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Keeping it in the family

Indonesia's regional elections rarely warrant much comment from the nation's political pundits, but an electoral dispute currently playing out in South Sulawesi is winning more attention than usual. The quarrel not only implicates some of the country's top politicians in serious crimes, it also highlights the importance of political party control over the regions for success in the 2009 national elections.

Held on November 5, the gubernatorial race in South Sulawesi turned out to be a close run between the incumbent Amin Syam and his former deputy Syahrul Yasin Limpo. Although the two men are Golkar members, it was Syam who secured the official backing of the party in the election, leaving Limpo to run on a coalition ticket led by the PDI-P.

When the election returned Limpo as the winner, the Golkar top brass flew into a spin. Earlier in the year, Golkar executives had already highlighted several high-profile defeats in regional elections, warning the party at its national convention that it had to do better. But the South Sulawesi loss was particularly galling: not only is it a Golkar stronghold, but it is also the home province of Golkar's head, Vice-President Jusuf Kalla.

Incensed at his loss, Syam filed a case at the Supreme Court claiming irregularities in the vote. Based only on a few discrepancies between a quick count survey undertaken by a polling organisation and the official results, it seemed unlikely that the case would go anywhere. But on December 19, the court issued a shock verdict: the elections, the judges said, would have to be re-held in four of the province's 20 regencies.

"The Supreme Court is entitled to rule on local election disputes," regional politics expert, Toto Sugiharto, from the Soengeng Sarjadi Syndicate told the *Report*. "It is the court's judgment which is the problem."

According to Sugiharto, the judges should have ordered a recount or personally examined the votes at the disputed polling stations. Calling for the elections to be re-held in all four regencies was unprecedented and has led to all sorts of problems, he said.

"Should all of the previous candidates be allowed to stand or just Syam and Limpo? Are they allowed to re-start their campaign?...[the judgment] creates more problems than it solves."

The unusual nature of the court's decision has also given rise to speculation that Golkar executives have managed to influence the judges' decision. "The fear is that there has been intervention from Golkar [in the court's decision]. We all know that this kind of thing often happens in Indonesia. But it's hard to prove," Sugiharto said.

A source from within Golkar was more candid. "I heard that [the Golkar leadership] paid Rp 5 billion (US\$530,000) to the panel of judges to rule in favour of Syam," the source told the *Report* on condition of anonymity.

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It doesn't help the speculation that Syam is Golkar chairman Jusuf Kalla's brother-in-law.

Whatever the personal links may be, securing South Sulawesi province for Golkar is certainly a vital part of the party's preparations for the 2009 elections. Although incumbents are not supposed to use state facilities or state money for election campaigns, in practice they often do.

"A Golkar governor will help get the party elected in his region for the national elections...it really has a big impact because of the culture of paternalism: the governor influences the state officials he employs who in turn influence the people," Sugiharto said.

While Limpo waits for his appeal against the court's decision to be heard, the province has been rocked by pro-Limpo demonstrations, leading the president to appoint an active military general as temporary governor to help maintain security. This controversial decision is being seen by many in the region as a return to old-school militarism.

Despite having considerable public support, Limpo is likely to need more than just this groundswell to win in court. "If Limpo wants to win the appeal, he will have to pay substantial amounts to the judges," the Golkar source claimed. "They don't have that sort of money, so their supporters are now trying to create a situation."

Whatever the final verdict, the shenanigans over the South Sulawesi polls have put the electoral process, the legal system and the reputation of the Golkar leadership under question, leaving a sour taste in the mouths of voters. "No matter what happens in the end, this whole episode shows that Kalla's honeymoon with the people of South Sulawesi is over," the source said.

Strange choices

As the competition to find a new crop of judges for the Constitutional Court heats up, questions are being raised about some of President Susilo Bambang Yudhoyono's alleged preferences.

It has been widely reported that Yudhoyono is championing Yusril Ihza Mahendra to become one of the court's judges. *Report* sources are claiming that the reasons for this choice have little connection with Mahendra's knowledge of Indonesian law.

The Constitutional Court is Indonesia's highest institutional body. It has the authority to annul existing laws which it finds run counter to the constitution, and also rules on electoral violations. Because the Constitution is relatively vague, the court's judges have a lot of room for its interpretation, which in effect makes them the most powerful arbiters in the country. The judges' verdicts are also final and cannot be appealed.

With the tenures of the court's nine judges due to end this year, the House of Representatives, the President and the Supreme Court have been giving

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some thought as to who should take over. Each body has the right to decide on three judges.

While news about the House and the Supreme Court's choices is still sketchy, Yusril Mahendra has been touted as President Yudhoyono's man, especially after he visited Yudhoyono's private residence in Cikeas on December 17.

It seems that being involved in a series of corruption allegations is good for one's career. Certainly 2007, was not a good year for Mahendra. He was first involved in a very public dispute with the Corruption Eradication Commission over an alleged mark-up of finger print equipment procured by his department while he was Minister of Justice and Human Rights. He was then caught out helping transfer US\$6 million of Tommy Soeharto's stolen money from a Guernsey bank account to Indonesia. Neither case ever went to court.

Why should the president tout such a risky candidate as a Constitutional Court judge? According to *Report* sources close to the president's inner circle, the choice is at least partly motivated by the president's "personal interests."

"Yudhoyono has a number of political secrets which only Mahendra knows about," the source said. "Mahendra knows about these as he was a key member of Yudhoyono's success team in the elections," the source added.

Other motives are connected to Mahendra's position as head of the Muslim-based Crescent Star Party (PBB). "Yudhoyono needs Mahendra's political influence to gain votes in the 2009 elections...Mahendra has control of the *Wahibi*," the source said, referring to a highly conservative sect within Islam.

According to the source, Yudhoyono is searching for influence within fundamentalist Muslim groups, in a bid to stop them attacking government policies. He also wants to head off the expected tension between pro-nationalist and pro-religious groups during the 2009 campaign.

While Mahendra has a background in constitutional and administrative law, he is not the only person in Indonesia to have such experience. Liberal legal observers also worry that appointing an obviously partisan political player into the most powerful court in the land would be disastrous for the independence of the country's judiciary. On the other hand, Mahendra's alleged involvement in graft also undermines the government anti-corruption drive.

If Yudhoyono's camp leaked the news of Mahendra's possible candidature as Constitutional Court judge to test public opinion, the answer must surely be "don't do it".

Bringing back Bulog

Desperate times call for desperate measures. The government is dusting off plans to slowly re-empower the State Logistics Agency (Bulog), hoping the notoriously corrupt government company will eventually stabilise the skyrocketing prices of staple foods.

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The almost tripling of soya bean prices from Rp 2,750 (28 US cents) a kilogram in January 2007 to Rp 7,800 this month has led to demonstrations by those hardest hit, namely the poor and micro-business owners whose meagre budgets are already stretched to breaking point. The protests, which have involved an estimated 10,000 tofu and tempeh producers in Jakarta alone, were the world's largest food-related demonstrations since last year's Mexican tortilla crisis.

The crisis is potentially evolving into President Susilo Bambang Yudhoyono's most serious political challenge yet. If the food prices, including those of wheat, palm oil and sugar, are not controlled soon, the political fallout could seriously affect his chances in the 2009 elections.

The reasons for the soya bean price rise in Indonesia are largely external. Formerly a significant soya bean producer, the country now imports two-thirds of its supply from Brazil and Argentina, where bad harvests have caused production shortages. As a net importer, Indonesia must also compete with China where demand for the crop has steadily risen.

As a quick fix to the soya bean price rises, the government has announced it will scrap the 10 percent import duty on imported beans — taxes that were meant to stimulate and protect local producers. The import duty on wheat has also been lifted.

Realising that neither of these moves would be popular with economic nationalists, the government also promised to eventually boost the land allotted to local soya bean plantations by 100,000 hectares. Despite this, the lifting of import duties has been slammed by many politicians, who have called the moves "partial", "reactive", and part of a "policy of despair".

Rather than lifting import taxes, politicians and media commentators have called for the re-empowerment of Bulog so it can, as *The Jakarta Post* put it, "allocate adequate funds for the building and management of strategic food reserves". These calls continue to be made, despite the agency's reputation as an inefficient, graft-ridden cash-cow, which has been raided by successive governments.

The renewed confidence in Bulog comes from the agency's once-proud history. The organisation has its roots in the early 1970s, when the New Order regime began a programme of rural development meant to reduce dependence on food imports. Despite considerable corruption inside Bulog, this drive was largely successful and the agency controlled prices and restricted imports on a wide range of food commodities, keeping supplies stable and affordable, and protecting farmers from international fluctuations.

However, by the end of the 1997 Asian economic crisis, corruption from within the organisation along with constant raids on its coffers by Soeharto and the Golkar Party meant the agency was a shadow of its former self.

Due to pressure for institutional reform from the International Monetary Fund (IMF), in 2003 Bulog was turned into a state-owned enterprise. Its

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area of control, which once spanned across a wide range of foodstuffs, was reduced to a single commodity: rice.

The result, according to agricultural expert H.S. Dillon, was nothing short of disastrous. “In my view the World Bank and the IMF have really screwed Indonesia,” he told the *Report*. “Indonesia was not ready to go to the market [mechanism]; because we needed to enhance the productivity of farmers first.”

According to Dillon, farmers already badly hit by the monetary crisis, were even worse off after their price guarantees were removed. This free market ethos also ensured there was a lack of rural development, meaning the agriculture sector has stagnated for the past decade.

Now it looks as if these free market ideas are being abandoned. Coordinating Minister for the Economy Boediono has stated there is a need to see Bulog returned to its former role as a non-ministerial government agency, where it was responsible for a number of basic commodities.

His comments have been echoed by the Trade Minister Maire E. Pangestu, who said she wished to expand Bulog’s role through the creation of an additional body under Bulog’s auspices tasked with stabilising the imports of soya beans.

“As a control on the price or to support the stability of staple foodstuffs, Bulog will be asked to return to its operations to regulate basic foodstuffs. All imported products, especially staple foods will enter [the country] via Bulog.”

However, according to Dillon just putting Bulog back in control of prices will not be enough. “The issue is that if you order Bulog to try to assume a position as a price stabilizer you can’t do that alone,” he said.

“You will also have to undo and implement a lot of regulations. This is not about making a simple decision or a ministerial order ... It will take coordination; this will have very far-reaching ramifications if you want to bring Bulog back to the position it was in before the reforms.”

Then there is the issue of corruption. By putting Bulog back in control of a wide range of food imports, the government is giving bureaucrats charge of a sector that has been historically prone to high levels of abuse, especially by the political parties.

However, if the government does not move in and lower the prices of foods it could face serious political unrest in the future. This is especially important when more and more arable land formerly used for food crops, is now being earmarked for bio-fuel production.

Whatever the government decides to do, it must act quickly. Observers have warned Indonesia could face a food crisis within 10 years if it fails to overcome the disparity between its rapidly growing population and its limited ability to expand food production.

For more than 50 percent of the 220 million people living on less than US\$2 a day, the effects of that crisis are already beginning to be felt. □