

Viewpoint

JakartaGlobe

'Look of Silence' a Call To Confront Our Past

The killing of more than a million alleged members of the Indonesian Communist Party, or PKI, in the aftermath of the Sept. 30, 1965 power struggle will forever haunt this nation.

While several mass killings occurred later during the New Order regime, the communist massacre is the one event that still exposes us to international humiliation.

While we would like to portray ourselves as a nation that freed itself from colonialism, we will continue to be seen as manipulators of history; a delusional nation that likes to fool itself by pretending it had never done anything bad.

We want to be a proud nation but the communist purge continues to remind us that we justify impunity and fail to deal with our past.

That's the message of Joshua Oppenheimer's documentary films — the latest "The Look of Silence," and the previous, "The Act of Killing."

It has been nearly five decades of silence.

The impunity of the 1965-1966 killings serves as a template for later mass murders and extra-judicial killings — in Talangsari, Tanjung Priok, Timor Leste, Aceh, and until now in Papua: It shows that you can get away with murder on the pretext of serving the country. And who knows it can happen again in the future.

Many people in Indonesia still wish the tragedy will be erased with time. But movies, books and whatever form of warning will always be there because the death of a million people in a mass killing is way too much to sweep under the carpet.

Until we start to confront our own history, debunk the official story, admit to the crimes, ask for forgiveness and try to solve it in good faith with whatever method we can come up with, victims and perpetrators will never receive the justice they so rightly deserve.

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Development Agung Wasono

SBY Has Overseen Real Growth, but The Question Is: Who Benefited?



In his speech to the House of Representatives on Aug. 15, President Susilo Bambang Yudhoyono claimed that his administration had successfully implemented pro-poor policies and programs. He stressed the progress made in Indonesia's development, citing a number of macro-economic indicators, especially the country's resilience during the global economic crisis in 2008. He reminded the House that Indonesia's economic growth rate in 2009-13 was higher than that of the United States, Europe and Japan during the same period, and in the first semester of 2014, Indonesia's economic growth remained the highest after China among the members of the G-20. Also, Indonesia's foreign debt-to-GDP ratio is very low at 23 percent, 2014 saw the highest state revenues in history, and per-capita income has more than tripled from Rp 10.5 million (\$890) in 2004 to Rp 36.6 million (\$3,100) in 2013. The president also pointed to Indonesia's membership of the G-20, giving it a voice in global decision-making, as proof of its elevated status.

These are admirable achievements indeed. However, if we change our perspective just a little bit, a different picture emerges. According to the Global Hunger Index, for instance, even though Indonesia is now a member of the G-20, our rating in 2013 was 10.1 (which signifies serious hunger), placing us behind Vietnam, Thailand and Malaysia.

Many experts say Indonesia's micro-economic indicators show that economic growth is not even or sustainable, pointing to decreases in tradable sectors like agriculture, mining, and manufacturing, and the low rate of absorption of the labor force. Meanwhile, two indicators that are rising markedly are income inequality and economic inefficiency.

We also need to consider the number of people living under the poverty line, the budgets allocated to eradicate poverty, and look at income distribution

between the rich and the poor.

In evaluating Indonesia's progress in achieving the Millennium Development Goals, the Central Statistics Agency (BPS) has shown that in 2004, using a poverty line of \$1.50 (PPP), there were 36.15 million poor people — or 16.66 percent of the population. By March 2013, the number of poor Indonesians had fallen to 28.07 million people — 11.37 percent of the population — so it looks like we are making good progress.

But if we look at the World Bank's data (their poverty line is set at \$2 per day), in 2013, 51.1 percent of Indonesians were living in poverty. To meet the first MDG we need to reduce this number to 7.5 percent by 2015. This is not going to happen.

Let's also consider the budget allocations for poverty reduction. BPS data shows that in the years 2004-10, the percentage of people living in poverty decreased by 5.29 percent, or 0.58 percent per year. Meanwhile the budget of the Coordinating Ministry for People's Welfare for pro-poor programs was increased by Rp 56.7 trillion in 2004-10, or about Rp 8.1 trillion per year. In 2010 alone the budget increased by Rp 27.8 trillion — about 42 percent. The Indonesian Institute of Sciences (LIPI) calculated in 2011 that in the year before, the government spent almost Rp 47 million per capita to lift Indonesians out of poverty. Despite these enormous sums, we are not seeing any correlating impact on the numbers of Indonesians living in poverty.



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We can also measure the impact of our pro-poor policies by using the Gini coefficient, which measures income distribution. According to the BPS, Indonesia's Gini coefficient steadily increased during the 17 years from 1996 to 2013 from 0.355 to 0.413, meaning we have moved into a range of high income inequality.

Indonesia's Gini index is still better than Malaysia's (0.46) and that of the Philippines (0.43), but it's worse than Cambodia's (0.38), Thailand's (0.40), Vietnam's (0.35), or that of Laos (0.36). This means that our per capita Gross National Income of \$3,580 does not reflect the actual income of most people. In 2010, the wealth of the 40 richest people in Indonesia was Rp 680 trillion — the equivalent of 10.3 percent of the national GDP. The total wealth of those 40 equaled the wealth of 60 million of the country's poorest people, an NGO study found.

Yudhoyono's administration has certainly overseen positive economic growth, but this growth is not benefiting the majority of Indonesians, or generating sufficient employment. Indonesia's economic growth was relying on the market mechanisms with little participation from people outside the major cities. To share the wealth we need to create jobs and to do this we should rely on labor-intensive industry rather than technology and capital. The unemployment rate increased by 0.11 percent from 6.14 percent in August 2012 to 6.25 percent in August 2013.

Even though the government has succeeded in reducing the number of Indonesian living in poverty by about 5 percent in 2004-13, we cannot say that the pro-poor policies are effectively reaching all the people who need them. The incoming administration needs to consider this data and develop new policies if it is serious about improving the lives of poor Indonesians across the country.

Agung Wasono is researcher at The Partnership for Governance Reform (Kemitraan) in Jakarta.

Viewpoint

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Beware of Lawmakers Setting Sights on KPK

Amid all the fracas of late, it is hard to believe that things could get any worse in Indonesian politics. Lawmakers have shown their clear intention to turn back the clock on democratization with the passage of the regional elections law that ends direct elections of mayors, district heads and governors, and — not long before that, when all eyes were on the July 9 presidential election — with the law on legislative bodies. A year that should have been a feast of democracy could now go down in history as the one that saw the end of representative government as we know it.

But things could still get a lot worse. Experts are raising the specter of a House of Representatives bent on pulling out the Corruption Eradication Commission (KPK)'s teeth.

Noted lawyer Todung Mulya Lubis, for instance, warns that the House has the authority to cripple the KPK, and can do so simply by amending the anti-corruption law. Already, the law on legislative bodies, or MD3 law, requires the KPK to seek permission from the leaders of the House to question legislators it believes to be involved in graft cases.

In this regard, it is not very surprising that some have expressed concerns over the appointment of Setya Novanto — accused of involvement, though never charged, in a number of corruption cases — as House speaker, and Fahri Hamzah — who in the past has suggested to do away with the KPK altogether — as one of his deputies.

Hopefully, now that not only the nation's netizens but also its captains of industry are sounding the alarm bells over the prospect of protracted political instability, lawmakers and other stakeholders will realize that it's not too late to continue on the path of democratization. All should realize, however, that on that path, an independent and assertive KPK is crucial to keep everybody honest.

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Rights Joseph Chamie

On Reproductive Rights, Progress But Plenty of Challenges Ahead

For most of human history, reproductive rights essentially meant men and women accepting the number, timing and spacing of their children, as well as possible childlessness.

All this changed radically in the second half of the 20th century with the introduction of new medical technologies aimed at both preventing and assisting human reproduction.

Those technologies ushered in historic changes in reproductive rights and behavior that continue to reverberate around the world, giving rise to increasingly complex theological, ethical and legal concerns that need to be addressed.

Up until around the middle of the past century, reproductive rights were limited. The available birth control methods were rhythm, coitus interruptus (withdrawal), condoms and for some, the diaphragm.

Those methods in too many instances were unreliable and not considered user friendly. Also, while induced abortion has been practiced for ages, it was a drastic, dangerous and largely unlawful medical procedure.

In 1960, the oral contraceptive pill was introduced, dramatically transforming women's reproductive rights and behaviour. In addition to the pill, modern methods of family planning, including the intra uterine device (IUD), injectables, implants, emergency contraceptive pills and sterilisation, have given women and men effective control over procreation.

Modern contraceptives have contributed to major changes in sexual behaviour and marriage. Women empowered with modern contraception can choose without the fear of pregnancy whether to have sexual relationships, enabling them to postpone childbearing or avoid it altogether. And instead of marriage, cohabitation has become increasingly prevalent among many young couples, especially in industrialized countries.

The use of modern contraceptives also facilitated a rapid decline in family size worldwide. Between 1950 and the close of the 20th century, the world's total fertility rate fell from five children per woman to nearly half that level. Every major region of the world experienced fertility declines during that half century, with the greatest occurring in Asia and Latin America and the smallest in Africa.

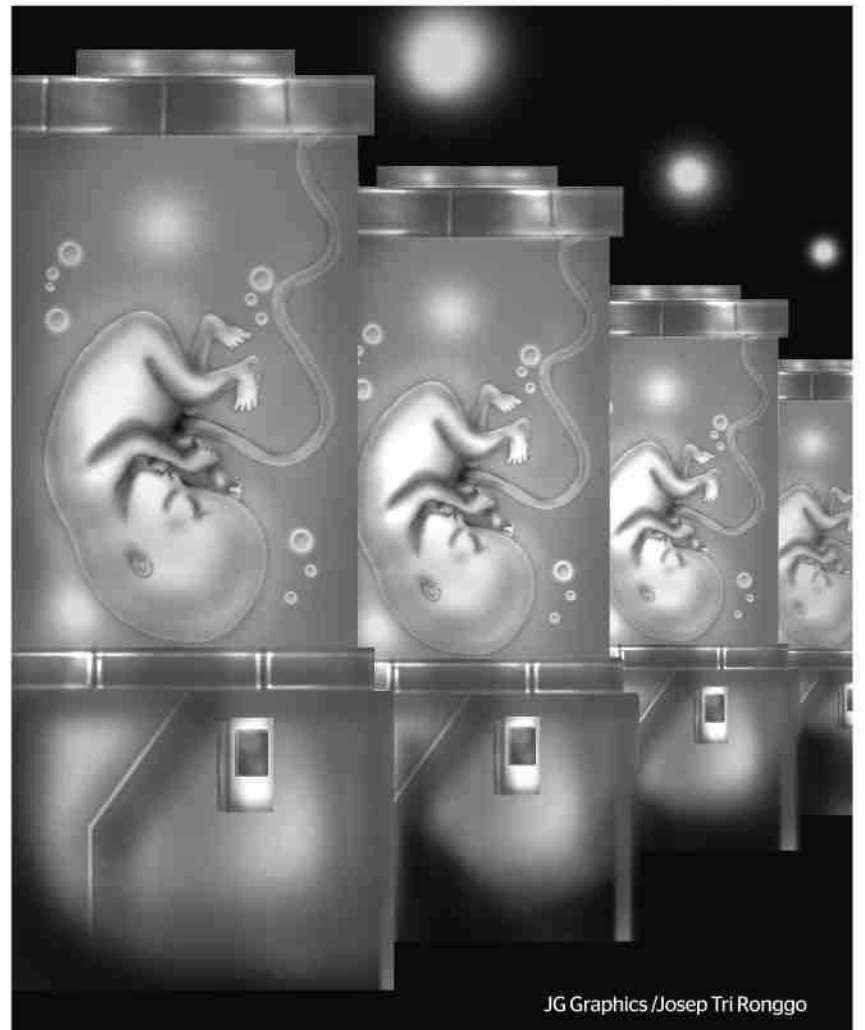
With improved medical techniques, changing social norms and grassroots movements, induced abortion also became increasingly legalised globally. Although some remain strongly opposed to induced abortion, nearly all industrialised countries have passed laws ensuring a woman's right to abortion.

Also at the 1994 International Conference on Population and Development (ICPD), 179 governments indicated their commitment to prevent unsafe abortion and in circumstances where abortion is not against the law, such abortion should be made safe.

Reproductive rights to terminate a pregnancy, however, have also led to excess female fetus abortions. Particularly widespread in China and India, their sex ratios at birth of 117 and 111 boys per 100 girls are blatantly higher than the typical sex ratio at birth of around 106.

Consequently, the numbers of young "surplus males" unable to find brides are more than 35 million in China and 25 million in India.

The introduction in 1970 of in vitro fertilisation (IVF) — fertilization in a labora-



JG Graphics / Josep Tri Ronggo

tory by mixing sperm with eggs surgically removed from an ovary followed by uterine implantation — radically altered the evolutionary process of reproduction.

IVF provides childless couples the right and means to have biological children. It is estimated that more than five million IVF babies have followed since the birth of the first "test-tube baby" in 1978. However, IVF has also raised ethical concerns. In addition to creating a pregnancy through "artificial" means, IVF has become a massive commercial industry prone to serious abuses and exploitation of vulnerable couples in the desire to make profits from childbearing.

IVF also permits gestational surrogacy, which extends reproductive rights to same-sex couples. In contrast to traditional surrogacy, where the surrogate is the actual mother, gestational surrogacy allows the surrogate to be unrelated to the baby with the egg coming from the intended mother or donor.

While those who are childless have a right to have biological children, gestational surrogacy raises challenging ethical questions, such as the exploitation of poor women, as well as complex legal issues, especially when transactions cross international borders.

In 1997, the cloning — or propagation by self-replication rather than through

sexual reproduction — of the first mammal, Dolly the sheep, was achieved. The birth of Dolly was a major reproductive development. Following the cloning of Dolly, scores of other animals, including fish, mice, cows, horses, dogs and monkeys, have been successfully cloned. These developments suggest that in the near future some humans may wish to assert their reproductive rights to be cloned, again raising serious theological, ethical and legal questions.

Among the transhumanist reproductive technologies imagined in the more distant future, one that stands out is ectogenesis, or the development of a fetus outside the human womb in an artificial uterus. While ectogenesis may expand the extent of fetal viability, free women from childbearing and expand reproductive rights, it poses serious, unexplored medical, ethical and legal issues.

During the past half-century remarkable technological progress has been made in human reproduction. As a result of this medical progress, women and men have acquired wide-ranging reproductive rights and technologies to determine the number, timing and spacing of their children and to overcome childlessness with biological offspring. The new reproductive technologies, however, have also given rise to serious theological, ethical and legal concerns that have not been satisfactorily addressed. Future medical breakthroughs in human reproduction make it even more imperative for the international community of nations to address the growing challenges and concerns regarding reproductive technologies and rights.

Inter Press Service

Joseph Chamie is a former director of the United Nations Population Division.



The numbers of young 'surplus males' unable to find brides are more than 35 million in China and 25 million in India

Viewpoint

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For Prabowo, Reality A Hard Pill to Swallow

When one fails to back up bluster with proof, the results are humiliation and the gradual loss of credibility.

As results of the July 9 presidential election began to roll in, then-candidate Prabowo Subianto surprised the nation by acting like a stoic contender, though calculations showed him trailing behind Joko Widodo with 47 percent of the votes. Numerous national figures expressed their respect for the former general for his impressive efforts in the race.

That high regard, however, started to fade as the days wore on, until it was close to shattering when in an emotional press conference on July 22, Prabowo shouted his rejection of the election results, claiming massive and systemic fraud during the vote and counting process, and labeled the General Elections Commission (KPU) a band of liars for crowning Joko president-elect.

He then withdrew from the election process altogether — forcing his team to make a hasty correction soon after in an effort to save face.

Prabowo ended his announcement by stating his plans to challenge the results in the Constitutional Court. His camp soon offered a long list of allegedly fraudulent actions. On the very top of it, was their claim that some 20 million votes had been the results of fraud — the number then jumped to 50 million in just a matter of hours.

But during Prabowo's first Court hearing on Wednesday, the coalition was embarrassed further when the justices demonstrated how ill-prepared both the legal team and the evidence were.

It's high time for the people around Prabowo to admit the truth and advise him to concede, therefore allowing the "statesman" to save what little respect he has left. Eight million votes are impossible to contest, and it's time to end the dream and wake up.

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Energy Eve Warburton

Can Indonesian Leadership Change Turn Tide on Resource Nationalism?

Resource management is a pressing policy problem in Indonesia, but it is also ripe for nationalist grandstanding. In the lead up to Indonesia's recent elections, both

presidential candidates deployed the mantra of energy independence and resource sovereignty in their campaigns.

The victor, Joko Widodo (Jokowi), used far less incendiary language than his competitor, Prabowo Subianto. But both espoused a nationalist vision for the mining and energy sectors — promising to wean the country off foreign oil imports, cultivate a value-added resource economy and renegotiate contracts with foreign mining companies. Such promises smack of populist electioneering. But Indonesia's presidential candidates were offering little more than a continuation of current government policy.

Indonesia appears regularly in industry and international press reports as an example of a country where 'resource nationalism' is on the rise. This term refers to government efforts to extract greater value from, and assert more control over, its natural resource sectors — usually at the expense of foreign investors. Over the past 10 years, there has been significant legal change and an increasing incidence of legal disputes affecting foreign mining companies in the mineral and oil and gas sectors. Nationalist policy changes and legal interventions are justified by Article 33 of the Indonesian Constitution, which states that natural resources belong to the people and should be controlled by the state.

The 2009 Mining Law is the most commonly cited example of Indonesia's 'resource nationalism' because it changed the terms of investment for foreign mining companies. For example, it mandates an increase in royalty payments, local content requirements and new divestment rules. But one of the most controversial aspects of the 2009 law took shape this year with the introduction of an export ban for raw nickel and bauxite, and a massive export tax (starting at 20 percent and increasing yearly) on the export of other strategic minerals such as copper. The goal is to add value to the sector by compelling companies to invest in refining facilities and process their mineral ores on Indonesian soil.

In the years leading up to the export ban, most mining companies made little progress towards investing in refining facilities. Many simply didn't believe the government would follow through with such a bullish policy. Nor did they see the economic value in smelting, because it requires high capital costs, significant investment in energy infrastructure and low returns.

So, when the ban was enacted in January this year, exports ground to a halt as there were virtually no facilities ready to purchase and refine stocks of mineral ore. For example in Sulawesi, Indonesia's nickel hub, thousands of mine workers have been laid off, contractors have recalled their mining equipment and piles of dirt, rich in nickel ore, line the island's silent ports. The mineral sector is now suffering reported losses of half a billion dollars in exports each month.

The ban does appear to be incentivizing investment into nickel smelting, with the Investment Coordinating Board (BKPM) claiming 50 new smelter projects are currently underway. In the meantime, outside institutions such as the World



Bank and USAID consistently argue that this policy is doing more harm than good.

The prohibitive export tax of 20 percent also led to the cessation of production and exports at some of the country's most profitable copper mines — including Newmont's Batu Hijau mine in West Nusa Tenggara and Freeport's Grasberg mine in Papua. Negotiations between the mining giants and the Indonesian government have been incredibly fraught. On July 25, the government announced a breakthrough whereby Freeport agreed to pay royalties and taxes, and conceded to new divestment provisions — a significant success for the Indonesian government.

Newmont, on the other hand, is refusing to budge. The company recently declared force majeure and filed for international arbitration. In response the government has threatened to rescind Newmont's license to operate, sending a clear message to mining companies who might also be considering arbitration.

Despite significant economic losses, and the prospect of costly legal conflicts, Jokowi and Jusuf Kalla — the president and vice president-elect — have expressed their commitment to domestic processing and the export ban. This is because these policies have broad support from across Indonesia's political spectrum. Throughout major parties, and among many regional leaders in Indonesia's mineral rich provinces, there is a common belief that the short-term pain is worth the expected long-term gains of these policy interventions.

Some politico-business elites backed the ban because they see opportunities

for self-enrichment in a domestic smelting market. But in places like Sulawesi, the political elite are also in support because they are tired of watching swathes of raw ore being dug up and shipped off shore, with serious environmental consequences and little revenue sent directly to provincial or district coffers. Environmentalists and anti-corruption activists also like the ban as it has temporarily stopped the irresponsible and illegal mining activities of many local and foreign investors. In other words, there is a broad consensus that minerals should be left in the ground until they can be exported at a higher price.

Some industry insiders hope that Jokowi's reputation for pragmatism will bring change to a stagnating industry and breathe fresh air into stalled negotiations with foreign mining companies. There have indeed been tentative signs that the new president will move away from the combative approach that has characterized the current administration, toward a more conciliatory style. For example, one of Jokowi's economic advisers recently indicated that he believes the mining sector needs more government support to build a domestic smelting industry.

But overall, few within the industry expect that Jokowi and Kalla will bring any significant change. This is because resource nationalism in Indonesia reflects real anxiety within the public and the political elite, from the central government down into the regions, that Indonesia is not getting enough out of its finite resources. Most expect Jokowi's administration to maintain pressure on foreign investors and continue cultivating a value-added resource economy. The new government's style and momentum may shift, but its commitment to the fundamental philosophy of resource nationalism will not.

East Asia Forum

Eve Warburton is a PhD candidate at the Department of Political and Social Change, at the Australian National University.



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Viewpoint

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In Game of Elites, the People Are the Losers

Indonesian democracy — for the most part — is a game of elites. Once Indonesians finish casting their votes either for presidents or for legislators, state business becomes a politician's affair.

Constituents — in this case Indonesian people — have no more say at this stage, and whether those they voted in will think of them is always a big question mark.

What we saw in the past several days when the House of Representatives passed the indirect elections law, robbing people of their right to directly elect their regional leaders, and then how lawmakers were involved in political horse trading when they elected the speakers of the House and the People's Consultative Assembly (MPR) proved that public interest does not matter to them.

Robbing people's right to vote for their own leaders is certainly not in the public interest. It's in accordance with people's will that leaders of the House and the MPR are the most capable, honest and wisest of them all. But power play in the elections of leaders in both institutions resulted in people implicated in graft coming out as winners.

In this game, the elites always take care of their own interests only. But Indonesia is too important to be left to those elites, especially when history tells us that these very people have done nothing but ruin the country.

The nation needs wide public participation to monitor political processes in the House to prevent a few from holding the nation hostage, and to make sure the intention of the Red-White Coalition to obstruct whatever policies made by President-elect Joko Widodo cannot be realized.

On the other hand, while we believe Joko will choose the best ministers possible and do the best he can to channel people's interests in all of his policies, we should be aware that a few people from his inner circle could push their own agendas, too.

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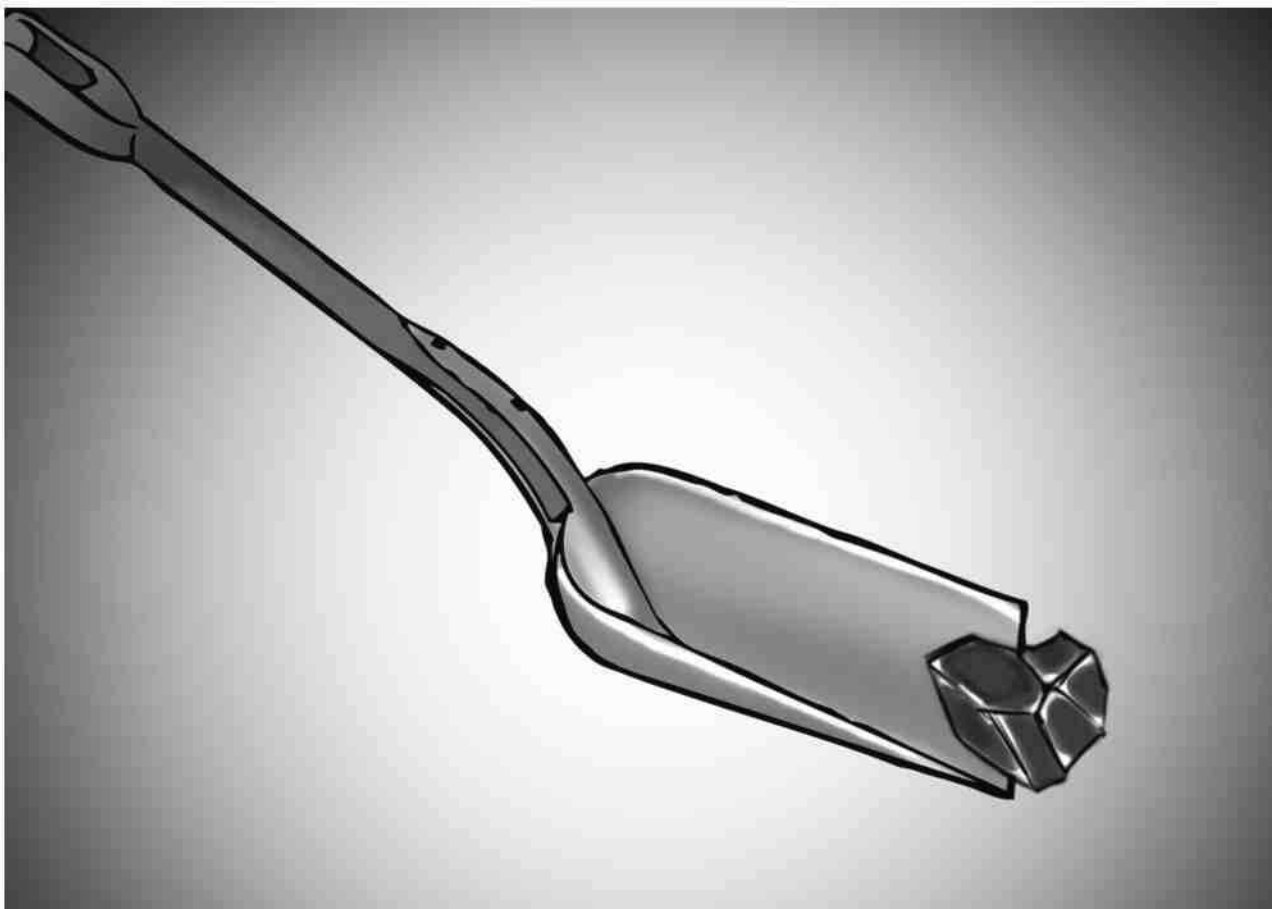
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Energy Clyde Russell

India Coal Imports Aren't a Big Enough Boost for Australia



Australian coal miners desperate for good news got a double boost recently, but India's canceling of private mining blocks and Indonesia's new export rules are a salve rather than a cure for the industry's woes.

An Indian court ruling scrapping the allocations of coal blocks to private operators will undoubtedly cut production and boost demand for imported fuel.

And it's also likely that new export permit rules being introduced by Indonesia will at least temporarily lower shipments from the world's largest exporter of thermal coal for use in power plants.

Also, it remains the case that many Indian power stations are critically short of coal, given the long-standing inability of state producer Coal India and the railways to mine and transport adequate supplies.

All of this seems like manna from heaven for Australian coal miners, the majority of whom are unprofitable given the 25 percent decline this year in the benchmark Newcastle Port thermal coal price to \$64.91 a metric ton last week, a fresh five-year low.

But there are a few reasons to be skeptical as to whether this will be a significant boost for coal miners, or just a serendipitous lolly in a bowl of bile.

India shortage worsening

India's top court scrapped 214 coal blocks allocated by the former government, ruling its processes were arbitrary and illegal.

The operating blocks among those, which were expected to produce an estimated 52 million tons in the current fiscal year, will be returned to Coal India by the end of March 2015.

However, it's likely that output from them will start to tail off prior to the handover, and that it won't be ramped up quickly by Coal India once it assumes control, given it will take time for the state behemoth to get to grips with the

new assets.

All up, the coal shortage in India is likely to grow substantially, and may exceed even the top end of the government's estimate of between 185 million to 265 million tons by the 2016-17 fiscal year.

India imported 168.4 million tons in the fiscal year ended March 2014, and researchers OreTeam expect this to rise to 210 million in the year starting April 2015, while Fitch unit India Ratings & Research says imports may rise as far as 230 million.

The OreTeam forecast is a reasonable import demand assumption, and there is little doubt that India could use all 210 million tons of imports, and possibly even as much as the India Ratings estimate.

But the big question is whether the already strained port and rail infrastructure is ready to handle such an increase in volumes.

The Indian experience is generally that capacity increases are realized, but seldom in the time frames initially envisaged. There are also problems in getting projects coordinated, with the risk that a port may be ready to receive more cargoes but the rail not yet able to transport it.

India's imports surged 19 percent to 16 million tons in September, according to data from trader mjunction.

But even this jump in imports, if maintained, would result in annual imports of 192 million tons, which is higher than the 2013-14 outcome, but short of forecasts.

It may be more realistic that imports could struggle to rise in the coming fiscal

year above 200 million tons.

That would still sound fairly good to coal miners, especially those outside Indonesia.

Indonesia rules a temporary salve

New rules may cut Indonesian exports by between 15 percent and 20 percent in October from September, according to the coal industry. The Southeast Asian nation shipped between 25 million and 30 million tons in September, according to the Indonesian Coal Mining Association.

Indonesian miners are worried that the regulations, aimed at ensuring compliance with laws and taxes, will drive some struggling companies to the wall.

Notwithstanding the issues surrounding the new export permits, it's likely this will be only a temporary situation, meaning that the scope for rival miners in Australia, South Africa and even Colombia will be limited.

Coal from those suppliers is also more expensive to land in India than cargoes from Indonesia, meaning there may be some reluctance on the part of buyers to pay more that they are used to, even though prices are currently depressed.

Certainly, the coal futures market hasn't priced in rising prices further along the curve, suggesting that investors haven't yet bought into the idea of a demand-led revival.

Newcastle futures are in mild contango, but this has actually flattened slightly in the past month, and the same is true for Indonesian sub-bituminous futures

Lastly, slowing demand for coal imports from China may counteract any increase in demand from India.

Even if the court decision in India and new rules in Indonesia do provide some relief to coal miners, the underlying problem of too much capacity chasing too little demand remains unresolved.

Clyde Russell is a Reuters columnist. The views expressed are his own.



There are a few reasons to be skeptical as to whether this will be a significant boost for coal miners, or just a serendipitous lolly in a bowl of bile

Viewpoint

JakartaGlobe

Shame on SBY and His Non-Democrats

The ugly process by which the House of Representatives reached a decision in the early hours of Friday to pass a bill that takes away from the people the right to vote for regional heads and gives it instead to regional legislatures was a blatant display of politicians riding rough-shod over the people's will.

At the heart of this massive setback to democracy is the poorly named Democratic Party, whose much-touted support for keeping direct elections was half-hearted at best and a cynical face-saving strategy at worst, given that the bill was drafted by the government of President Susilo Bambang Yudhoyono, the Democrat chairman.

It was meant to be a simple vote: yea or nay for passing the bill. Instead, the Democrats threw in a third option: keep direct elections but tack on a 10-point list for streamlining local polls. Because the Democrats control 148 of 560 House seats and refused to budge from their position, the parties that genuinely wanted to keep direct elections had no choice but to side with them.

And then the Democrats, just like that, walked out of the plenary session, instantly handing victory to the parties in support of the bill and in one fell swoop throwing the country's democratic system back into the dark ages of the New Order regime.

Taking away the people's right to choose their leaders is a blatant betrayal of public trust and sidelines them from the democratic process altogether, rendering all the progress and costs of the last 10 years futile.

Indonesia has returned to a system of elitist democracy controlled by a handful of corrupt politicians serving only their own interests.

The legislation can still be challenged through a judicial review at the Constitutional Court, which has shown it is of sounder mind than the House.

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Foreign Policy M. Rizvi

Closer Ties With Middle East Bring Nothing but Benefit for Indonesia



A recurring theme during Joko Widodo's presidential campaign was the need for a foreign policy based on an economic approach that would see our official diplomats play a more assertive role as national entrepreneurs. Political agendas, national security and image are all important to keep in mind when making foreign policy, but delivering direct added value to the nation's economy is vital. Along with investment and trade, our tourism industry could flourish with a more concerted effort at economic diplomacy. And this new diplomatic strategy could start in the Middle East.

Middle Eastern countries wield significant financial clout and have recently gravitated towards Asia and, more specifically, the Association of Southeast Asian Nations for trade, tourism and investment (TTI). Western countries historically have received the largest foreign direct investment (FDI) from the Middle East, but the West's recent economic downturn has made Asean — with its strong growth prospects — a very suitable destination.

Examples of this transformation are Saudi Arabia investing nearly \$900 million in Malaysia in 2013 and ranking fifth in FDI in Malaysia in 2012. Qatar's commitment to a \$4 billion real estate project in Vietnam along with a joint venture petrochemical complex there is another illustration. Unfortunately, Indonesia does not yet have a strong economic relationship with the Middle East.

Mutual benefits

Looking at Indonesia's sheer size, economic potential and attractiveness as the largest Muslim-majority nation in the world, TTI with the Middle East should improve. The United Arab Emirates is Malaysia's largest trading partner, recording \$8.81 billion in trade per year — compared to Indonesia's mere \$3.2 billion per year. Opportunities are definitely there, but they need to be explored before they can be grabbed.

One big opportunity is the current construction sector boom in Saudi Arabia and Qatar, which has grown 10 percent in each of the last three years. Saudi Arabia is experiencing a housing shortage for its population; and Riyadh alone is estimated

to build 50,000 units per year for the next 10 years. As a consequence, there is high demand for household products that Indonesia could meet if it would make the most of its world-class wood. Middle Eastern countries have long preferred Chinese or American products due to their familiarity and lack of confidence in and knowledge about Indonesian products. This is just one example of a possible role for diplomats, who could help promote Indonesian products abroad.

An economic revitalization in the Middle East should be a focus of the Foreign Ministry as there is no institution better positioned to showcase Indonesia's potential — due to its daily contacts with prospective investors, traders and the travel industry. Various stakeholders have expressed this sentiment.

Cahyo Purnomo of the Investment Coordinating Board (BKPM), who served in the UAE for the past three years, told me that greater collaboration with the ministry and its ambassadors would be a great help. Iran's ambassador to Indonesia, Mahmoud Farazandeh, also has called for stronger involvement of the Indonesian government in pursuing mutually beneficial relationships. Iran has always sought closer ties with Indonesia, and the ambassador has worked hard to boost economic and cultural relations since his arrival here in 2010.

The lack of urgency in improving economic relations with the Middle East is the main culprit for the current predicament. A stronger lobby by high-level Indonesian leaders is imperative to make progress. An understanding of the psyche and mindset of Middle Easterners will also aid in achieving a stronger relationship.

“The Foreign Ministry should work in close cooperation with the Tourism Ministry to develop a specific plan to amplify Indonesia's strengths

Tourism industry

The tourism industry is one sector where closer ties with the Middle East can make a huge impact. Malaysia has been aggressively targeting Middle East states in this regard, especially Saudi Arabia and the UAE, to increase the influx of visitors. After the Sept. 11 tragedy in the United States, the travel patterns of Middle Eastern tourists has shifted from the West to other countries. The Malaysian government seized this opportunity and developed a global campaign to portray itself as an excellent holiday destination.

In 2002, only 60,000 Middle-Easterners visited Malaysia, but that number increased to 245,000 in 2007. Malaysia also emerged as the world's top Muslim-friendly holiday destination in a survey released in early 2013 by Singapore-based Muslim travel consultancy Crescentrating. Compare this with Indonesia, which received fewer than 100,000 Middle Eastern tourists in 2013.

The Foreign Ministry should work in close cooperation with the Tourism Ministry to develop a specific plan to amplify Indonesia's strengths and bring in many more tourists from the Middle East. An increase in halal food specifications could be developed and programs specifically designed for Middle Eastern families could be created, such as the establishment of an “Arab Town.” These are some options that can be considered.

We should also remember that this is not just about economic gain. Because boosting economic ties with the Middle East will also strengthen Indonesia's standing in the region, making it easier to achieve its foreign policy goals.

The government and its citizens have long yearned to be more involved in finding a solution to the Palestine-Israel conflict and one way to gain a persuasive diplomatic voice is through better economic relations. Checkbook diplomacy could be one viable way for Indonesia to assert its influence globally, and in the Middle East specifically. However, its relative lack of engagement in the Middle East so far has left Indonesia isolated. But this can — and should — change.

M. Rizvi is a professional in the oil and gas sector, and an observer of Indonesian politics.