

The Yudhoyono Presidency: Indonesia's Decade of Stability and Stagnation

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A Decade of Missed Opportunities

The Yudhoyono Presidency: Indonesia's Decade of Stability and Stagnation is a collection of papers that were presented at the annual Indonesia Update conference at the Australian National University in 2014 and edited by three Indonesianists: Edward Aspinall, Marcus Mietzner, and Dirk Tomsa. The volume's aim is to understand the presidency of Susilo Bambang Yudhoyono (SBY, as he is called in Bahasa Indonesia) between 2004 and 2014. SBY was the first president elected through the democratic means of direct election in 2004. He was subsequently reelected in 2009, making him the first reelected president in democratic Indonesia. The Indonesian experience of directly electing a president in 2004 and 2009 was a watershed in the country's modern history.

This book emphasizes the personality of SBY to evaluate his terms as president of Indonesia. The most visible feature of SBY's personality was that he "was a *peragu*—a hesitator or vacillator who took care to avoid political controversy that he was rarely able to take decisive policy action" (p. 3), as described by the editors of the book. They also depict SBY as a moderating president, which means that "he viewed himself as leading a polity and a society characterized by deep divisions and he believed that his most important role was to moderate these divisions by mediating between the conflicting forces and interests to which they give rise" (p. 4). For some scholars this approach offers the possibility of writing about the positive impact of the stability offered by the SBY presidency over a 10-year period. This judgment is correct, especially when located in the broader context of Indonesian politics after the *Reformasi* (Reform), which started in 1998 and led to many social conflicts and deep divisions within both the polity and society.

However, by prioritizing stability and harmony, SBY also allowed himself to miss important economic opportunities that were provided by a commodities boom. How were these opportunities missed? It seems that SBY was reluctant to take on difficult policies because they would likely bring about open confrontation in society, and also with voters. Some of this book's contributors discuss these policies, suggesting that SBY did not take decisive action on issues such as social welfare and human rights and that this inaction can be traced to his personality.

Another obstacle that confronted SBY was the decentralization policies adopted by President Habibie in 1999. These policies eliminated the hierarchical relationship that had existed between the central and local governments under Suharto's New Order. This hierarchy had allowed Suharto to monitor and control governors and mayors or regents, which also meant that he had the power to control policies as far down as those affecting regions. The elimination of the hierarchy between the central and local governments put the president in a much more difficult situation if he wanted

to monitor national policies that had to be implemented at the local level. SBY had to operate in this new political structure of no hierarchy between the central and local governments. However, there was something that his central government was able to control: the flow of funding to regions. This control of funds served as the foundation of power for the president. Therefore, it is no surprise that SBY tried to reduce decentralization by reducing the authority and power of local governments. SBY did not openly put forward an effort to recentralize the political system, but the Ministry of Home Affairs, which was under his control, put forth initiatives to take back central government control over the regions.

In short, this book illustrates SBY and the policy actions of his government through two different approaches: personality and structure. In terms of the personality approach, SBY is shown as a vacillator with a tendency to take the middle position. Structurally (some of the writers call it the institutional approach), the government formed a political coalition—a rainbow coalition—with various parties having very different ideologies, from secular-nationalist to Islamic. These approaches are relatively successful in offering a comprehensive portrait of SBY with all the consequences of this coalition.

These two approaches aim to help us understand the presidency of SBY, but they could have been sharpened by borrowing an institutional economics approach (this approach is very different from the institutional approach used by some of the scholars in the book). Institutions are understood as formal or informal regulations created as a framework for guidance for living together in a polity and society. With this simple understanding of an institution, it can be seen that SBY functioned within the confines of the legacy that he inherited. This legacy was in the form of various regulations in politics, society, and the economy. For example, in the political domain SBY continued to adopt a coalition government, which had been initiated by Presidents Abdurrahman Wahid and Megawati Sukarnoputri. This was an indication that SBY operated in a web of institutions that were created before his presidency. On one hand, he was able to navigate his policies by negotiating this web of institutions. On the other hand, he had opportunities to create new institutions that would serve as the foundation of his rule. Therefore, even though SBY wanted to make certain changes he had to do so within the existing institutions. This is known as path dependency. Considering these facts, therefore, SBY's opportunities to effect change were wide open, but it would not be wise to think that he would put forward revolutionary policies. Drastic changes could only be proposed under huge political pressure involving large numbers of actors from both the polity and society. One can think of *Reformasi* as an example of a dramatic change that transformed many rules not only in the political arena but also the economic one.

I agree with the conclusion of the book. However, the explanation provided by institutional economics offers a comprehensive picture that describes the achievements and failures of SBY in managing the Indonesian polity, economy, and society in 10 years. From a political standpoint SBY is not the first president to have taken the initiative to form a political coalition to secure his power.

SBY made this political coalition into a much deeper form by inviting many political parties except for PDIP (Indonesian Democratic Party-Struggle), the party chaired by Megawati Sukarnoputri. By doing this SBY not only received political support from parliament, especially when he needed it to pass legislation or government policies, but also secured his presidential position from possible impeachment. It seems he believed that distributing ministerial seats would secure his political position as those political parties would back him. In short, SBY was part of a large web of power that was created before his presidency and he smartly operated within this web.

An effort by SBY to achieve his goals, as mentioned by several writers in the book, may be seen in the light of institutional complexities that existed before his administration and which he could not manage effectively. One of the legacies that he could not deal with was the bureaucracy both in the central and local governments. The most obvious examples are the installation of UK4P, the Presidential Work Unit for Development Monitoring and Control, and TNP2K, the National Team for the Acceleration of Poverty Reduction. Those two new bodies were installed outside the previous bureaucracy and reflect SBY's inability to reform the bureaucracy, but at the same time they may be interpreted as his reluctance to shock the gigantic bureaucracy. If the ministries responsible for coordinating and supervising development could have worked together, perhaps SBY would not have needed to establish those offices outside of his Cabinet to monitor and supervise development.

SBY's administration had a golden opportunity when it saw an increase in the price of exported commodities in the international market. This is an implicit message of the book: that SBY's government did not benefit from the rise of commodity prices on the international market in order to pursue a more ambitious economic agenda. The book explains that under SBY's administration Indonesia experienced a boom in primary commodities such as coal, other mineral resources, and crude palm oil. It can be said that this was Indonesia's second boom, the first one being the oil boom in the 1980s. Thus, the country once again received a huge opportunity to transform its political, economic, and social life.

Anne Booth (1998) explains that throughout its history Indonesia lost some opportunities because it put small investment in the secondary and higher education sector, which in turn did not create a pool of labor with high skills. Booth talks about Indonesia since the Dutch time until 1990s. The relevant point of Booth's discussion is that SBY's administration paid little attention to secondary and higher education to form a significant pool of skilled labor. SBY did embark on a serious effort to increase the length of compulsory education to nine years, but one should note that this initiative was rooted in the previous government and stagnated due to the economic crisis that hit the country in 1997/8. This effort toward nine years of compulsory education does little to achieve the target of establishing the pool of skilled labor that the country needs to tackle various problems, mainly the middle-income trap.

This book also mentions some difficulties faced by SBY in the improvement of human

resources. Data provided by contributors such as Faisal Basri and Dinna Wisnu show that SBY's performance in the education sector was a mere continuation of the previous administrations', starting from Suharto's time. They mention that SBY had huge opportunities to improve the human resources development of the country. If we look at the 1970s, Esther Duflo (2004) argues that in the primary education sector Indonesia had experienced success in improving the skills of its population through a massive effort to build primary schools in many parts of the country. As a consequence, any government had to seriously acknowledge this effort and take it to a higher level.

Why is education important for Indonesia? Even though there is little discussion on the future challenges that Indonesia will confront, it seems that the country's plan for integration with other member of Southeast Asian countries stressed the relevance of education. This year the ASEAN Economic Community (AEC) takes effect, and Indonesia should have prepared for this economic cooperation years ago. In this book the AEC is discussed from a very different perspective by Evi Fitriani (p. 78) and Hal Hill (p. 300). Looking at the SBY administration's handling of the education sector, one could argue that this administration did not adopt suitable policies to prepare Indonesia to enter the AEC. Such policies would have placed Indonesia in a better position to address labor issues. If the SBY administration was reluctant to take necessary measures to improve education, the impact will be seen in the next 10 years or more. When students at the secondary level cannot continue to university level, or only a small proportion of those students continue, there will be a problem in the provision of human resources.

This book covers almost all the problems confronted by the SBY administration. However, it is surprising that it does not provide a section discussing the dramatic changes in the mining sector after the law on mineral and coal took effect in January 2014. The law passed in December 2008 and was signed in January 2009. When it took effect in 2014 it created a controversy, as it banned the export of all mineral ores from Indonesia. The Indonesian government wanted to benefit from the export of minerals by proposing domestic processing of the commodities. At the same time it proposed a reduction in the export of unprocessed minerals. These proposals were put forward when the international prices of those commodities decreased. Companies operating in Indonesia were forced to build smelters. The Indonesian government and foreign companies that hold big concessions in the mining sector are still negotiating on how to settle the issue, because building a smelter is a relatively less profitable business enterprise for a company.

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Brunei: From the Age of Commerce to the 21st Century

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Brunei: From the Age of Commerce to the 21st Century is a translation of Marie-Sybille de Vienne's book that was originally published in French, titled *Brunei: De la Thalassocratie à la Rente* (Paris: CNRS, 2012, index, 303pp., translated by Emilia Lanier). This fascinating work examines how Brunei, a tiny sultanate of 5,765 square kilometers in the South China Sea, became today's extraordinarily rich state. Through the lens of economic history, de Vienne explores this transformation in terms of monarchy, Islam, and trade. Interestingly, although de Vienne deals primarily with the society and economy of modern Brunei (1984–2014 in this volume), the early history of Brunei is briefly explored in Chapters 1 and 2 (pp. 1–60). This is key, as the political, economic, historical, and religious aspects of Brunei cannot be explained without an understanding of the maritime "Age of Commerce" (Reid 1988/93) in Southeast Asia.

The most significant contribution of this book is that it provides the first published overview of the long-term history of Brunei. As an anthropologist and specialist in indigenous communities of the Baram Basin, Northern Sarawak, Malaysian Borneo, I have a keen interest in records of Brunei that describe the historical situation of Sarawak under the Sultan of Brunei. As de Vienne notes, "Brunei is thus the heart of a network in which all points on a north/south axis (from Canton at the top, down to Flores) correspond in pairs to the focal points of trade of the South China Sea" (p. 9).

Sarawak is well known as a major producer of jungle or forest products. By the early 1880s it was clearly outstripping its Bornean neighbors in its volume of such products, thus constituting a major proportion of the trade profile of all four countries: Brunei, Labuan, North Borneo, and Sarawak (Cleary 1996, 313), with Brunei being the most powerful polity. Carl Lumholtz writes that Antonio Pigafetta arrived in Brunei from the Moluccas in 1521, along with the survivors of Portuguese explorer Ferdinand Magellan's expedition, and was the first to give an account of it to the Western world. Pigafetta called it "Bornei," which later, with a slight change, became the name of the whole island (Lumholtz 1920, 19).

Given the importance of Brunei in the history of the Southeast Asian Archipelago, the lack of good English references on the country is surprising. To the best of my knowledge, this is the only academic publication that examines the long-term economic history of this sultanate from the