10

Indonesia

Andrew MacIntyre

This volume is concerned with the connections between the political frameworks of countries and their economic welfare, as measured by economic growth. In particular, it seeks to probe the impact of democratization on economic performance in a range of Asian countries where economic growth rates have generally been extraordinarily high. Rates of economic growth. The task of this chapter is to focus on the case of Indonesia. From one angle, Indonesia's inclusion is natural: it is a very important Asian country that has enjoyed average annual economic growth in excess of 7 per cent since 1970 – a record exceeded by only a very small number of other countries (all in Asia). From another angle, however, Indonesia's inclusion is somewhat problematic since it is neither democratic nor, apparently, on the verge of becoming democratic. And yet, I will argue, by adopting a strongly institutional focus we can still gain useful purchase on the underlying issues at stake here from an examination of Indonesia.

Careful analysis of the formal and informal rules governing electoral systems, political parties, the structure of government, and ultimately, the character of the overall policy-making process is relatively new in the study of politics for most countries in Asia. With the conspicuous exception of the literature on Japan, these political institutions have typically been overlooked in favour of questions such as the nature of state-society relations, class analysis, civil-military relations, patron-client relations, intra-elite factionalism, ethnic and religious politics, and so on. The reasons for these established preoccupations are not hard to grasp. Nonetheless, the field is ripe for change and this essay represents an initial step in that direction.

Overall, my concerns here are to explain how the key elements of Indonesia's so-called "New Order" political framework fit together, to examine their consequences for economic growth, and to consider some of the implications of democratization in Indonesia at some future time. I begin by focusing in particular on political parties and the electoral system, and then broaden the empirical scope in the second section to provide a complete account of the overall policy-making architecture by dealing with channels for interest representation and the structure of government. The third section draws upon various strands of the theoretical literature on political and economic institutions to reflect upon the political foundations for economic growth. The final section offers some a priori reflections on the possible implications of democratization for economic policy-making and economic performance in Indonesia.

Political parties and the electoral system

Indonesia's party system is reasonably well institutionalized in the general sense that there is a set of established formal and informal rules that have been observed on a repeated basis for a quarter of a century. Moreover, although probably not universally accepted in Indonesia, the system is widely understood and is one which most actors have come to expect to prevail for the foreseeable future (Mainwaring and Scully 1995, 4). However, though it is well institutionalized by the standards of party systems elsewhere in the region, one could hardly describe the system as democratic. There is a very strong and systematic bias in the rules governing parties and the electoral process which largely predetermines the outcome (Djiwandono & Legowo 1996; Kristiadi 1997; Siagian 1997; Sihbudi 1997). Six aspects of the party framework and electoral system require particular attention: entry and exit controls, public-sector support, controls on party policy platforms, restrictions on organizational and campaign activities, unequal resourcing and media access, and a partisan electoral umpire.

Perhaps the most fundamental control is that of entry to and exit from the electoral arena. Primarily on the basis of official statute but periodically with recourse to unofficial inducement and coercion as well, the government is able to determine whether a party may contest an election, whether an individual may stand for election as the representative of a party, and which individuals may serve as leaders of the parties. Since the early 1970s, only three parties have been permitted by law: the state political party, Golkar, and two small non-government parties, the Partai Persatuang Pembangunan (PPP – United Development Party) and the Partai Demokrasi Indonesia (PDI – Indonesian Democratic Party). It was not always thus. In the 1950s, during the period of parliamentary democracy, Indonesia had a highly fluid multi-party system, with nearly thirty parties being represented in the legislature. The number of parties began to decline following the country's swing to increasingly authoritarian politics when its first president, Sukarno, introduced what he termed "Guided Democracy" and proceeded to outlaw several parties opposed to his increasingly dictatorial style. This trend intensified under the next president, (former General) Suharto, who came to power in 1966 in the context of widespread political violence. With the strong support of the armed forces, Suharto purged the organized Left from the political landscape, and set about establishing a "New Order" in the late 1960s and early 1970s by building up the military-linked corporatist body, Golkar, into a dominant state political party and forcing the remaining ten parties to merge into two fractious amalgams.[1]

There are also formal exit controls on political parties. The president is legally empowered to dissolve any party not compatible with state goals (as defined by the president) or any party representing less than 25 per cent of the population. Comparable entry and exit controls apply to individuals wishing to stand as candidates for a party at election time. Under electoral laws, all candidates are subject to an approval process administered through the General Election Institute. This means that the government can readily prevent strong critics from entering the legislature, and can eliminate any incumbent legislator at the following election.[2]

Informally, the government has been able to exercise entry and exit controls on party leadership positions. Although there is often internal competition for party leadership posts, the government is able to ensure through a blend of subtle inducements and threats of blunter coercion that only individuals who are willing to accede to government wishes secure these posts. The eruption of turmoil within the PDI during 1995 and 1996 over Megawati Sukarnoputri's bid for the leadership represented a striking partial exception to this pattern. Megawati, the daughter of former president Sukarno, enjoyed a substantial mass following both inside and outside the PDI, and was viewed as a threat by the government. When normal suasion and coercion tactics failed to remove her from the party leadership, the government engineered a violent internal party takeover by those sections of the party willing to co-operate.

If entry and exit controls are one basic means by which the government manages the party system and the electoral process, a second centres on the strong formal and informal pressures that are brought to bear on public-sector employees – in the civil service, the state enterprise sector, and other public entities such as educational and health institutions – to support Golkar (Silaen 1997). All civil servants are automatically members of Korps Pegawai Negeri Republik Indonesia (Korpri – the Indonesian Civil Servants Corps), a corporatist institution that is linked directly with Golkar. In the early 1970s, all civil servants were further required to sign a letter committing their "monoloyalty" to Golkar, with those who declined being subject to dismissal (Ward 1974, 34). Subsequently, any civil servant seeking to become an official member of a political party has been required to obtain written permission from his or her supervisor (Santoso 1990, 102–3). The probability of being granted permission to join a party other than Golkar is, of course, very low. More generally, departmental heads, and the heads of state enterprises and other public-sector institutions, come under strong informal pressure to rally support for Golkar among their subordinates at election times. As one official who served as the head of a district office of the Ministry of Agriculture and, simultaneously, the head of the local Golkar chapter, candidly put it in the lead-up to the 1997 election: "Sometimes I have trouble telling the difference between my position as head of Golkar and my job as head of the agriculture department" (quoted in McBeth and Cohen 1997, 25)

This relates to a third important dimension of government control of the party system and electoral processes, namely legal restrictions on electoral campaign activities. In addition to being subject to prohibitions on various specific campaign tactics, since 1971 political parties have been prohibited from organizing at the village level in rural areas. This is of great significance because the bulk of the population still lives in rural villages rather than towns or cities. The restriction has provided a powerful advantage to Golkar since, even though it too may not set up party branches in villages, it is able to run de facto campaigns at this level because local officials such as the village head or the local police officer or representative of the armed forces are all civil servants responsible to the national government, and are thus almost certain to be Golkar members and subject to informal incentives to rally support for Golkar at election times.

A fourth control mechanism is the government's ability to heavily shape or constrain the policy platforms of the parties. Under law, all parties (along with all social organizations) must formally accept the official state ideology, *Pancasila*, as their sole ideological foundation.[3] This, together with controls on party personnel, serves to limit the public positions taken by the two non-government parties to little more than mild variations on the themes of Golkar. Moreover, even the public stance of Golkar has little specific policy content, and consists mainly of vague invocations of the importance of values such as "development" and "stability." The net effect of this is that there is little in the way of real ideological or policy differentiation among the parties; Golkar is loosely associated with authority and economic success, the PPP is linked with segments of the Islamic spectrum and perhaps a vague critique of corruption, and the PDI has come to be loosely identified with former president Sukarno and perhaps with a vague critique of authoritarianism and inequality (notwithstanding the fact Sukarno was himself authoritarian in his final decade in office). Consistent with the implied notion of something approaching ideological unanimity is the implied principle that the non-government parties are not "opposition parties," but rather amalgams of legislators representing different segments of society that work in partnership with the executive branch of government.

A further important variable is the systematically unequal resourcing and media access of the parties. All political parties receive public funding to support their operations. The non-government parties in particular depend heavily on this support to finance their campaign rallies. The PPP is able to raise modest financial support through the mosque and other Islamic institutions from devout members of the Muslim community (Liddle 1996, n. 16). Not surprisingly, businesses have little interest in giving money to parties that have no chance of winning elections, especially if they run the risk of angering the government by doing so. Where the PDI and PPP struggle for extra resources, Golkar is supported by secret off-budget public monies and large slush funds managed by shadowy social or charitable foundations that collect money from business groups with close ties to the government (MacIntyre forthcoming-a). In addition, of course, Golkar is able to draw upon the infrastructural resources of the entire state, from national-level institutions down through the provincial, district, and local levels of administration.

Paralleling the resourcing imbalance is the differential access to the media among the political parties. Television coverage has become much more important in recent years, as rising living standards have translated into more and more households owning television sets. It is estimated that TVRI, the state-owned broadcasting channel, now reaches around 65 per cent of the population (Cohen 1997). Special television programs during election campaigns are dedicated to the three parties, giving equal time to each. But these programs are highly formalistic, closely stage-managed, and probably of limited campaign value. More significant is the total coverage given to the parties in other programs, particularly news programs. According to one survey conducted from April to June in 1995, the state television channel, TVRI, reported on Golkar 98 times during its news programs, on PPP 10 times, and on PDI just twice. And although the recently launched private television stations are growing quickly, these licenses were awarded only to those associated with Golkar, including some of the children of President Suharto (Cohen 1997). Not surprisingly, these private channels offer little in the way of alternative news coverage to TVRI.

A final factor to be highlighted concerns the status of the body formally responsible for overseeing the election process and counting the vote, the General Election Institute. Far from being an independent statutory agency, the institute functions like any other branch of the executive government and is chaired by the minister for internal affairs, a Golkar member. The potential for cheating in the counting of the vote is considerable, and following every election there are complaints from the non-government parties about irregularities at some polling booths.[4] Nonetheless, Liddle (1996, 45) is probably correct to assert that with a few exceptions, there is little in the way of systematic cheating at the ballot box or in vote counting. The reason for suspecting this is, quite simply, that the whole party and electoral system is already so heavily biased in favour of Golkar that there is little need for crude last-minute mass cheating. Nevertheless, the potential for cheating is real. Ironically, perhaps the most glaring illustration of this came in the 1997 election, when the government intervened to help *boost* the PDI after it had been all but wiped out in the polls following the government's ouster of Megawati Sukarnoputri from the leadership of the party – which had caused many supporters to desert. The preliminary results from the election suggested that the PDI would fall below the threshold of 11 seats necessary for a party to function in the parliament. It was initially suggested that Golkar and the PPP each give a seat to the PDI to help it out; but the PPP refused to co-operate. Unable to find any other means to extricate itself from the massive overkill problem the government had created, the General Election Institute apparently "found" an additional 60,000 votes, which served to lift the PDI above the threshold (Reuter, Jakarta, 22 June 1997).

To summarize, the argument thus far is that although Indonesia does indeed have an institutionalized party system and electoral process in which contests are held every five years, in which three political parties compete vigorously for voter support, and in which there is relatively little gross ballot rigging or fraudulent counting, for reasons inherent to the nature of the system, it is a far cry from meaningful democracy. The party system and electoral process are extensively managed and tilted very heavily in favour of Golkar. As table 10.1 shows, Golkar has swept every election for more than three decades by a comfortably large margin – indeed, an embarrassingly large margin in the most recent election.

This is not to say that the electoral process is utterly devoid of meaning or political significance. After all, the government would be unlikely to go to such great lengths and costs to manage the process if it was unimportant. As Liddle (1996) puts it, elections in Indonesia are a "useful

Table 10.1 **Indonesian General Election Results, 1971–1997**
(per cent)

	GOLKAR		PPP		PDI	
	Seats[1]	Votes	Seats[1]	Votes	Seats[1]	Votes
1971[2]	66	59	27	26	8	9
1977[2]	64	56	28	27	8	8
1982	60	64	24	28	6	8
1987	75	73	15	16	10	11
1992	70	68	16	17	14	15
1997	76	75	21	22	3	3

Source: General Election Institute.

[1] Refers to percentage of seats in the House of Representatives set aside for elected representatives, excluding representatives appointed from the armed forces.

[2] Percentages of votes do not sum to 100.

fiction'' which helps to legitimate the regime and provide scope for mass participation, albeit heavily stage-managed. Moreover, as will be argued below, in view of the institutional structure of government in Indonesia, the electoral process has little direct bearing on control of the executive branch of government.

The policy-making framework: Interest representation and governmental structure

In democratic political systems, parties play a crucial role: they provide the institutional link between voters and the machinery of government. As part of the process of competing for voter support, parties aggregate public interests and campaign on the basis of contending packages of policy proposals. In Indonesia there is indeed competition between parties, and voters are for the most part free to cast their ballots as they please; the difference is that the electoral process has little effect on government policies. This is a pattern typical of many countries in which elections take place within a more or less authoritarian framework (Hermet 1978).

That the PPP or the PDI have little impact on the policy-making process should be evident from the previous section; they have little independent political life or policy agenda, attract little support from either business or labour, and never attract more than a modest share of the vote. More remarkable is the fact that even Golkar is not a major player in the policy process. Golkar is neither a significant generator of ideas or policy preferences nor, more fundamentally, a locus of power in the

Indonesian political system. None of the most important players in Indonesian politics built their careers inside Golkar; while they might occupy positions within Golkar (for instance, Suharto is the head of the party's Board of Advisors) their power derives from other posts they occupy.

Golkar is the capstone of a vast network of corporatist bodies than spans the spectrum of economic and social sectors (Reeve 1985; MacIntyre 1994b). But like the political parties themselves, corporatist interest associations in Indonesia operate within a state-dominated framework. The extent to which the state intervenes in the operations of these interest associations varies, with the labour movement being subject to tight control. While enjoying more operational autonomy, the national Chamber of Commerce and Industry (KADIN) is nonetheless a lame organization which plays little role as an advocate of business interests in the policy process. Although in some industries we have seen more independent and policy-oriented business associations emerge, for the most part associations across the business sector are politically inert. Indeed, in general the myriad corporatist interest associations operate primarily as institutional mechanisms for political containment rather than as institutions for aggregating sectoral interests and injecting these interests into the policy-making process (MacIntyre 1991, 1994c).

The point to be emphasized here is that both the party system and the associated network of corporatist interest associations serve to limit demand-making upon the state by societal groups. Put differently, they insulate the bureaucracy from collective action and broader mass political pressures. The net effect of these institutional barriers is to concentrate influence over the policy process within the structures of the state, and as will be seen, within the state power is further concentrated in the upper realms of the executive branch – particularly around the presidency.

Under the terms of Indonesia's Constitution and its various supplementary legal statutes, Indonesia has a highly centralized structure of government. Although the legislature, the House of Representatives, has the right to initiate legislation and must approve all legislation (including the budget), in practice it is a tame institution. It has not initiated a single bill in three decades nor has it vetoed a bill proposed by the president. Elected members of the legislature are supposedly accountable to voters, but we have already seen that the formal and informal rules covering political parties and elections give the government great control over politicians. In a very real sense then, legislators are as accountable to the executive as they are to voters. Added to this is the fact that 20 per cent of the House of Representative comes from the armed forces and is directly appointed by the president.[5]

For present purposes, the important point here is that that although there is a constitutional separation of powers between the presidency and the legislature which is supposed to provide for checking and balancing, in practice the legislature has not functioned as an independent veto gate in the legislative process as the balance of formal and informal powers is massively tilted in favour of the presidency. In addition to formal legislative arrangements, the president has very wide-ranging decree powers. Indeed, the great majority of executive action in Indonesia results not from laws ratified by the legislature, but simply from decrees issued by the president (or one of his subordinates). Between 1973–74 and 1989–90, legislation produced by the parliament constituted a bare 8 per cent of the major legal acts introduced at the national level of government (Rohdewohld 1995, 18).

Like the legislature, the judiciary also provides little check on the conduct of executive government. The Supreme Court is not empowered to review legislation. In principle decrees issued by ministers or lower officials are subject to review, though presidential decrees appear to be immune from this possibility.[6] In practice, however, the possibility of judicial review of even lower-level statutes is remote because the judiciary is wholly subordinated to the executive. The president appoints and removes justices without the need for legislative approval, and has typically appointed (legally trained) former members of the armed forces to the position of chief justice. Further, all justices are official classed as civil servants (and are thus technically members of Korpri).

If the executive is not checked or balanced by either the legislature or the judiciary, what constrains its behaviour? Constitutionally, the president is accountable not to voters at large, but to the 1,000-member People's Consultative Assembly (see figure 10.1 below). The Consultative Assembly meets once every five years and functions both as an electoral college in choosing a president and a vice-president, and to some extent as a "super-parliament" in setting (very) broad normative guidelines for state policy for the next five-year period. The Consultative Assembly is the highest state institution and has the sole authority to appoint and dismiss the president.[7] However, here again the lines of accountability are ambiguous for although it is the assembly that appoints the president, the president appoints more than half the members of the assembly! Five hundred of the Assembly's members come from the House of Representatives (including its 20 per cent membership from the armed forces) and the remaining 500 are appointed to represent the nation's regions, and its functional and social groups.[8] Thus, the president directly appoints 60 per cent of the body that appoints him, and the bulk of the remaining 40 per cent comes from his own party. At five-yearly intervals for the last several decades the assembly has had only one name placed before it and each time has unanimously endorsed the choice of Suharto.

Not surprisingly perhaps, the assembly is widely dismissed as being little more than a rubber stamp, since the president appoints most of the people who then appoint him and has very substantial influence over the behaviour of those whom he does not officially appoint. In short, the president is usually viewed as having very weak lines of accountability to the assembly.[9] More meaningful constraints on the president perhaps come from the informal but very real requirements that he maintain the support (or at least acquiescence to his continued rule) of the armed forces and, ultimately, the population at large. Even true dictators cannot survive in the face of sustained and widespread violent public protest, or focused opposition from within the upper echelons of the armed forces. However, both of these political constraints rely on extra-constitutional and probably very violent action.

Finally, it is important to consider the president's very wide-ranging and absolute powers of appointment. Without the need for confirmation from the legislature, he can hire and fire at will Cabinet members, all senior bureaucrats, all senior military commanders, all senior judges, and all senior state enterprise managers. Unambiguously then, within the executive branch all accountability lines trace back to the president. Not only is this power critical to Suharto's maintenance of authority over the armed forces, but of greater interest for present purposes are its implications for economic policy-making. Unlike in the U.S. presidential system, there is no issue of the loyalty of bureaucrats being divided between the presidency and the legislature.

To summarize, the preceding discussion has highlighted a number of features of the institutional framework of Indonesian politics. First, both the party system and the corporatist system of interest associations serve primarily to limit and contain group- or mass-based interest representation. Second, although there is a nominal constitutional separation of powers, in practice neither the legislature nor the judiciary constitutes a veto gate in the policy process. Third, the electoral college to which the president is formally accountable, the Consultative Assembly, has in fact constituted only a very weak constraint on presidential behaviour. And fourth, by contrast, the president enjoys very clear lines of authority over his agents in the executive branch: bureaucrats, military officers, and state enterprise personnel.

Understanding who is accountable to whom for their jobs (or, in the language of collective action theory, agency relationships) provides vital information about the distribution of power among different actors and institutions within a political system. Figure 10.1 condenses much of this information in simplified schematic form. It shows the presidency at the centre of the polity, and subject to no strong accountability relationship. The Consultative Assembly is depicted as exercising only nominal authority over the president, whereas the president has clear authority over

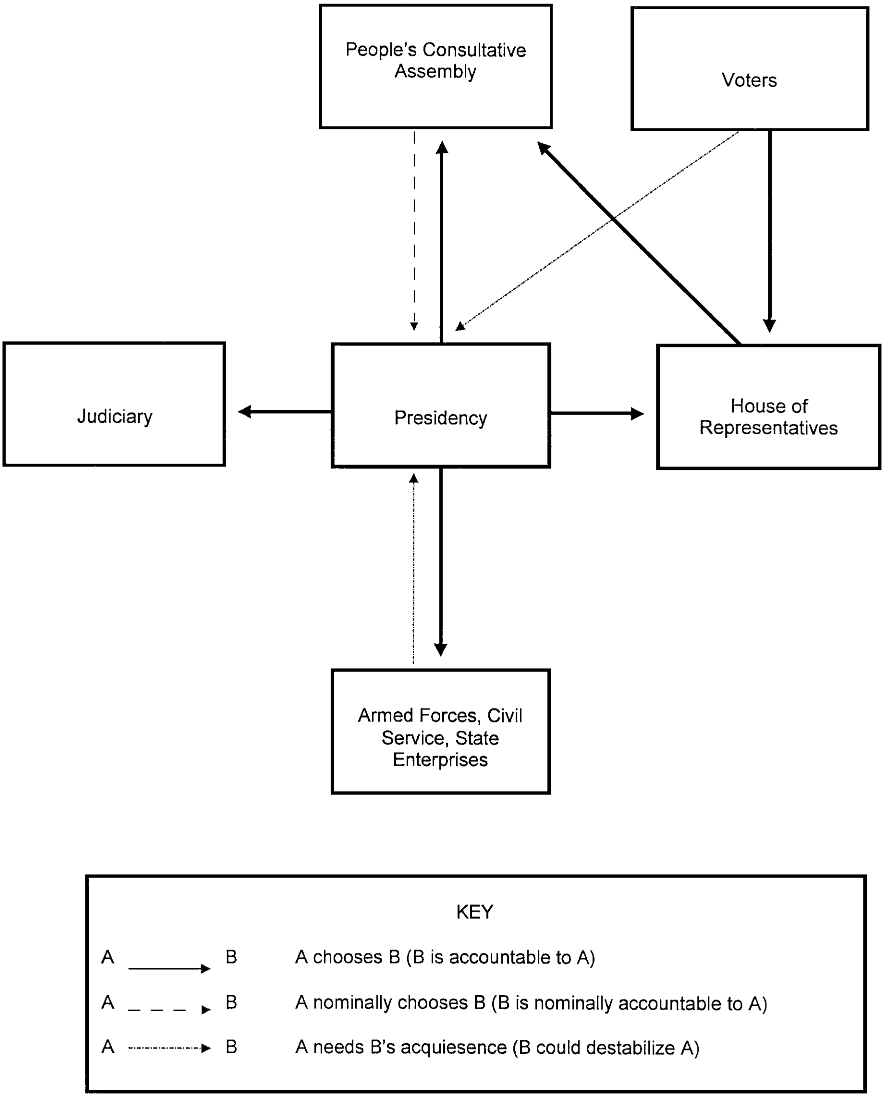

Figure 10.1 **Accountability and delegation relationships in Indonesia**

it (by virtue of his appointing 60 per cent of its membership, with the remainder coming from the House). The figure does indicate, however, that to survive the president needs to maintain acquiescence to his rule on the part of the armed forces (and other civil servants) as well as, ultimately, the public. By contrast, the judiciary, executive branch employees, and even members of the legislature (both elected and appointed) have quite clear accountability relationships to the president.

Political institutions and economic outcomes

In the two preceding sections, we have examined the nature of the party and electoral system, as well as the framework of interest representation and the structure of government. In this section we seek to link these institutional factors to economic outcomes. In so doing, we are operating on the basis of an assumption that national economic policy settings have an important bearing on aggregate economic outcomes: that is, that government policy is a large part of the explanation of a country's economic growth rate.

Within the broad institutionalist literature pertaining to political economy, two separate but strong theoretical currents stand out. Reduced to their essence, one focuses on what might be termed decisiveness, and the other on what might be termed commitment. Both have important consequences for economic policy-making and economic performance.

The former body of literature is concerned with the extent to which political institutions promote qualities such as efficiency in policy-making and implementation or the ability to make and carry out difficult policy decisions that are necessary to maintain an environment conducive to economic growth. The literature concerned with state "autonomy," "capacity," and "strength" falls into this category (see, *inter alia*, Katzenstein 1978; Johnson 1982; Deyo 1987; Wade 1990; Haggard 1990; MacIntyre 1994a). This macro-institutionalist literature all relates directly to the experiences of the high-growth economies of Asia. A logically parallel body of literature has been concerned with the efficiency of political institutions in advanced industrial democracies, but rather than being pitched at a macro level (the state) it has focused on the consequences of variables such as the division of governmental powers, the type of electoral system, and bureaucratic delegation for policy-making (see, *inter alia*, Weaver and Rockman 1993; Cox 1987; Cox 1997; Moe and Caldwell 1994; Kiewiet and McCubbins 1991; Shugart and Carey 1992) Typically, the political economy implications of the institutional framework have not been the primary concern of this literature, though recently this has begun to change (Haggard and McCubbins forthcoming).

Uniting this diverse literature is its attention, on the one hand to the way in which institutional design can facilitate or hinder decisiveness in the policy process, and on the other, to the way in which decisiveness can facilitate economic policy management. For instance, a polity in which there is a separation of powers between the executive, legislative, and judicial branches, in which the legislature is separated into two houses, in which the electoral system encourages either weak party identification on the part of legislators or perhaps multi-partyism, in which bureaucrats are accountable to both the executive and legislative branches, and in which subnational regional governments have significant economic powers, is likely to respond much less rapidly and decisively to an economic policy problem than one in which veto points are fewer and authority is more concentrated.

By contrast, the literature I have characterized as dealing with commitment has had almost the opposite preoccupation. Instead of seeing executive autonomy and institutionally rooted decisiveness in policy-making as a boon, this second approach views it as a problem. A number of influential studies have argued that it was firm institutional constraints on leaders which were critical in solidifying property rights and thus permitting the expansion of investment and growth in Europe (North 1981, North and Weingast 1989; Weingast 1995; Root 1989), in Asia (Root 1996; Montinola, Qian, and Weingast 1995), and, cross-nationally, in the telecommunications sector (Levy and Spiller 1996).

Precisely the same institutional conditions which permit a leader to take difficult but economically necessary decisions, can just as readily permit a leader to take arbitrary, capricious, and even predatory decisions which undermine the property rights of investors, and thus by extension, investor confidence and economic growth. If leaders are subject to little or no institutional constraint by the political framework, investors cannot be confident that the policy environment will not change quickly in ways which erode or eliminate their profits. In this view, what is needed above all else for robust economic growth to emerge is that private investors should feel confident that the policy commitments leaders make are credible, and this is only possible if leaders are subject to institutional constraints which remove the possibility of arbitrariness. In short, political autonomy is viewed as the enemy of long-term investor confidence and thus economic growth.

The arguments pertaining to both decisiveness and commitment are based on powerful logic and substantial empirical evidence. And yet, clearly, there is a tension between the two – even if it is a tension that is seldom discussed. It is useful to think of there being a trade-off between decisiveness and commitment: both conditions carry important benefits for economic governance, but an excess of one can also be highly prejudicial to growth. How should we interpret the Indonesian case in light of these considerations?

It should be immediately apparent from the earlier discussion that Indonesia's party and electoral systems, its framework for interest representation, and its constitutional structure all combine to produce a very high level of decisiveness. The party and electoral systems, the corporatist framework, and ultimately, the existence of a potent coercive capability in the armed forces has served to reduce greatly the scope for organized demand-making by societal groups. In practice there is only a weak division of governmental powers, with the executive branch thoroughly dominating the legislature and the judiciary. Lines of executive accountability are very clear, with bureaucrats being responsible only to the presidency. And the presidency itself is only weakly accountable to the Consultative Assembly.

This has meant that the president and his ministers have not had to bargain with any other branch of government over economic policy; that the bureaucracy has (relatively speaking) been a compliant administrative tool; and that there has been little real scope for public resistance to government action. As a result, when economic challenges or crises have arisen, the government has been able to move swiftly, take difficult and unpopular policy decisions, and implement them. There is no need to reproduce the history of the New Order's successfully overcoming the economic chaos of, for instance, the late 1960s, or the sharp downturn of the mid-1980s arising from the collapse of international commodity prices; that story has been told already in many places (Hill 1996; Booth 1992; Battacharya and Pangestu 1993; Woo, Glassburner, and Nasution 1994; Azis 1994; MacIntyre 1992). Suffice it to say that the relative autonomy of the political executive and the decisiveness of the policy process have greatly facilitated the task of maintaining a generally sound macroeconomic framework as well as liberalizing trade, investment, and financial regulations when this became necessary.

This much is not surprising. But what of commitments? How has Indonesia managed to sustain investor confidence if the political authority has been so centralized, so unconstrained? As figure 10.2 shows, levels of private investment in Indonesia have indeed been high, indicating that uncertainty about commitments from unconstrained government has not been a major deterrent to investors. Even if we allow a very substantial discount for expectations of high rates of return, it seems likely that there is still a residual puzzle to be explained. I have argued elsewhere that the explanation for this lies on the one hand with the government's long-established track record of sound macroeconomic management, and on the other, with specific policy measures (most notably an open capital account since 1970) which, in effect, constituted an unbreakable commitment on the part of the government to that most fundamental investors' interest – the ability to get money out of the country at will (MacIntyre forthcoming-b).

In sum, although the predominant institutional characteristic of the Indonesian case is, without question, decisiveness, it is important to rec-

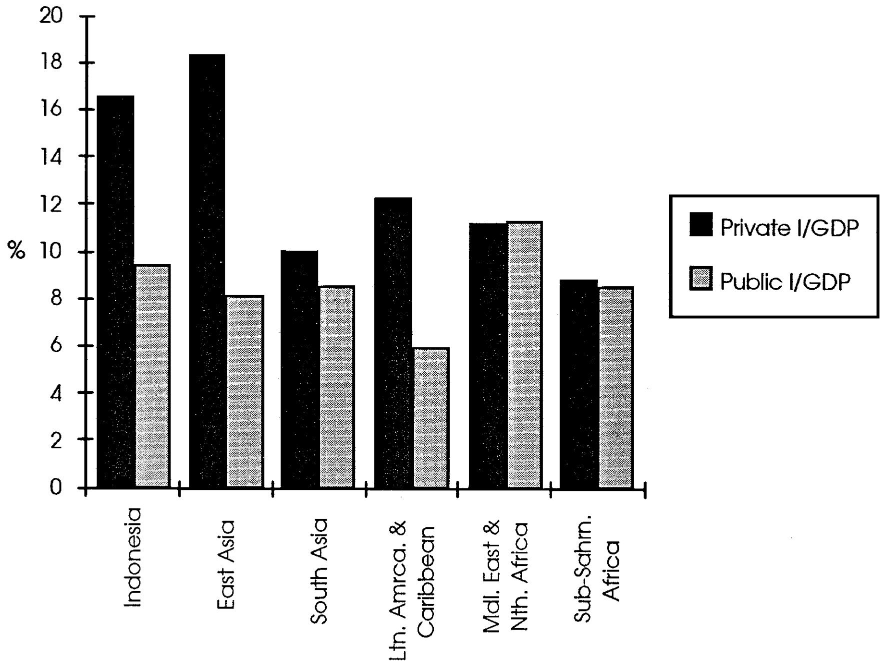

Figure 10.2 **Average public and private investment in Indonesia as a percentage of GDP, 1980–1994** (Source: Jaspersen, Aylward, and Sumlinski 1995)

ognize that there have also been factors providing a significant countervailing effect. That is to say, while decisiveness has been the predominant feature, this has not been to the complete exclusion of commitment. The net effect has been a policy environment sufficiently flexible to respond to exogenous economic shocks when necessary, and sufficiently stable to provide longer-term confidence for investors.

For many years this combination has proved very conducive to economic growth. And yet this unusually long-lived framework for success has, from the outset, been vulnerable to change. This has been powerfully and dramatically illustrated by the collapse in value of the Indonesian rupiah in 1997 as part of the wider Asian currency crisis, and the economic destruction this has unleashed. In the early months of the crisis Indonesia fared relatively well, with the government moving quickly to take decisive pre-emptive measures, before calling in the IMF once it became clear that the scale of the crisis was such that Indonesia could not manage it alone. However, because Indonesia's institutional framework concentrates so much authority in the office of the president, when he was reluctant to cut back on the business privileges enjoyed by relatives and close associates as currency markets seemed to demand, and even more so when he became seriously ill, the policy process became frozen. As doubts about Suharto's willingness to take decisions painful to his family businesses and doubts about his health were added to long-standing uncertainty about the process of political succession in Indonesia, the confidence of foreign and local investors (together with that of Indonesians at large) quickly evaporated. Like other countries in the region hit hard by the currency crisis, Indonesia cannot now escape several years of economic hardship. For our purposes, though, the key issue is whether the policy environment the government produces is conducive to making a swift recovery.

At the time of writing, it is too early tell how this economic crisis will play through in Indonesia. Nonetheless, it neatly illustrates the trade-off between decisiveness and commitment. It was the extreme centralization of power – the decisiveness of the system – which enabled Suharto in early 1998 to announce (under pressure from the IMF and the country's parlous economic condition) a truly stunning package of economic reforms which promises to radically hack back the worst crony business privileges, to give the central bank operational autonomy, and to radically reduce off-budget fiscal activity. However, the very centralization of the system which makes it so decisive also leaves it vulnerable to commitment problems: will Suharto in fact implement the reforms he has promised? how much longer will he survive? what will be the mechanism for political succession? In a system so centralized, much rides on whether investors continue to trust the president's ability to provide economic leadership.

Indonesia has been very lucky that three decades of authoritarian politics have been accompanied by remarkably good and sustained economic progress. Unfortunately, this is not true of most developing countries with highly centralized political systems. Regardless of whether Suharto is able to salvage his reputation for effective economic leadership, it remains the case that the existing framework in Indonesia is very fragile because it is so sensitive to the behaviour of the occupant of the presidency. Even if it is not brought down by the political ramifications of the current economic crisis, the institutional framework Suharto has built up cannot have a long shelf-life.

Democratization and economic growth

One of the essential themes of this volume is the impact of democratization upon economic growth in Asia. When considering this question in the context of Indonesia the obvious complication we immediately confront is that it is not democratic. And yet sooner or later the nascent pressures for democratic change in Indonesia are likely to produce results.[10] Inevitably, decades of sustained rapid industrial change have economic, social, and ultimately political consequences.

This is not the place for an extended discussion of the causes and dynamics of democratization. Nor will it be particularly fruitful to try to speculate on the timing or form of democratization in Indonesia, for the possibilities are myriad. But it does seem reasonable to assume that at some not too distant point, Indonesia will have a much more democratic framework of government in place. Can we say anything about the implications of such a political transformation for the country's economic growth prospects?

While we cannot know what precise constitutional form democratic government in Indonesia might take, if a presidency is retained we can be reasonably sure that it will be much more strongly accountable than at present, and that the fundamental line of accountability will be directly to voters. We can also be reasonably confident that a more effective separation of powers between the executive and legislative branches of government will emerge as electoral rules are modified to provide for more independent political parties and an unorchestrated electoral process. (Indeed, even under the existing constitutional framework, the legislature would become important if electoral and party rules were freed up.) While there are many possible variants on this theme, these fundamental changes would be inherent in any democratic form of presidential government.[11]

What would changes to the institutional framework of this magnitude mean for the pattern of economic policy making, and thus the likely economic growth trajectory? Or, couched in a somewhat more tractable form: what would such changes mean for the trade-off we have postulated between decisiveness and commitment?

If democratization in Indonesia proves to be a relatively smooth process, that is, if it does not lead to fundamental fragmentation and conflict along ethnic, religious, or regional fault lines,[12] we can reasonably expect that over time commitment will become a stronger feature of the policy-making framework. As the executive branch becomes more democratically accountable it will become more constrained by the need to satisfy the preferences of median voters. This will reduce the likelihood of rapid swings in policy orientation. And as the executive is forced to share control of the policy-making process with the legislature and perhaps the judiciary, this effect will be intensified because policy change of any sort (that entails legislation) will become more difficult as the number of veto points in the system increases. As change becomes more difficult, government policies gain credibility; they become more meaningful commitments because it becomes increasingly difficult for the government to reverse itself should it so wish. Relatedly, as the legal system becomes more independent, commercial contracts become more meaningful and there may be options for legal redress against the government itself. In short, all of these developments would tend to produce changes to the policy process which the stream of the institutionalist literature concerned with commitments would regard as highly beneficial to long-term economic growth prospects. Investors could be increasingly confident about the security of their capital and the impact of the policy environment on business conditions, because these would be less uncertain.

But what of decisiveness? Might not democratization produce an institutional framework which so prejudices commitment over decisiveness that policy-making becomes paralyzed? Legislative gridlock is certainly a possibility, and within Southeast Asia, one needs only to look at the experiences of Thailand under the successive governments of Chuan, Banharn, and Chavalit to see a striking illustration how some democratic institutional configurations can be so inimical to decisiveness as to cripple economic management.[13] A much less extreme example of the effects of democratization on economic policy-making is provided by Mexico, where for the first time, governments are now having to bargain with the legislature over the budget.

Whether or not economic management in Indonesia would suffer a crippling reduction in decisiveness will depend very heavily on the precise institutional arrangements that emerge in the process of democratization. As Cox and McCubbins (forthcoming) demonstrate, decisiveness in a democratic polity depends heavily on the precise combination of institutional features that pertain, notably whether or not the constitutional structure is presidential, is bicameral, is federal, and has judicial review; and whether party and electoral rules promote many or few parties, and cohesive or atomistic parties. Shugart and Carey (1992) and Haggard and Shugart (forthcoming) focus more specifically on presidential systems, extending this logic to show how specific institutional features affect the policy process and policy outcomes. In short, there is wide variation in the extent to which democratic frameworks promote or inhibit decisiveness, and the specific institutional features in each case have a critical bearing upon this. In principle, it is possible to specify the likely effect of different institutional arrangements, but such an exercise would be more than a little artificial for Indonesia given the current political realities.

Sooner or later Indonesia is likely to democratize. The political framework that emerges from this process may well be presidential in form, but if so, it will be configured in ways that differ fundamentally from the status quo. These institutional changes will have important consequences. As far as the country's economy is concerned, the most important effect will be on how the polity is repositioned in terms of the trade-off between decisiveness and commitment. No less naive (and dangerous) than the claim that Indonesia's economic well-being will be jeopardized by democracy is the opposite claim; that Indonesia's economic well-being will necessarily be advanced by democratization. Democratic political systems vary greatly, and it is thus to the key institutional features that we will need to direct our attention when change gets under way.

Postscript

This chapter was completed in early January 1998. In the five months since then much has happened in Indonesia: Suharto's New Order regime has collapsed, amidst turmoil a process of political reform is underway, and the country's economy has been utterly devastated. Happily, the analysis in the body of the essay has stood up well. This short postscript is intended to review briefly the main developments over the past five months and to reflect on where this may lead.

Suharto resigned the presidency on 21 May as it became clear that one after another of his key supporters was abandoning him. The proximate causes of this were large-scale student demonstrations (including student occupation of the parliament) and, more destructively, an orgy of mob rioting and looting which left parts of Jakarta in smoking ruins. Behind these events, however, lay the collapse of the country's economy and with it the evaporation of any remaining legitimacy the regime enjoyed. And behind these developments lay the institutional framework of the regime. Although Indonesia's (and Asia's) economic crisis was ignited by events in Thailand and fuelled by a number of economic policy problems, the extraordinary degree of damage that has descended upon Indonesia's economy is largely a function of the way in which the government managed the crisis from late 1997 onwards, and this in turn, reflected the institutional trade-off between decisiveness and commitment. Following the initial depreciation of the rupiah in mid-1997, it plummeted to economically devastating levels in late 1997 and through 1998 because local and foreign investors lost confidence in the government. In essence, investors believed that the president was no longer sufficiently committed to maintaining the sort of policy framework necessary to promote profitability. Confidence in his leadership was undermined first by the stroke he suffered in early December, and then by mounting concern that he was not committed to implementing reform measures agreed upon with the IMF as members of his family and other close business associates succeeding in exempting themselves from austerity measures. These fears were reinforced in early 1998 by a budget which was seen to be out of touch with economic realities, and by ensuing presidential manouvers which appeared extraordinarily capricious (e.g., the nomination of B. J. Habibie as vice-president and the flirtation with the idea of a currency board). In a political system so highly centralized – a system which so prioritized decisiveness – there were no institutional checks on the president. Thus, if the president was not willing to implement reform measures, there was ultimately no means of constraining him to do so, short of removing him from office. Once local and foreign investors abandoned Indonesia – and this was clearly the case by mid- to late January – it was simply a matter of time before the resulting pressures forced political change.

In the wake of Suharto's fall, Vice-President Habibie succeeded him as president, as provided for by the Constitution. Few expected Habibie to survive, though he has done so now for a month, largely because in the circumstances he has proved an acceptable transition figure who has responded successfully (even if opportunistically) to demands for reform. Having freed the press, labour unions, and a number of political prisoners, and having committed to a process of constitutional reform and a timetable for fresh elections, Habibie has set in motion processes which may yield major political change. Whether he is able to survive these processes of change himself remains to be seen.

Although the process of democratic reform in Indonesia will be multifaceted, one of its most important aspects will be changes to the institutional framework, that is, the Constitution and related political laws. Habibie has appointed a small but capable political reform commission (comprising academics, bureaucrats, and a military officer) which is to report back to him within a short time frame. He has then committed to submit recommendations for reform to the House of Representatives and the People's Consultative Assembly. Although there are certainly some popular demands for far-reaching democratization, to date the focus of discussion appears to be limited to modifying laws controlling and restricting political parties, modifying the closed-list proportional representation electoral system, and possibly modifying the selection process of the president (through a reduction in the number of appointees to the Peoples' Assembly, which would give the political parties in the House of Representatives a much louder voice in the choice of the president).[14]

The main concern in debates about constitutional reform thus far has been to bring about real democratic change while at the same time ensuring that Indonesia does not return to the volatile multi-party chaos of the 1950s. In this respect, the electoral laws will be very important. Another remarkable feature of the reform process is that, thus far at least, there has been no serious discussion within the political elite about either eliminating armed forces representation in the House or, more importantly, moving toward a system of direct presidential elections. This no doubt reflects the fact that it is the state elite which is dominating the redesign process.

It will be some months before the outcome of the process of political reform becomes clearer. Further, it is no doubt very likely that this will be only the first step in a longer process of democratization which is likely to stretch over a decade or more, reflecting long-term processes of socio-economic change. In the near term, however, a critical factor bearing upon the success of this first round of democratization will be the country's economic fate. Indonesia has suffered a truly devastating economic setback. The most optimistic scenarios now suggest that it will be three to five years before the economy again finds its feet. Quite apart from the governance consequences of the new configuration of political institutions to emerge from the current reform process, and quite apart from the coalitional character of the government that Habibie (or a successor) constructs, investors are likely to be very wary of the risk of further political instability in Indonesia. The longer it takes for Indonesia's political framework to stabilize, the further off economic recovery will be. Compounding this problem is the fact that Indonesia's economic fortunes are now also seriously constrained by developments elsewhere in Asia – most notably Japan. The danger for democracy in Indonesia is that the longer the country's economy remains depressed, the more social and political instability is likely to result, and thus the greater the probability of some form of military coup in the name of restoring order and progress. This seems a quite remote prospect at the time of writing, but if the economy continues to slide the political landscape is likely to deteriorate with it.

Indonesia has now entered a period of major political flux, the outcome of which is as yet far from clear. Our understanding of the pattern of governance and economic performance under the New Order regime and of the collapse of this regime has been powerfully aided by an analytical focus on the underlying political institutions. Similarly, a careful analysis of the institutional framework of the newly emerging environment will powerfully illuminate our understanding of its politics and economics.

Notes

1. The PPP comprised several rivalrous Muslim parties and the PDI comprised a number of nationalist and Christian parties. Not coincidentally, the natural ideological and personal divisions within these artificial amalgams helped to keep them from developing into more potent political organizations.
2. This can be achieved in more or less subtle ways, depending on the urgency of the situation. Because Indonesia uses the closed-list proportional representation system, party leaders determine the rank order of all their candidates for each district – and thus also determine which ones have a high probability of being elected, or are placed in an unwinnable position. The government can thus bring pressure to bear upon party leaders

to place critics low on the candidate list, or if necessary, the government (through the General Election Institute) could declare the person unfit to stand as a candidate for election. In extreme cases, sitting members of the legislature can be removed, as happened in 1996 to Sri Bintang Pamungkas.

3. Taken literally, *Pancasila* (the Five Principles) is quite benign. The principles are: belief in God, humanism, nationalism, popular sovereignty, and social justice. In practice, this seemingly inclusive set of ideas is used as an instrument for political control as the government requires that everyone be "for" *Pancasila*, and that anyone deemed by the government to be operating outside its hazy parameters (e.g., a militant Muslim or trade union leader) is in breach of the law.
4. During the 1997 election an independent volunteer election watchdog committee, KIPP, was established to watch for irregularities. Despite government objections, KIPP was able to monitor activities in at least some voting districts (Van Klinken 1997, p. 5).
5. The share of appointed seats reserved for the armed forces was reduced from 25 per cent to 20 per cent in the early 1990s.
6. Personal communication from Daniel Lev.
7. Interestingly, the fact that the legislature is directly involved in choosing the president (by virtue of its making up half of the Consultative Assembly) means that Indonesia's system of government cannot, strictly, be considered presidential. (I am grateful to Matthew Shugart for drawing this to my attention.) This taxonomical dilemma is intensified once we recognize that the legislature can, technically, shorten a president's term by calling a special session of the Consultative Assembly to review the president's performance.
8. Technically, the president does not personally or directly appoint all of the remaining 500 members of the Assembly (i.e., those not from the House). Under Law no. 16 of 1969, as amended in 1975 and 1985, the president is authorized personally to appoint 100 delegates to represent social and functional groups. Each province is entitled to 4–8 delegates (depending on its population). In 1997 the number of provincial delegates totalled 149. The remaining delegates – 251 in 1997 – are divided among the political parties and the armed forces, based proportionately on their numbers in the House. Although, technically, the president selects only the 100 delegates from the social and functional groups, in practice he also has control of the remainder by virtue of the formal and informal authority the executive branch has over the political parties and provincial governments. (I am grateful to Bill Liddle for a number of these points.) For a breakdown of the 1997 membership of the Assembly, see *Suara Pembaruan Daily*, 20 September 1997.
9. It may be that this relationship deserves closer investigation. An interesting point of comparison here is with the relationship between the leadership of the Communist Party and the Central Committee in both China and the former Soviet Union. The Central Committee is formally responsible for selecting the party leadership, but is itself chosen by the party leadership. Susan Shirk (1992) has argued that this is less lopsided than often realized, and that while the party leadership does hold the upper hand, its activities are nonetheless constrained by the re-election imperative. Philip Roeder (1993) tells an equivalent story for the former Soviet Union. Two notable points of difference that seem to separate the situation in Indonesia from that in China (or the former Soviet Union) are that the Consultative Assembly meets very rarely, and that it is a much larger body (and thus less hospitable to collective action). This is a topic that requires further investigation.
10. There is now a sizeable scholarly literature on issues pertaining to democratization in Indonesia (Morley 1993; Alagappa 1995; Rodan 1996; Taylor 1996; Anek 1997; Uhlin 1997; Djiwandono and Legowo 1996; Kristiadi 1997; Siagian 1997; Sihbudi 1997; Schwarz 1994).

11. Alternatively, Indonesia could develop a parliamentary or even a hybrid premier-presidential system of government (Shugart and Carey 1992). Neither would, at this stage, seem as likely as a presidential system. Nonetheless, the same fundamental variables would pertain: greatly increased accountability of the executive, and more independent elections and political parties.
12. This is a far from trivial possibility. Much discussion of democratization ignores the reality that democratic change can unleash violence, suffering, and illiberalness far worse than that which previously prevailed. The fate of the former Yugoslav nations provides a clear illustration of this, but by no means the only one (Zakaria 1997).
13. An excellent and innovative analysis of the institutional dynamics of Thailand's political malaise is provided by Allen Hicken (1997).
14. Interestingly, if this came to pass, it would heighten the taxonomical problem of classifying Indonesia's political system noted above in note 8. If the fate of the political executive – the president – is primarily in the hands of the legislature, the system becomes much closer to a parliamentary one than a presidential one, formal labels notwithstanding.

REFERENCES

Alagappa, M. (1995), *Political Legitimacy in Southeast Asia: The Quest for Moral Authority*, Stanford University Press, Stanford, Calif.

Anek L. (ed.) (1997), *Democratization in Southeast and East Asia*, Institute of Southeast Asian Studies, Singapore.

Azis, I. (1994), "Indonesia," in J. Williamson (ed.), *The Political Economy of Policy Reform*, Institute for International Economics, Washington, D.C.

Battacharya, A. and Pangestu, M. (1993), *The Lessons of East Asia: Indonesia's Development Transformation and Public Policy*, World Bank, Washington, D.C.

Booth, A. (ed.) (1992), *The Oil Boom and After: Indonesian Economic Policy and Performance in the Soeharto Era*, Oxford University Press, Singapore.

Cohen, M. (1997), "On-Air Campaigning: Politicians Reach out to Voters via Television," *Far Eastern Economic Review*, May 15.

Cox, G. (1987), *The Efficient Secret: The Cabinet and the Development of Political Parties in Victorian England*, Cambridge University Press, New York.

——— (1997), *Making Votes Count: Strategic Coordination in the World's Electoral Systems*, Cambridge University Press, New York.

Cox, G. and McCubbins, M. (forthcoming), "Structure and Policy: Institutional Determinants of Policy Outcomes," in S. Haggard and M. McCubbins (eds.), *Structure and Policy in Presidential Democracies*, Cambridge University Press, New York.

Deyo, F. (1987), *The Political Economy of the New Asian Industrialism*, Cornell University Press, Ithaca, N.Y.

Djiwandono, S. and Legowo, T. (eds.) (1996), *Revitalisasi Sistem Politik Indonesia* [Revitalizing Indonesia's political system], Centre for Strategic and International Studies, Jakarta.

Haggard, S. (1990), *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries*, Cornell University Press, Ithaca, N.Y.

Haggard, S. and McCubbins, M. (eds.) (forthcoming), *Structure and Politics in Presidential Democracies*, Cambridge University Press, New York.

Haggard, S. and Shugart, M. (forthcoming), "Institutions and Public Policy in Presidential Systems," in S. Haggard and M. McCubbins (eds.), *Structure and Politics in Presidential Democracies*, Cambridge University Press, New York.

Hermet, G. (1978), "State-Controlled Elections: A Framework," in G. Hermet, R. Rose, and A. Rouquie (eds.), *Elections Without Choice*, Wiley, New York.

Hicken, A. (1997), "Political Parties and Elections in Thailand," unpublished paper, Graduate School of International Relations and Pacific Studies, University of California, San Diego.

Hill, H. (1996), *The Indonesian Economy since 1966: Southeast Asia's Emerging Giant*, Cambridge University Press, Melbourne.

Jaspersen, F., Aylward, A., and Sumlinski, M. (1995), *Trends in Private Investment in Developing Countries: Statistics for 1970–94*, Discussion Paper no. 28, International Finance Corporation, The World Bank, Washington, D.C.

Johnson, C. (1982), *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975*, Stanford University Press, Stanford, Calif.

Katzenstein, P. (ed.) (1978), *Between Power and Plenty: Foreign Economic Policies of Advanced Industrial States*, University of Wisconsin Press, Madison.

Kiewiet, D. R. and McCubbins, M. (1991), *The Logic of Delegation: Congressional Parties and the Appropriation Process*, University of Chicago Press, Chicago.

Kristiadi, J. (ed.) (1997), *Menyelenggarakan Pemilu yang Bersifat Luber dan Judul* [Organizing a free and fair general election], Centre for Strategic and International Studies, Jakarta.

Levy, B. and Spiller, P. (eds.) (1996), *Regulations, Institutions, and Commitment: Comparative Studies of Telecommunications*, Cambridge University Press, New York.

Liddle, R. W. (1996), "A Useful Fiction: Democratic Legitimation in New Order Indonesia," in R. H. Taylor (ed.), *The Politics of Elections in Southeast Asia*, Cambridge University Press, New York, pp. 34–60.

McBeth, J. and Cohen, M. (1997), "Winner Takes All: Golkar's Dominance Leaves Little Room for Other Voices," *Far Eastern Economic Review*, 30 January.

MacIntyre, A. (1991), *Business and Politics in Indonesia*, Allen and Unwin, Sydney.

——— (1992), "Politics and the Reorientation of Economic Policy in Indonesia," in A. MacIntyre and K. Jayasuriya (eds.), *The Dynamics of Economic Policy Reform in Southeast Asia and the Southwest Pacific*, Oxford University Press, Singapore, pp. 138–57.

——— (ed.) (1994a), *Business and Government in Industrializing Asia*, Cornell University Press, Ithaca, N.Y.

——— (1994b), *Organising Interests: Corporatism in Indonesian Politics*, Working Paper no. 43, Asia Research Centre, Murdoch University, Perth.

——— (1994c), "Power, Prosperity and Patrimonialism: Business and Government in Indonesia," in A. MacIntyre (ed.), *Business and Government in Industrializing Asia*, Cornell University Press, Ithaca, N.Y., pp. 244–67.

——— (forthcoming-a), "Funny Money: Fiscal Policy, Rent-Seeking, and Economic Success in Indonesia,'' in K. S. Jomo and M. Khan (eds.), *Rent-Seeking in Southeast Asia*, Cambridge University Press, Melbourne.

——— (forthcoming-b), ''Investment, Property Rights, and Corruption in Indonesia,'' in J. E. Campos and D. Leipziger (eds.), *The Institutions of Rentseeking and Corruption in East Asia*. The Brookings Institution, Washington, D.C.

Mainwaring, S. and Scully, T. (1995), ''Introduction: Party Systems in Latin America,'' in S. Mainwaring and T. Scully (eds.), *Building Democratic Institutions: Party Systems in Latin America*, Stanford University Press, Stanford, Calif., pp. 1–34.

Moe, T. and Caldwell, M. (1994), ''The Institutional Foundations of Democratic Government: A Comparison of Presidential and Parliamentary Systems,'' *Journal of Institutional and Theoretical Economics* 150(1), pp. 171–95.

Montinola, G., Qian, Y., and Weingast, B. (1995), ''Federalism, Chinese Style: The Political Basis for Economic Success in China,'' *World Politics* 48(1), pp. 50–81.

Morley, J. (ed.). (1993), *Driven by Growth: Political Change in the Asia-Pacific Region*, M. E. Sharpe, Armonk, N.Y.

North, D. (1981), *Structure and Change in Economic History*, Cambridge University Press, New York.

North, D. and Weingast, B. (1989), ''Constitutions and Credible Commitments: The Evolution of the Institutions of Public Choice in Seventeenth-Century England,'' *Journal of Economic History* 49, pp. 803–32.

Reeve, D. (1985), *Golkar of Indonesia: An Alternative to the Party System*, Oxford University Press, Singapore.

Rodan, G. (ed.) (1996), *Political Oppositions in Industrialising Asia*, Routledge, London.

Roeder, P. (1993), *Red Sunset: The Failure of Soviet Politics*, Princeton University Press, Princeton, N.J.

Rohdewohld, R. (1995), *Public Administration in Indonesia*, Montech, Monash University, Melbourne.

Root, H. (1989), ''Tying the King's Hands: Credible Commitments and Royal Fiscal Policy During the Old Regime,'' *Rationality and Society* 1(2), pp. 240–58.

——— (1996), *Small Countries, Big Lesson: Governance and the Rise of East Asia*, Oxford University Press, Hong Kong.

Santoso, A. (1990), ''Government and Constitution: The Case of the 1945 Constitution in Indonesia,'' in C. Sison (ed.), *Constitutional and Legal Systems of ASEAN Countries*, Academy of Asian Law and Jurisprudence, University of the Philippines, Quezon City.

Schwarz, A. (1994), *A Nation in Waiting: Indonesia in the 1990s*, Allen & Unwin, Sydney.

Shirk, S. (1992), *The Political Logic of Economic Reform in China*, University of California Press, Berkeley.

Shugart, M. and Carey, J. (1992), *Presidents and Assemblies: Constitutional Design and Electoral Dynamics*, Cambridge University Press, New York.

Siagian, F. (1997), ''Pemberdayaan Organisasi Peserta Pemilu (OPP) pada Pemilu 1997'' (Organizational dynamics of parties in the 1997 general election), *Analisis CSIS* 26(2), pp. 137–49.

Sihbudi, R. (1997), "Mengkaji Ulang Praktek Pemilihan Umum Kita" (Reexamining our electoral practices), *Analisis CSIS* 26(2), pp. 150–61.

Silaen, V. (1997), "Korpri-Golkar, Pemilu 1997, dan Demokrasi" (Korpri-Golkar, the 1997 general election, and democracy), *Analisis CSIS* 26(2), pp. 162–67.

Taylor, R. H. (ed.) (1996), *The Politics of Elections in Southeast Asia*, Cambridge University Press, New York.

Uhlin, A. (1997), *Indonesia and the "Third Wave of Democratization,"* Curzon Press, Surrey.

Van Klinken, G. (1997), "Citizens Organise Themselves," *Inside Indonesia* 51, p. 5.

Wade, R. (1990), *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*, Princeton University Press, Princeton, N.J.

Ward, K. (1974), *The 1971 Election in Indonesia: An East Java Case Study*, Centre for Southeast Asian Studies, Monash University, Melbourne.

Weaver, R. K. and Rockman, B. A. (1993), *Do Institutions Matter? Government Capabilities in the United States and Abroad*, Brookings Institution, Washington, D.C.

Weingast, B. (1995), "The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Growth," *Journal of Law, Economics, and Organization* 11(Spring), pp. 1–31.

Woo, W. T., Glassburner, B., and Nasution, A. (1994), *Macroeconomic Policies, Crises, and Long-Term Growth in Indonesia*, World Bank, Washington, D.C.

Zakaria, F. (1997), "The Rise of Illiberal Democracy," *Foreign Affairs* 76(2), pp. 22–44.