

Local Democracy, the Failure of Economic Development and Social Conflicts in Indonesia

Nanang Pamuji Mugasejati¹

This paper would research on the development of violent conflicts which recently widespread in some regions in Indonesia by using Complex Political Emergencies (CPE) perspective and its relation with local democracy, economic development and state governance in Indonesia. CPE concept originated from African experience in dealing with complicated problems coming from the failure of economic development, the collapse of democracy and ethnic conflicts. Although the Indonesian and African experiences are not totally similar, but they are not totally different. In my view, Indonesia is a “mixture”: it is an “modern” state as part of the dynamic of Asia Pacific economic development, but it is also part of African experiences in terms of ethnically diversified country and level of economic development in some parts of Indonesia. Indonesian population consist of more than 350 different ethnic groups and the with imbalance of economic developments among regions.

As we all know, in 2000 a few years after democratic regime installed, Indonesia suffered from high scale ethnic conflicts in Ambon, Poso, Kalimantan and other regions as well as self-determination conflict in Aceh for more than 30 years. The total victims during that period were estimated more than 30.000 peoples. Now, the risk of repeating ethnic conflicts in big scale like are probably not too “threatening” anymore. These conflicts may have more tended to be a buried past.

However, if we look to the development during the last three years carefully, it seems that we still need to be cautious that those ethnic conflicts may transform into political conflicts. The conflict scale is getting smaller, but unfortunately the frequency is increasing quite sharply. A survey conducted by Institute of Peace in Jakarta revealed that during 2008, there were 1,136 cases of violent conflicts in Indonesia which means at average there were about 3 violent conflict cases took place in Indonesia everyday. From all of these violent conflict cases, 30% was lynching related to social crimes, 22% was resources-related violent conflicts, 16% was political conflict, only 2% which was

¹ Associate Professor at Faculty of Social and Political Science, Gadjah Mada University, Indonesia and Director of Graduate Program on Peace and Conflict Resolution, GMU. Email: nanangpm@hotmail.com. This paper is presented at ANDA conferences in Phnom Penh, Cambodia, January 8, 2010. This is draft paper, please do not quote.

ethnic conflicts and the rest were small inter-village riots.² Because lynching is more crime-related than social conflicts, so this survey showed that the 1st and the 2nd rank social conflict in Indonesia were political and resources-related conflicts. Compared to 2007 survey, for example, these two type of conflict were still a minor phenomenon in Indonesia, while ethnic conflicts were still the most important contributor of Indonesia conflict cases in 2007.

This paper focuses on the two type of conflicts: (a) political conflicts and (b) resources-related conflicts which in my view closely related with problem of governance in Indonesia, particularly with local democratization and the failure of economic development in Indonesia during the period of decentralization. These 2 type of conflicts are now manifested in some political and economic issues such as expansions of administrative areas, political conflicts during local elections, conflicts related to policy implementation, conflicts related to economic redistribution, conflicts between legislative and executive, and etc.

The questions of this paper are: why political and resources-related conflicts are the rising problem in post-authoritarian Indonesia? How these conflicts connected with problem in democratization, economic development and governance?

I. “Complex Political Emergencies” Model

Either political or resources-related conflicts are well understood through the model of Complex Political Emergencies. This model was built on conflict cases mostly in Africa and a few in Middle Asia. CPE concept is applied to describe various forms of conflict, which have a combination of these special characteristics below:

1. Geographically, CPE can happen in- or inter-state. CPE is a hybrid conflict that cannot be described obviously as a pure in-state or intra-state conflict.
2. *Having a cause and effect relation related to politics, especially to power and competition for limited resources.*
3. Having a *protracted* duration. CPE has a continuous characteristic; rarely is it temporary after the society gets through a crisis and goes back to normal.
4. There is a *social cleavage*.
5. Symbolized by the appearing of '*predatoric social formation*'. CPE is frequently ethno-nationalistic of which characteristic of loyalty to certain social group and

² Warta Titian Damai, February 2009. Website: www.titiandamai.org. World Bank also conducted research on the trends of societal conflicts in Indonesian in 2004. The report could be downloaded at: http://www.conflictanddevelopment.org/data/doc/en/conflictMapping/ISPD_lcl_cnflct_incidence_patterns.pdf

accompanied by a strong antipathy toward another social group living in the same state. These groups are often mobilized and manipulated by political opportunists and conflict entrepreneurs.³

Why CPE emerge? In Africa, there are at least 4 factors contributing to the emergence of CPE:

1. Developmental policy failure of both the government and international donor community. This failure can be divided into two categories; they are: (a) development failure that creates economic dislocation which then increases possibility of conflict to happen, and (b) economic failure that causes bad impacts to marginalized areas and groups disadvantaged by economic adjustment policies.
2. Failure of conflict management. It appears in the form of using security bureaucracy to deactivate opinion differences, and reluctance to negotiate with armed opposition groups.
3. No democratic process. It can appear in the form of state institution which does not have legitimacy in front of its people, does not have a procedure to maintain political elites' accountability, and lack of political procedures agreed together to process political demands.
4. Failure of state capacity and governmental process, in general which in a lot of literature is characterized as "fractured states" or "broken-backed states", "lame Leviathan", and "state failure", "dissolution", "collapse", etc. This failure decreases state capability to respond to people's demands and to manage conflicts in non-repressive ways. Besides, this systemic failure causes the loss of violent instrument effectivity and monopoly by state which then makes communal violent conflicts possible to escalate.⁴

Cliffe and Luckham offer a frame to understand CPE by looking at the causes and consequences. In the beginning, there were forms of international supports which then support continuance of authoritarian regime, cuts democratic processes, and boosts inter-elite conflicts to happen; foreign power interventions into local and regional conflicts; economic pressures appearing from peripheralization in global economy; opposition potencies appearing as an economic and political impact in post-Cold war era; and complex regional relation between the states and armed groups in areas of their

³ Jonathan Goodhand and David Hulme, "From Wars to Complex Political Emergencies: Understanding Conflict and Peacebuilding in the New World Disorder, *Third World Quarterly*, Vol. 20, no. 1, 1999.

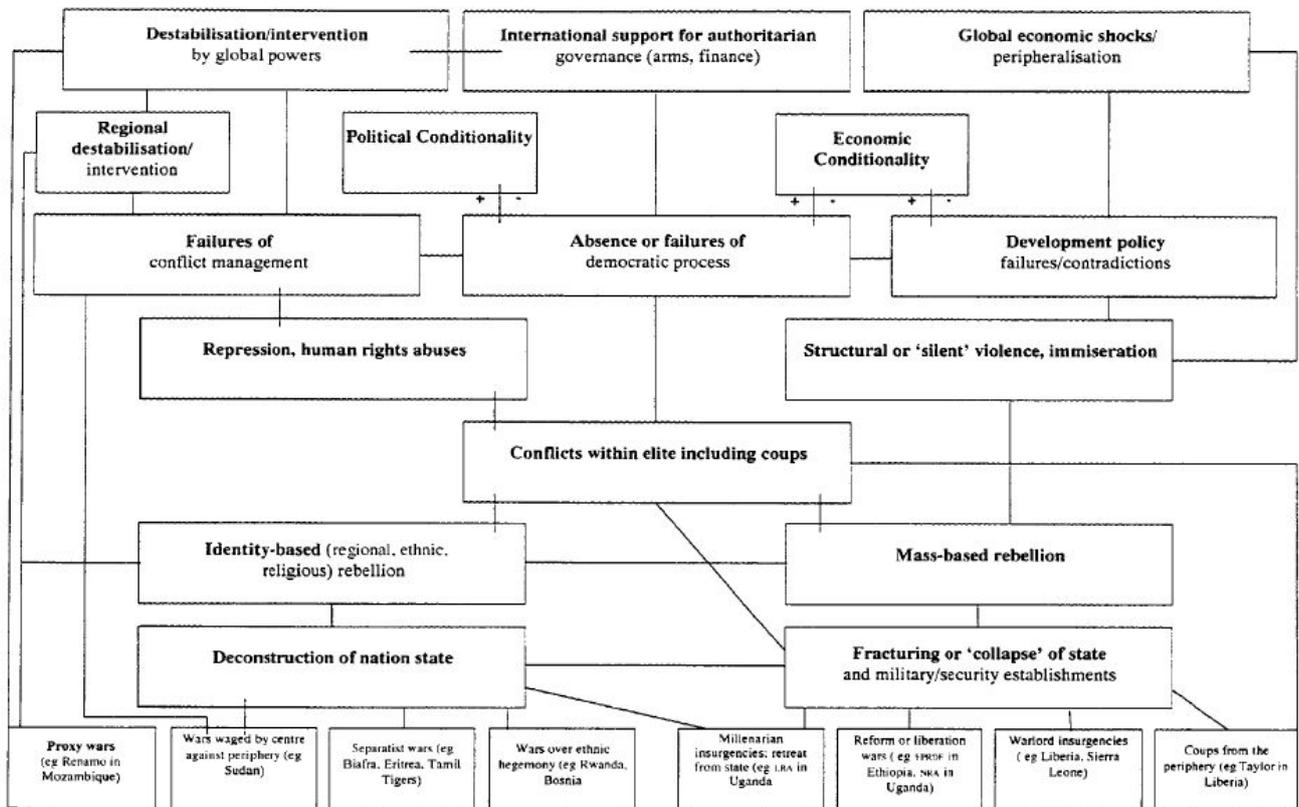
⁴ Lionel Cliffe and Robin Luckham, "Complex Political Emergencies and the State: Failure and the Fate of the State", *Third World Quarterly*, Vol. 20, No 1, 1999, pp. 27-50.

neighboring states.

Then, there are three dimensions of state failure appointing to failure of developmental policy, stagnation of democratic processes and conflict management which is caused not only by the regime failure, but also international conditions. It rises “structural violence” because of developmental mistakes, political and state repressions and inter-elite conflicts which give military coup and political instability possibilities to happen.

These failures arise widespread alienation of the regime. This kind of alienation is manifested in various forms. Then they bring forth various forms of war that can be included into the category of CPE. They are:

1. *Proxy wars* delivered by interventions and supports of regional and global power to the resistant groups.
2. *Center-periphery war*, conducted by the central state to oppress peripheral resistance to the central control, just like what happened in Sudan.
3. *Separatist wars* or *secessionist wars*, like what EPLF did in Eritrea or Tamil Tiger in Sri Lanka.
4. *Ethnic wars*, to strengthen or resist ethnic, religious, or areal hegemony by dominant groups against the state, like in Bosnia or Rwanda.
5. *Millenarian insurgencies*, rooted from group resistance or will with unclear political motivations, but alienated deeply through ethnic or socio-economic marginalization to retreat from the state, for instance Lord’s Resistance Army in Uganda.
6. *Reform wars* or *liberation wars*, to resist corrupt and repressive state and try to rebuild a social order which is better and not too exploitative. Even though this kind of war is rarely found in the era of post-anticolonialist wars, resistance committed by groups like EPLF and EPRDF in Ethiopia and NRA in Uganda can be used as an example.
7. *Warlord rebellions*, like in Liberia, Somalia, or Sierra Leone.
8. *Coups of peripheries*, conducted by politicians, for example, Charles Taylor in Liberia, or military coup by General Aideed in Somalia to fight against state central institutions.



Source: Cliffe and Luckham, 1999.

II. Relevance of CPE with Conflicts in Indonesia

The CPE Model gives better understanding toward relations of development policies, conflict management capacity, and political democratization. The conditions in Indonesia are absolutely different from the conditions in Africa and Middle Asia where the CPE model was developed. Nevertheless, referring to this model, we can take a picture of the descriptions of Indonesia better.

A. Do we have CPE conflicts in Indonesia?

Among 8 different type of CPE wars as has been explained before, at least 6 type of CPE conflicts could be easily found in Indonesia:

1. Proxy wars, delivered by interventions and supports of regional and global power to the resistant groups: Ambon conflicts could be the example of “mini” proxy war in Indonesia. Although the information was confidential, some believed that conflicting factions during Ambon conflict were granted many

form of supports from foreign powers.⁵ In this sense, Ambon conflict was not merely an ethnic conflict, but as political conflict among factions supported by competing political factions in Jakarta as well as in by foreign powers. To date, some small-scale sporadic conflicts still exploded in Ambon especially related with South Maluku Republic Movement (*Republik Maluku Selatan*, RMS), a conflicting faction which has connection with some politician in Dutch.⁶

2. Central-periphery war, i.e wars conducted by the central state to oppress peripheral resistance to the central control. In Indonesia, the protracted conflict in Papua Province could be explained as this type of war.⁷
3. Separatist wars or secessionist wars: this type of conflict took place in Aceh (before the Helsinki Peace Agreement) and Papua regions.
4. Ethnic wars: the most violent ethnic conflict in Indonesia took place between 2000-2002. After the government succeeded in resolving the violent conflict, the issues of conflicts are now transforming into post-conflict issues, like agrarian conflict (between the refugees and local population in Kalimantan, Ambon, and Poso) as well as local election related conflict. This happen particularly because the conflicting actors had been transformed into political actors, without significant transformation in term of strategic action choice, with violent tactics is still in use.
5. Millenarian insurgencies: some muslim movements in Indonesia, including the radical wings, could be categorized as millenarian movement. The millenarian idea, for example, could be found in the global "*khilafah*" concept.⁸ Intra religion conflict in Muslim communities, for example among Ahmadiyah sect and non-Ahmadiyah in Mataram, Western Nusa Tenggara Province and conflict against the movement of "new prophet" in Java, were good example of the seed of millenarian conflicts in Indonesia.
6. Warlord rebellions: the role of "warlord" during ethnic conflicts era in some parts Indonesia is now transformed into local political leaders or political broker (*bandar*). The *bandar's* functions are to make sure that his candidate to

⁵ For this information, for example, visit <http://www.infoanda.com/linksfollow.php?lh=BIBWBQtUAwZX>.

Other information could be obtained from <http://groups.yahoo.com/group/ambon/message/46788>

⁶ "*Fase Terbaru Konflik di Ambon*" (The New Phase of Ambon Conflict"),

http://www.komunitasdemokrasi.or.id/comments.php?id=P58_0_14_0_C

⁷ Richard Chauvel and Ikrar Nusa Bakti, *The Papua Conflict: Jakarta Perception and Policies*, (Washington: East-West Center, 2004).

⁸ On this concept in Indonesia, see <http://www.khilafah1924.org>. This website is dedicated to disseminate information about *khilafah* concept in Indonesian language.

win the local election by, for example, financing the costs, arranging the candidacy, manipulating the electoral process, etc.⁹

B. Factor Contributing to the Emergence of CPE in Indonesia:

1. First, the failure of developmental policy of the government or international donor community.

As explained by CPE model, some political conflicts in Indonesia are also related to:

(a). economic dislocation:

Regional disparities in Indonesia have been severe compared with other countries, after the financial crisis in 1997 and then worsened by the implementation decentralization act 2004, which stipulating that municipal / regency where the natural resources located, earn higher revenue share compared with the province government and other municipalities/regencies in the same province. With higher revenue share, the prosperous regions will experience faster economic growth and lead to larger inequality between regions.¹⁰

(b). severe impacts to marginalized areas and groups disadvantaged by economic adjustment policies.

(c). homogenization of source of people's economic power.

The prime mover of economic activities in some regions in Indonesia mostly coming from state budget or activities related to the state affairs. Even though it is still difficult to compile public data on this matter, but we could reveal this trend by examining several facts as follows. The research conducted by KPPOD, Committee for Decentralization Oversight (*Komite Pemantauan Pelaksanaan Otonomi Daerah*) show that only 2 percent of the local governments moving toward business-friendly regulation procedures. The decentralization process in Indonesia at whole is still blocking the goal of creating local development and local industrialization. At the local government side, the tendency to prioritize local budget rather than local GRDP (gross regional domestic product) will still discourage the potential investors that want to stay away from illegal and excessive charges or levies. Local budget (APBD) is relatively

⁹ Mohtar Mas' oed, "Formal Institutionalization Necessarily Breed Consolidated Democracy?: Post-Authoritarian Indonesia", mimeo, no year.

¹⁰ Adiwan F. Aritenang, "A Study on Indonesia Regions Disparity: Post Decentralization". No year.

failed to function as local economic stimulator.¹¹

What is the meaning of this development?

- There is a tendency of homogenization of people's source of income; either national government budget or local government budget.
- There is a decrease of private wealth-making power capacity in the society.
- Problems of economic resources competition among local elit is now solved by political approaches, for example by expanding a new municipal/regency.

Table 1. Growth of New District during Decentralization Period

Population		No. of District / City		
	(millions)	1998	2001	2004
Java Island	112.0	103	105	109
Sumatra Island	47.7	74	96	132
Kalimantan Island	10.9	30	38	52
Sulawesi Island	14.4	40	45	62
Bali and Nusa Tenggara Islands	10.9	29	30	34
Mauku/Papua	4.2	16	22	45
Total	200.1	292	336	434

Source: USAID-DRSP, "Stocktaking on Indonesia's Recent Decentralization Reform", Jakarta: August 2006.

This condition rises a phenomenon which in developed countries is called "democratic crisis". It is a crisis when state policies cannot meet all the people's demand because of the decreasing private wealth-making power, so the policies government biased to certain "powerful" groups and eventually lost of its rational foundation in making decision.

¹¹ Various surveys on the relations between local autonomy and economic competitiveness conducted by KPPOD could be accessed from <http://www.kppod.org>. See also, Bambang Brodjonegoro, *Three Years of Fiscal Desecentralization in Indonesia: Its Impact on Regional Economic Development and Fiscal Sustainability*. Downloaded from: [http://www.econ.hit-u.ac.jp/~kokyo/APPPsympo04/Indonesia\(Bambang\).pdf](http://www.econ.hit-u.ac.jp/~kokyo/APPPsympo04/Indonesia(Bambang).pdf)

(d). dependency to natural resources as a source of economic (as well as political) power.

This factor is related to the previous factor, especially because the fight to struggle for economic resources is committed in the area of political competition, so a tendency to exploit natural resources (mineral, energy, forest mining, etc.) appears. This “unofficial” information of the field says that some administrative rights to give permission to exploit natural resources becomes an economic source used to fund political activities. It escalates political competition to struggle for administrative rights to give permissions to exploit the natural resources. In a situation like this, potencies of conflict will increase.

Table 2. Average Revenue Composition Pre and Post Decentralization

	1994-2000	2001-2004
Own Revenue: Regional Taxes Regional Levy Profit of Regional Corporation	0.21	0.13
Fiscal Equalization Funds: Tax Sharing Natural resources sharing Specific purpose grants General purpose grants	0.13	0.78
Other Legal Official Revenue	0.66	0.09

Source: Ministry of Finance.

2. Second, failure of conflict management.

Failure of conflict management in Indonesia is especially related to the more local conflicts.¹² Political protests in many regions are mostly ended by violence. Theoretically, we can guess that this failure is related to some factors, i.e.:

(e). the weak security sector reform process;

(f). low security instrument capacity to be able to do its duties effectively.

¹² As a rough description, by using google search engine, key word “demonstrasi” (= protest) and “konflik” (= conflict) for pages in Indonesian language gives 18.800 pages found! It shows roughly that political conflict epidemic is a serious threat.

3. Third, not yet consolidated democracy in Indonesia.

The third factor contributing to the emergence explanation of CPE in Africa is the failure of democracy. In Indonesia, the democratic condition is totally different with Africa, in the sense that Indonesia has been successfully adopting procedural democracy with regular election and freedom of press. The problem in Indonesia is not whether we have democracy or not, but how deep is democracy in Indonesia consolidated. The very deep problem in democratic Indonesia is the failure to generate social capital and reducing "predatoric social formation".

Democratic institution which is built on the ethnically divided society in Indonesia is failed to create the sense of Indonesia-ness, as a researcher concludes:

"The rising power of districts has also resulted in the establishment of barriers to the inter-district movement of goods, services, capital, and labour in some districts. Inter-district barriers were imposed in some districts, and they may take the form of taxation, tariff and non-tariff barriers. This inward-looking tendency is exacerbated when the policy is also associated with giving privileges to people based on their ethnicity and religion and whether they are *putra daerah* ("local people"). Obviously, such inward-looking policies may not be sustainable in the long run. They tend to incite political instability and a threat to national unity..."¹³

However, theoretically, actually there is a very complex relation between democracy and "trust-building" in a very heterogeneous nation such as Indonesia. Indeed, some components in democracy requires "distrust", for example: periodical general election and function period, collective or majority decision-making principle, check and balances, rule of law, independent courts, civic rights, and etc.¹⁴ Paradoxically, democracy requires a process full of distrust, to bring forth output which can strengthen trust. Because of this problematic democracy for this perspective, even the "knight" of liberal democracy – Robert Dahl – still emphasizes the importance of "political consensus" as a template of liberal democracy.

¹³ Riyanto, "Riding Along a Bumpy Road: Indonesian Economy in an Emerging Democratic Era", *ASEAN Economic Bulletin*, Vol. 23, no. 1, April 2006.

¹⁴ Eric M Uslaner, "Democracy and Social capital" in *Democracy and Trust*, 1999, pp. 141-2. Piotr Sztompka, "Trust, Distrust and Paradox of Democracy", Berlin: Wissenschaftszentrum Berlin für Sozialforschung GmbH (WZB), 1997.

Table. Level of Societal Trust toward State Institution

Component	Percentage of Trust
Central Government	23.2
Local Government	29.3
Army	26.3
Police	15.4
Parliament	13.6
Legal system	25.1
Public Education	44.4
Public Health	45.4
Political Party	5.8
Labour Union	13.3

Source: Asia Barometer 2007 Survey.

The above table shows the problem of trust building in democratic Indonesia. The assumption saying that democracy can minimize risks of violent conflicts may be questionable. 'Distrust-generating' processes to get through in democratic process have a potency to increase risks of violent conflicts if they fail to deliver political policy output which can produce trust.

4. Fourth, failure of state capacity and governmental processes in general.

In Indonesia the problem of state failure is more prevalent in terms of the failure of state governance, namely (a) lack of law enforcement and (b) the emergence of "state within state" phenomenon. In many countries, two of the symptoms of state failure are warlord and black-market economy operations. The definition of warlord is "a person with power who has de facto military control of a subnational area due to armed forces loyal to the warlord and not to a central authority. The term can also mean one who espouses the ideal that war is necessary, and has the means and authority to engage in war. The word has a strong connotation that the person exercises far more power than his official title or rank (if any) legitimately permits him."

Here we might be able to conclude that historically, Indonesia does not have any warlord. However, political development recently tends to show that political dynamism in regions are controlled by local elites or even political brokers functioning as "king-maker" or as previously mentioned, the *bandar*. Political conflicts in regions is assumed to have a close relation with this kind of political brokerage activity.

In some areas, the development of this local political elite is strengthened by black market economy which becomes an economic source for perpetuating these local elites' power, especially in "border areas" where smuggling creates economic activities in a relatively bigger scale.

Some illustrations below describes the complexity of this matter:

"In investigation results of Committee Anti-Manipulation of Tax and People's Asset (Kampar) for the period of 2005-middle 2006, it is assumed that state suffers a 1.8 trillion rupiah loss from cellular phone tax. Total of cellular phone entering Indonesia in 2005 was not less than 10 million units. In 2006 it is predicted for about 50 million units. Meanwhile, in 2007, it is predicted that it will reach 60 million units. "But what came through legal import procedures was only 750 thousand units or about 7.5 percents of it. Meanwhile, the 9.25 million units or 92.5 percents of it is contraband which is usually called as black-market cell phones."¹⁵

"In 2002-2005 there were 24 times of weapon shipment from Singapore to Indonesia. Unfortunately, the total of weapons sent was unknown. It was delivered by a member of the first Commission of Parliament, Yudi Chrisnandi, in Democratic Dialectic discussion in Press Room of Parliament House, Senayan."¹⁶

III. Conclusion

Modified CPE model, which originally concluded from African experiences, could be a good analytical tool to observe Indonesia experience in relation with democracy, economic development, state governance, and social conflict. Theories of democratic and economic development as well as governance theory (including developmental state theory) rarely incorporating social conflict as important variable in explaining highly diversified ethnic countries, like Indonesia. Consequently, social and political conflicts in Indonesia are seen as "anomaly" or "external" events outside democracy, development and governance.

In this paper, I show that social conflicts must be internalized in the understanding of democracy, development and governance. Some new findings are as follow:

- (a). Risk of political conflict will increase if economic development policy increases economic dislocation,
- (b). Risk of political conflict will increase if severe impacts of economic policy increases

¹⁵ Rakyat Merdeka, 10 December 2006.

¹⁶ <http://detikinet.com/index.php/detik.read/tahun/2006/bulan/07/tgl/07/time/163702/idnews/631407/idkanal/10>

in marginalized areas,

(c). Risk of political conflict will increase if disadvantaged groups due to economic adjustment policies increase,

(d). Risk of political conflict will increase if homogenization of people's economic source of power (private wealth-making power) strengthens, merely from state budget or activities related to state,

(e). Risk of political conflict will increase if dependence to natural resources as an economic and political source of power increases,

(f). Risk of political conflict will increase along with the weakening security sector reform process,

(g). Risk of political conflict will increase along with the decreasing security instrument capacity to be able to do its duties effectively in the scope of human rights principles,

(h). Risk of political conflict will increase along with the decreasing conflict management capacity institutionalization in democratic institutions,

(i). Risk of political conflict will increase if symptoms of "warlord" politics strengthened,

(j). Risk of political conflict will increase if economy is dominated by black market practices.

(k). Risk of political conflict increase if the democratic process failed to create social capital (trust) and strengthen the predatorial social formation.