed in this book, the reform process was launched in crisis-ridden circumstances. The crisis was so severe that most of the surviving members of the New Order elite were persuaded that in order to save themselves they would have to accept substantial reforms, even when such reforms harmed the immediate interests of that elite itself. The initial reforms were adopted by government leaders, members of legislatures and senior military officers who were convinced that drastic reform offered the only way to avoid the deepening of the crisis. Crisis-ridden reforms, therefore, involved drastic changes of direction. The

New Order's managed electoral facade was abandoned and replaced by a highly competitive system conducted in a free and open atmosphere. An extraordinarily centralized system of regional government was replaced by one that was extraordinarily decentralized. A military institution that was deeply involved in the day-to-day political process stepped back from many of its political functions. As the crisis passed, however, the reform process moved into politics-as-usual mode in which progress was more gradual and sometimes seemed to stop altogether. The earlier sense of urgency was lost as reform measures were taken to the democratically elected legislature where rival political parties manoeuvred to gain advantage and politicians were often tainted by "money politics". Nevertheless, amidst the compromises needed to adopt legislation, the outcomes often — but not always — continued to advance the reform process.

This book consists of a series of case studies that examine reform in different fields. It will describe the pressures toward reform that arose in the wake of the fall of the Soeharto regime and will trace the ways in which surviving New Order elites reacted to demands that threatened to undermine the dominance they had enjoyed during the Soeharto years. It will also discuss how new, or revived, political forces used new circumstances to pursue the interests that they represented. Attention will also be given to "normal" political struggles over particular aspects of the reform programme after the original crisis had passed. Reform did not proceed evenly and simultaneously in all fields but varied according to the nature of proposed reforms and the relative strengths of the interests involved in particular struggles.

This book does not aim to present a comprehensive coverage of all the major areas of political reform but analyses cases that show how the reform process progressed or was delayed or blocked in particular areas. The most drastic reforms in the initial "crisis-ridden" stage involved the formal political structure: the electoral system and centre-regional relations. Under the New Order, Soeharto's electoral system had guaranteed overwhelming majorities for the government party, Golkar, in every general election, while highly centralized regional administration enabled Soeharto to ensure the appointment of loyalists as heads of all provincial and district governments. Faced with a continuing threat of renewed disorder, Habibie's government of New Order holdovers was persuaded that it had little choice but to adopt electoral provisions that would inevitably undermine Golkar's own prospects in the coming elections. No less drastic was the decentralization programme, again introduced by the Habibie government and adopted by the Golkar-dominated parliament in 1999 before its composition was changed as a result of the 1999 election. Amidst growing concerns that the nation was

approaching the brink of disintegration, Golkar, together with its military parliamentary allies, now abandoned the extraordinarily centralized system that they had vigorously upheld throughout the New Order era and adopted one of the developing world's most decentralized systems.

In both these cases, however, the willingness of President Habibie and the Golkar-dominated parliament to abandon New Order practices that they had previously upheld was reinforced by self-interested political calculations. As we shall see in Chapters 3 and 4, the Golkar-dominated government was making the best it could of a bad situation to salvage at least some of its influence and power. Although the new election laws were basically damaging to its electoral prospects, it was still able to gain small but significant concessions in its own interest while it appreciated that its long-established nation-wide political machinery would allow it, at least in the short term, to retain a strong position in decentralized regional government.

Another crucial area of reform involved the military which had formed the backbone of the New Order regime but was now unable to insulate itself from the pressures arising from the political crisis. President Habibie, who had been considered a rival by the military leadership during the latter years of the New Order, had little influence in the armed forces so he reached an understanding with the military leaders to allow them to manage their own reform. Fearing that resort to the standard repression of the New Order would only make it more difficult to restore and maintain order, reform-minded generals took the initiative to take substantial steps to reduce their direct political involvement. As the worst of the crisis passed, however, crisis-ridden pressures became less compelling. In contrast to reform of political institutions where the cause of reform was taken up by political parties seeking to expand their own influence, the military mainstream lacked incentives to push for deeper reform after the initial pre-emptive measures. Military reform thus stopped short of the structural overhaul that would have undermined the military's capacity to exercise informal political influence and protect its substantial economic interests. Crisis-ridden reform, therefore, resulted in only partial reform of the military. Post-crisis reform would have to be negotiated both within the military itself and between the military and civilian political forces.

A fourth major institution, the judiciary, escaped much of the brunt of the direct pressure felt in the three areas already discussed. It was almost universally believed by the public that the courts were riddled with bribery but popular protest tended to focus on particular cases of corruption, involving President Soeharto and members of his regime. While blatant failures of the judicial system to uphold justice in particular cases caused public dismay

and outrage, the judiciary as such did not become the target of mobs in the streets demanding reform. In contrast to leaders of the legislature and the military who, if not necessarily deeply committed to far-reaching reform, at least understood the need for pre-emptive measures, the courts were barely touched by such awareness. Only a handful of judges identified themselves with the reform movement and the “court mafia” continued to work as usual. As the crisis evolved into politics as usual, political parties in parliament, themselves often deeply involved in “money politics” and vulnerable to corruption allegations, showed little sense of urgency in considering anti-corruption legislation. Judicial reform had to wait for reform measures to be negotiated in politics-as-usual circumstances.

The dynamics of politics-as-usual reform is very different to that of crisis-ridden reform. Re-active reform in response to the compulsion to cope with an immediate crisis soon loses its driving force when it succeeds in averting the feared disaster. The measures taken to avert the disaster, however, can sometimes damage — perhaps fatally — the institutions of the old regime and thus propel a process of further reform. After the way had been opened to free elections, regional autonomy and military re-organization, the prospects of reversing the reform process had become at least very difficult and probably impossible. The barriers to further reform had been breached during the phase of crisis-ridden reform but the pressures to continue were weaker and more varied. Thus there was no certainty that reform would move on to a higher level. At this stage further reform could no longer be driven primarily by fear of looming disaster. As politics becomes more “normalized”, mass demonstrations and riots give way to competitive elections, routine negotiations between rival groups and the ordinary mustering of political support for specific measures. The sites of further reform shift to struggles in the national parliament and between bureaucratic groups within state institutions.

What drives politics-as-usual reform? According to the textbook version of democracy, citizens express their political preferences in free elections. In order to retain public support, governments are forced to implement the reforms that the people want or are replaced by new leaders who promise to serve the public interest. Ideally, constitutional and electoral reform should facilitate the formation of governments enjoying broad popular support and expecting to serve a full term in office until the next election. Such a government is likely to consist of either a single party or a more-or-less permanent coalition of like-minded parties which commands majority support in the legislature and is therefore able to ensure that the core of its legislative programme is adopted.

In Indonesia, however, as in many other complex plural societies, the collapse of the old authoritarian regime allowed the emergence of numerous new parties and organizations that had previously been suppressed. Post-authoritarian elections produced parliaments in which a wide range of parties were represented and no single party was even close to dominating the parliament. Governments took the form of uneasy coalitions between rival political forces largely reflecting the make-up of the legislature and lacking a common vision and unity of purpose. Legislation often did not follow a coherent “grand plan” submitted by the government but had a patchwork quality reflecting compromises after long negotiations in which “money politics” was normally important.

How was it possible for significant reforms to be adopted by institutions that were largely dominated by politicians, bureaucrats and military officers, many of whom had resisted reform in the past and were now concerned primarily with securing their own access to new post-authoritarian patronage networks? How was it possible that negotiations involving such groups could eventually arrive at outcomes that, at least to some extent, could reasonably qualify as “reform”? Post-crisis reform did not follow a standard “democratic template” in which freely elected legislators responded to popular pressures and bureaucrats implemented the principles of “good governance” in pursuit of a perception of the long-term “national interest”. Rather it was the product of protracted bargaining between largely self-serving parties, both old and new. Committed reformers also contributed proposals but lacked the political power to implement them. Actual reform measures were sometimes adopted grudgingly by beneficiaries of the status quo who anticipated that their own positions might eventually be threatened without at least a semblance of reform. Other reforms were adopted with the support of parties or groups which anticipated concrete benefits from their implementation. The driving force was often the rivalry between political parties and bureaucratic factions seeking relative advantage. Although reformist proposals were often formulated initially by groups or individuals motivated at least in part by idealistic aspirations, their eventual adoption was only possible because they served the interests of key political players in the government and parliament as well as other institutions.

The progress of reform after the initial crisis will also be traced in this study. The most outstanding political reform was the extensive amendment of the constitution that in many respects changed its basic nature after three years of negotiations between parties represented in the People’s Consultative Assembly. Similarly, new electoral legislation was adopted as a result of compromises between parties which were not strong enough to impose

their own wishes on the parliament but had enough influence to safeguard some of their interests. In the case of centre-region relations, hard bargaining produced new laws on regional autonomy which in some respects restored part of the authority of the central government that it had lost in the earlier crisis-ridden legislation but also, by introducing direct elections of regional heads of government, had a powerful decentralizing impact. New laws were also adopted that formally restricted the military's political role although they failed to deal with the basic structural conditions that undergirded the military's remaining political influence. And, in the sphere of the judiciary, new anti-corruption laws led to the establishment of special courts to hear corruption cases which, under the Yudhoyono presidency, ensnared prominent second-level public officials although corruption remained deeply entrenched in the regular courts.

In contrast to these nation-wide arenas, regional challenges of separatism in East Timor, Papua and Aceh and communal conflict in Maluku and Central Sulawesi were somewhat different. Apart from the case of East Timor which had become an international issue, the government's response in these cases, was not driven primarily by the national crisis but by a series of particular crises occurring in different places and at different times. Although conflicts in these regions undoubtedly disrupted local society, they did not constitute an immediate threat to the life of the nation in the way that the economic crisis, political upheaval and the prospect of national disintegration had in 1997–99. After all, the combined population of the affected regions amounted to no more than about 5 per cent of the total population and there was no coordination between them. What were acute crises in those regions were merely chronic from the perspective of the centre.

In this study the cases of Maluku and Aceh are examined in some detail. The local war between religious communities in Maluku was by far the most severe and long-lasting of Indonesia's post-authoritarian communal conflicts while, after the departure of East Timor, Aceh's separatist movement was the most threatening to national unity. Of the regional crises, the Maluku and Aceh conflicts also attracted the most attention from Jakarta. In Aceh the national military had been directly involved from the beginning. In both fundamental differences between warring forces could not be overcome through local negotiations alone but ultimately required new approaches on the part of the central government. Moreover, in Aceh's case, the central government's peace-making efforts received crucial international support. The central government's intervention in both cases was not crisis-ridden from a national perspective, despite the devastating local crises experienced in the two regions, but occurred in a politics-as-usual context.

As this study will show, political reforms adopted by the post-Soeharto governments left many problems unresolved but could not be dismissed as merely cosmetic. Habibie's early liberalizing and democratizing reforms — the holding of genuinely competitive elections, the freeing of the press and other media, the release of political prisoners, regional autonomy, East Timor's independence — made real differences. The constitutional reforms adopted by the MPR during Megawati's presidency also resulted in substantial changes as shown in the 2004 presidential election. Direct elections of provincial governors and district heads, based on the revised law on regional government adopted at the end of Megawati's tenure and implemented by Yudhoyono significantly changed the nature of local politics. But this study also shows that reform in other areas was less far-reaching. In the case of military reform, the early measures, initiated by the military itself, successfully pulled the military out of formal politics but it retained substantial political influence which enabled it to resist demands for further reform. Judicial reform made even less progress until the Yudhoyono presidency when a more serious anti-corruption campaign was launched. To use Grindle and Thomas's concepts again, early crisis-ridden reform under Habibie drastically changed the contours of Indonesian politics while later politics-as-usual reforms met with more obstacles, proceeded more slowly and involved more compromise.

By 2004, when the first direct presidential election was held following the adoption of significant constitutional reforms, the period of chaotic post-authoritarian politics seemed to have run its course. In terms of democratization theory, 2004 could be seen as marking the end of the democratic transition and further movement toward democratic consolidation. To use a phrase much used by American political scientists, democracy can be considered as "consolidated" when it is accepted by all significant political forces as "the only game in town".¹⁷ The results of democratic elections are accepted by all major parties, no credible group seeks to overthrow the democratic order and the legitimacy of the regime is broadly recognized in the society. Thus a consolidated democracy can be expected to endure. Indonesians who voted in the 2004 election could reasonably expect that they would be voting again in 2009. Aspinall uses the term "normalization" to describe post-2004 politics.¹⁸ Most theorists, however, require several elections before passing firm judgement that democracy has been truly consolidated.¹⁹

Democratic "consolidation" or "normalization", however, does not mean that "good governance" is assured and that there is no scope for further political reform. As O'Donnell, writing about Latin America, reminds us, it is often not only the formal institutions of democracy that are consolidated but also informal rules and practices that in turn can subvert democratic principles.²⁰

This study will note many examples of pervasive money politics in government and both national and regional legislatures; the continuing involvement of the military in its own fund-raising; and the widespread influence of the “court mafia”.²¹ Despite these “distortions”, the study suggests that democratic reform has made government much more responsive to popular aspirations compared to the previous authoritarian regime.

Notes

1. World Bank (1993).
2. GNP per capita reached US\$1,135 in 1996. Habibie (2006), p. 220. For an overview of economic growth under the New Order, see Hal Hill (2000).
3. On the Asian Monetary Crisis, see McLeod (1998).
4. Rueschemeyer, Stephens and Stephens (1992), pp. 2, 4.
5. The author was among the pessimists at that time, see for example Crouch (1994). But he was not alone, see for example Liddle (1996).
6. O'Donnell and Schmitter (1986), pp. 3–4, 19, 38–39, 65–66, 70.
7. Aspinall (2005*a*), ch. 1.
8. Huntington (1991), ch. 3. As Huntington himself acknowledges, “historical cases of regime change did not necessarily fit neatly into theoretical categories.” Huntington (1991), p. 114.
9. Lindsey (2001); Nordholt and van Klinken (2007).
10. Zartman (1995). Huntington had earlier used the term “praetorianism” to describe what were later called failed states. Huntington (1968), ch. 4.
11. Schuman (2002).
12. Migdal (1988).
13. Crouch (1998).
14. Weber's term, “patrimonialism”, has been used to describe this situation. Crouch (1979).
15. Robison and Hadiz (2004), pp. 10, 215, 253. Some observers might of course conclude that this amounted to a “fundamental transformation”.
16. Grindle and Thomas (1991), pp. 6, 14.
17. Linz and Stepan (1997), p. 15.
18. Aspinall (2005*b*), p. 154.
19. The unexpected military coup in Thailand in 2006 provides a warning.
20. O'Donnell (1997).
21. It will also note that “money politics” can sometimes be utilized for beneficial purposes, most notably in resolving the Maluku and Aceh conflicts.