

## IN BRIEF: POLITICAL

**Finance minister Sri Mulyani turns the tables**

Indonesia's Minister of Finance, Sri Mulyani Indrawati, caused a stir at this year's meeting of the World Bank and the IMF in Singapore when she announced that Indonesia needs "partners not preachers" in their fight against corruption, further urging the Bank to support Indonesia's governance reform plan rather than pursuing its "own ideal plan."

Widely considered a technocrat for her adherence to concepts such as economic efficiency and an openness to international investment, such rhetoric from the former IMF staffer caused surprise among political circles in Indonesia.

How is it to be interpreted? Does it represent a new departure for the relationship between the Indonesian government and international institutions such as the World Bank and the IMF?

Noted political analyst, Indra Piliang, from Jakarta's Centre for Strategic and International Studies (CSIS) thinks not.

"Sri's comments in Singapore on the World Bank are not really representative of her position, but were made to head off criticism from the economic nationalists, gathered in a group known locally as '*Indonesia Bangkit*,'" Indra told the *Report* referring to economists who believe that Indonesia needs economic policies that protect national industry.

Indra explained that Sri's position in the Cabinet is particularly vulnerable at the moment in the run-up to the much anticipated Cabinet reshuffle, which should occur by year's end, because she does not have the support of a political party. "President Yudhoyono looks not only for professional achievement in his ministers, but also whether they are supported by the public. Since Sri does not have political party backing, public support is even more important for her. But the type of policies which she promotes are not very populist, so this is her attempt to gain some public support at the same time as counteracting the voices of those grouped in *Indonesia Bangkit*."

This may be especially the case given that shortly before her speech Sri was granted two awards for best Asian Finance Minister by groups representing the interests of international investors, the Emerging Market Forum and the capital market magazine, Euromoney.

Different Indonesian leaders have had rocky relationships with international institutions such as the World Bank and the IMF over the last few years. Relationships particularly soured in the immediate post-Soeharto era when the IMF took the opportunity the 1998 economic crisis presented to push for major restructuring within the Indonesian economy as conditions for its loan dispersals. A high degree of acrimony often resulted as the IMF withheld emergency funding on condition of the government and the legislature passing laws which opened the economy further to international investors and dismantled some of the rent-seeking structures of the Soeharto days.

Since the Indonesian government stopped receiving new IMF loans, its

## IN BRIEF: POLITICAL

---

relationship with international institutions has been more stable. However, there continues to be a lingering distrust within much of the Indonesian political establishment that international institutions push too hard for a dogmatically liberalist economic agenda given Indonesia's stage and type of development. On the other hand the new breed of technocrats regard economic nationalists as apologists for the deep-seated and highly detrimental levels of corruption in this country.

Currently, under the economic leadership of Coordinating Minister for the Economy Aburizal Bakrie, the technocrats have largely maintained an upper hand, with the economic nationalists grouped mainly in the president's office, but also in positions directly related to people's welfare such as the Ministry of Agriculture.

However, according to Indra, not only do Sri's remarks in Singapore misrepresent her own staunchly technocratic position, but they in no way reflect the government's position as a whole. "If we want to know where the government stands in relationship to the technocratic and nationalist camp, we need only listen to President Yudhoyono's speeches as well as consider the laws which are submitted by the government to the legislature. One minister's words never represent the government's position as a whole."

He added that personally Sri's speech can be seen as something of an achievement as it shows that she is developing the political skills she needs to succeed in the cut and thrust of the Indonesian political scene.

Sri Mulyani's comments may have had such politicking in mind, but interpreting them in this way does not rule out an additional explanation that she made these comments because that is genuinely her personal opinion. In this way, they can also show that while the boundary between technocrats and nationalists is not always so clear, the issue of which group individual politicians belong to is still a defining feature of Indonesian politics today.

### **Soldiers might be heading to the polls**

A months-long survey of Indonesian soldiers and civilian personnel was completed in August to help capture sentiment among the armed forces concerning the potential granting of voting rights to active members of the Indonesian Military (TNI), according to government sources.

The Surabaya-based Airlangga University's Center of Study for Democracy and Human Rights (Pusdeham) conducted the survey from March to August at all 12 military command headquarters, where 100 soldiers and 100 civilian personnel from each participated. The results have not been released but a *Report* source who is on the government review team said that a mixture of responses were given.

Respondents were asked how they felt about soldiers receiving the right to vote and whether they felt that it would create divisions among the troops thus impacting solidarity. Some soldiers questioned whether they would be able to support a winning candidate if they did not vote for that person while others