7 The Habibie Presidency: Catapulting Towards Reform

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President B.J. Habibie was an unlikely reformer. As a technology specialist and President Soeharto's hand-picked vice-president, he did not seem to possess the necessary trackrecord or credibility to oversee reform. After the resignation of President Soeharto in May 1998, critics regarded President Habibie's government as a continuation of the New Order *status quo*. They depicted his reforms as nothing more than insincere and half-hearted efforts to gain popularity and cling to power in the face of intense public pressure. Yet several years after the collapse of the New Order and Indonesia's often painful journey through *reformasi*, it can be seen that many of the laws, regulations and other changes introduced by the Habibie government were in fact fundamental in nature. The Habibie government laid the foundation for Indonesia's democratic transition, its move toward decentralisation and many other features of the new Indonesia. President Habibie also allowed self-determination for East Timor, paving the way for its subsequent independence.

Far from being a reluctant reformer, President Habibie seized a brief political opportunity to introduce a slew of far-reaching reforms that Indonesia had long needed but could not carry out under the New Order, and which might have been more difficult to carry out once Indonesia returned to 'normalcy'. Yet looking at Habibie's educational and working background before becoming Soeharto's favoured aide, one should not be too surprised at Habibie's enthusiasm for political reform. He spent the best part of his youth and young adulthood in Germany where he had first-hand experience of living in a democratic society with a federal system of government. During his tenure as Minister for Science and Technology Habibie travelled widely, so he was fully aware of how the international community, notably western countries, viewed New Order Indonesia, particularly in relation to the East Timor problem. It was, therefore, not entirely unexpected that when Indonesia faced imminent collapse and he was under tremendous domestic and international pressure to institute drastic changes to rescue the country from the post-Soeharto upheaval, Habibie reached out to the West to help Indonesia in carrying out comprehensive political

reform. For years various western governments have criticised Indonesia's lack of democracy, poor human rights record and continued occupation of East Timor. Jakarta's centralised control over the entire country had also been blamed for regional restiveness. Unlike Soeharto who was highly suspicious of the West and regarded democracy and human rights as manifestations of 'western values' incompatible with Indonesian cultural identity, Habibie did not seem to have any discomfort with 'western values' and once he became president immediately embraced the concepts of democracy and human rights as universal values. Habibie's support for wide-ranging regional autonomy could also be partly attributed to his experience of living in Germany where the federal system of government provides extensive rights and autonomy to the *Lande* or state governments, allowing them to flourish without weakening the unity of Germany. As a scientist Habibie could also see that the majority of developed countries are those that have adopted democratic systems of government which allow their citizens freedom of thought and expression.

In this chapter, the author, who served as one of President Habibie's assistants, looks at the dynamics of the Habibie presidency, focusing on some of the major reforms carried out and highlighting Habibie's open style of leadership, which contrasted sharply with that of his mentor, Soeharto. The chapter also discusses some of the problems encountered in the reform process. Since the writer was an insider during the period of the Habibie government, this contribution does not pretend to be a fully objective and critical scholarly analysis, for it relies as much on personal observations, experience and recollections, as on written documents.¹

Accelerated evolution and constitutionalism

One key to understanding the record of the Habibie presidency, which lasted from May 1998 to October 1999, was that the president viewed himself as a strict constitutionalist. He was fond of characterising the rapid changes that he was overseeing as 'accelerated evolution' rather than revolution. Many of the student protestors and other radical reformers in 1998–99 were demanding revolutionary change and the discarding of the entire system inherited from the New Order. Habibie, by contrast, argued that Indonesia should avoid another costly, disruptive and unpredictable revolution, like those of 1945–49 and 1965–

1 When B.J. Habibie was elected vice-president in March 1998, the writer was appointed to a newly created position of assistant to the vice-president on Global Affairs. Not long after President Soeharto resigned on 21 May 1998 and Habibie had assumed the presidency, the writer was moved to the State Secretariat, occupying the position of assistant to the Minister for the State Secretariat on Global Affairs. The minister at the time was Akbar Tanjung. When Akbar Tanjung was later preoccupied with running for the Golkar Chairmanship, the writer was also appointed as a presidential spokesperson, having already acted unofficially in this capacity from the first day of Habibie's presidency.

68, since past achievements could be lost without guaranteeing satisfactory outcomes. Furthermore, revolutionary changes could delay institutional consolidation and open the way for more revolutions in the future. For these reasons, President Habibie always said he favoured evolution and step-by-step transformation of the existing system. As Indonesia's reform process had stalled for over three decades, making the system unable to respond to fundamental global and domestic changes, evolution needed to be accelerated. In his arguments Habibie used scientific and engineering examples to illustrate his point about the merits and demerits of evolution and revolution. He argued that a revolution, due to its burst of energy, could become random and unpredictable with uncontrollable consequences, while an evolution is always a planned and systematic approach so that the results can be predicted and anticipated. To speed up the evolutionary process it must be accelerated, but still follow a clear blueprint.

This opposition to revolutionary and unconstitutional change lay at the root of Habibie's rejection of the views of those who wanted to dismantle the Consultative Assembly (Majelis Permusyawaratan Rakyat, MPR) and the House of Representatives (Dewan Perwakilan Rakyat, DPR), and replace the government with some sort of unelected 'revolutionary' council (Budiman 1998:76). Habibie recognised that the existing MPR, DPR and his presidency lacked popular legitimacy in the wake of the mass public demonstrations that forced President Soeharto to resign. He also agreed with the emerging post-Soeharto consensus that the 1945 Constitution, the very foundation of the political system, did not sufficiently protect political and civil liberties; gave too much power to the executive branch; denied the people the right to elect their leaders directly, and therefore would have to be amended.

Where President Habibie disagreed with his more impatient critics was that he believed that in order to manage Indonesia's systematic transformation and safeguard its future, particularly to ensure that economic recovery was not jeopardised by prolonged political chaos, all changes—even those to the Constitution itself—had to be made according to a constitutional process. If the Constitution and existing laws stood in the way of reform, then these had to first be amended, revoked or replaced, but they could not in any way be disregarded or deliberately violated.

Within months of coming to office, the president and his advisers had come to the conclusion that in order to enable the reform process to move forward, one of the first steps was to remove the barriers to constitutional amendment. In the past President Soeharto had often invoked the 1945 Constitution to justify his undemocratic policies, and he had made the Constitution into a sacred text that could not be amended easily, since amendments could only be done through

a referendum.² At the same time, Habibie recognised soon after he took over the presidency that political stability and economic recovery could only be attained if the legitimacy of the government were not in dispute. In order to avoid prolonging the political uncertainty and erosion of public confidence in state institutions, Habibie decided to cut short his presidency by almost four years and bring the general elections forward from 2003 to 1999. These and other fundamental changes could only be done by convening a 'Special Session' of the MPR, which took place in November 1998, six months after Habibie came to power. Despite massive student demonstrations to disrupt it, leading to violent clashes with the security forces, the 1998 Special Session succeeded in passing several important decrees which made it possible for the reform process to proceed both constitutionally and at an accelerated pace. This Special Session, despite being derided by supporters of '*reformasi total*', became a major milestone in Indonesia's reform effort, the starting point for the fundamental changes which followed.

Amongst the decrees passed by the Special Session were No 8, which revoked an earlier decree requiring a referendum to change the Constitution, thus making it possible for the MPR to amend the Constitution; No 13, which limited the president and vice-president to a maximum of two terms in office (Soeharto had been re-elected for seven consecutive terms), and No 14, which brought elections forward from 2003 to June 1999. The Special Session also passed a decree (No 15) on regional autonomy, which later enabled the Habibie government to introduce the wide-ranging decentralisation package. Other important decrees included one on Human Rights and another ending Pancasila indoctrination courses. A number of these key decrees were later incorporated into constitutional amendments, thus vesting them with even greater constitutional weight.

One can only speculate on the political and economic direction that Indonesia would have embarked upon if the demonstrators had succeeded in disrupting the 1998 Special Session of the MPR, thus preventing an orderly political transition.³ Indonesia might have been plunged into another period of political emergency and ad hoc experiments, which may or may not have led to greater democratisation. Many critics who have been dissatisfied with the

2 Decree MPR RI No IV/MPR/1983 stipulates that any amendment of the 1945 Constitution can only be done after a referendum approves each and every particular proposed amendment, which made it almost impossible to amend it.

3 The author was a member of the MPR from 1998 to 1999 and took part in the Special Session of November 1998 and thus experienced first-hand the extremely tense period surrounding it. Most members of the MPR stayed at the Hotel Mulya and were bussed to the MPR Building. Just before the opening session news broke out that the demonstrators were about to storm the building and every one was asked to get back on the bus to return to the hotel. We had to wait for some time on the bus, and then at the hotel till nearly midnight, before we were returned to the MPR building to continue the opening session. The determination of the demonstrators to disrupt the MPR Session helped to add a new urgency to the proceedings, MPR members fully realised that if the relevant decrees were not revoked, amended, replaced or passed as bases for future legislation and action, Indonesia's would enter a new period of uncertainty.

rather incremental changes taking place since then might well have preferred a revolutionary overhauling of the whole system, since a number of necessary reforms have since been stalled due to resistance from entrenched vested interests.

True to President Habibie's promise of rule-based accelerated evolution, the period of his government was one of extraordinary rule-making fervour. Between 21 May 1998 and October 1999, there were 50 laws passed, 2 Government Regulations in lieu of Law, 99 Government Regulations, 232 Presidential Decisions and 27 Presidential Instructions, making a total of 410 laws and regulations. These legislative and regulation-making productivities can be compared to the New Order period in which, during 30 years 122 laws, 510 Government Regulations in lieu of laws, 914 Presidential Decisions and 89 Presidential Instructions were passed (Asshiddiqie et al 1999). As a comparison in the DPR session period of 2003–04 there were 40 bills that were introduced as initiatives of the DPR and 17 bills that were introduced by the government, making a total of 57 bills. Of the 40 bills initiated by the DPR, 13 became law, while of the government-initiated bills 11 became law, making a total of 24 laws in two years. The 'Program Legislasi Nasional' has an ambitious legislation program, 248 bills for the period 2005–09, but there had been a backlog of legislation from the earlier period in the DPR. The laws and regulations enacted during the Habibie presidency covered a fairly wide spectrum, but most dealt with political, economic and financial matters.

There is some justification for the criticism that the Habibie government passed *too many* laws and regulations without sufficient time for rigorous discussion and scrutiny. The result was that a number of laws had confusing or contradictory articles. On the other hand, given the immediate need to carry out wide-ranging reforms in almost all aspects of public life, the frenetic pace of legislation was unavoidable, and it did provide a solid foundation for future reform.

Promoting civil liberties

Habibie spent most of his political career serving as Minister for Science and Technology in successive Soeharto cabinets. Before he became president Habibie stated openly on a number of occasions that he regarded President Soeharto as his mentor and 'political guru'. It was thus not surprising that many people were sceptical that he would rule any differently from his predecessor. In fact, Habibie demonstrated early in his presidency that he was a different type of leader. While President Soeharto ensured his unchallenged political control by imposing tight censorship of the media, limiting freedom of speech and

association, imprisoning political opponents, and rejecting the very concept of human rights as being alien to Indonesian values, President Habibie did exactly the opposite.

The motivations for Habibie's actions can indeed partly be attributed to public pressure and his desire to win popular support. Yet the enthusiasm with which he carried out some of his reform initiatives, some of which were quite radical and even damaging to his immediate political interests, indicated Habibie's more personal interest and commitment to reform than is noted. If Habibie had been only concerned about winning public approval, he would probably have been more selective, introducing reforms that would be popular but avoiding those which would have negative consequences for his own political fortunes. Instead, Habibie did not shy away from introducing a number of important reforms, knowing that such reforms would limit or undermine his hold on power. His strong support for media freedom, despite the fact that he would become a primary target of criticism, the liberalisation of political parties which challenged Golkar's monopoly of power, and devolving power to the regions despite reservations from members of this government demonstrated Habibie's personal interest in the reform process.⁴ On the East Timor issue it was quite clear that President Habibie was the prime mover in giving the East Timorese the choice of integration or independence since he did not want the East Timorese problem to remain a burden to Indonesia for years to come. In response to public pressure Habibie brought the general elections forward, thus cutting short his presidency creating the possibility of not being re-elected under the multi-party system. On bringing Soeharto to justice, however, it was clear that Habibie was very reluctant to do so. He would probably have earned some political mileage if he had put Soeharto on trial, but pressures from outside and from within his immediate circle notwithstanding, Habibie would not budge on the issue, saying that he would rather be unpopular than be '*durhaka*' or disrespectful towards Soeharto.

One of the first acts carried out by the Habibie government was to revoke all of the laws and regulations that had constrained freedom of speech, association and gatherings and to release political prisoners. Together with the DPR the government passed law No 9/1998 on Freedom of Speech in Public Places, while the president issued Presidential Decision No 83/1998, which ratified the ILO 'Convention No. 87 Concerning Freedom of Association and Protection of the Right to Organise'. Of even greater importance in guaranteeing freedom of speech was the 1999 revocation of the draconian 1963 anti-subversion law.

4 When criticisms against the government and the president became too vulgar (*kasar*) there were sometimes comments from certain members of the cabinet or visitors to the president that media freedom was '*kebablasan*' or gone overboard. President Habibie and his Minister for Information, Junus Josfiah, often defended the press, saying that media freedom is important. On debates about regional autonomy Habibie showed some preference for a more federal arrangement, such as decentralising the police.

Throughout the New Order, there had been numerous political prisoners, ranging from high-ranking military officers to politicians, labour activists, intellectuals and women activists. President Habibie signed about a dozen Presidential Decisions releasing all political prisoners, including giving amnesty to the imprisoned East Timorese leader, Xanana Gusmao.⁵ Not only did living political prisoners receive amnesty and have their rights rehabilitated, those who had died were also rehabilitated. President Habibie even awarded the late Lieutenant General H R Dharsono, who died after a long imprisonment for criticising President Soeharto, with the Bintang Maha Putra Utama, the highest award in the Indonesian honours system, as recognition of Dharsono's contribution to Indonesian independence.

The most notable reform carried out by the Habibie government in promoting civil liberties was undoubtedly in the area of media freedom. Soeharto had controlled the media not only by threatening journalists with imprisonment if they wrote articles to which the government objected, but through its control of publication licences (Surat Izin Usaha Penerbitan Pers, SIUPP). Not only were these licences difficult to obtain, which limited the number of print media options, but they could be revoked at the government's discretion, forcing editors to exercise stringent self-censorship.

President Habibie, enthusiastically aided by his Minister for Information, Lieutenant General Yunus Yosfiah surprised critics by his extremely liberal attitude towards media freedom, both printed and electronic.⁶ The requirement to obtain SIUPP before starting a publication was rescinded, so that within a very short time literally hundreds of new newspapers, tabloids and magazines appeared. The government also gave almost untrammelled freedom to media reporting, and the Minister for Information no longer acted as a media watchdog or called editors to reprimand them on the contents of their publications. Although President Habibie was daily criticised, lambasted and sometimes lampooned by the media, he generally reacted with good humour, recognising open criticism was an outcome of the democratic processes he had initiated. The Indonesian media became one of the freest in Asia.⁷ President Habibie was also noted for his personal openness and accessibility. Unlike his immediate predecessor, who hardly ever talked directly to the press, Habibie frequently

5 Xanana's release from prison came later after President Habibie offered the two options solution to the East Timor problem.

6 Yunus Yosfiah was better known for his role as a young officer in the Indonesian invasion of East Timor, during which a number of Australian journalists were killed. As a tough military man he was considered an unlikely reformer, yet he proved to be an enlightened Minister for Information, strongly supportive of media freedom.

7 Of course, media freedom did not automatically lead to good quality media. Many of the new publications were forced to close down due to market competition, not because of government action.

gave interviews to both foreign and domestic journalists.⁸ This was probably the single most important action which helped to transform the image and character of the presidency. Under Soeharto the presidency was seen as remote, cold, inaccessible and shrouded in secrecy, and thus beyond public control. By exposing himself and his office to media scrutiny, Habibie helped to demystify the presidency, making it more transparent and closer to the people, and thereby easier to criticise and control.

Political liberalisation

Free general elections, in which political parties and candidates compete without fear of government intimidation and voters are free to exercise their choice, are prerequisites of democracy. Under the New Order, the government limited the number of political parties, and regulated their activities, while general elections were not free. Only two political parties, the Islamic United Development Party (Partai Persatuan Indonesia, PPP) and the Indonesia Democracy Party (Partai Demokrasi Indonesia, PDI) were allowed to exist to act as ornamental proof that Indonesia was not a one-party state. In effect, the government's own Golkar, not strictly regarded as a political party, was the only party allowed to win the majority of votes at every election. By controlling the political parties, the elections and other political recruitment processes, the New Order government had been able to pack the DPR and the MPR with pro-government appointees and semi-appointees, which in turn ensured the successive re-election of Soeharto as president every five years. The MPR and the DPR primarily served as rubber stamps for the executive, endorsing all government policies without any pretence of checks and balances.

As explained above, the 1998 Special Session of the MPR brought forward general elections from 2003 to 1999. Two laws were passed as preparation for these elections, No 2/1999 on Political Parties and No 3/1999 on General Elections. The government invited members of the public, including members of academic institutions and non-governmental organisations, to participate directly in the drafting of these new laws. Some such people made presentations at the presidential office. The new law on political parties removed all of the New Order restrictions on political parties, including the '*Asas Tunggal*' doctrine whereby all parties were required to adopt Pancasila as their 'sole foundation'. Under the new law, Pancasila remained the sole ideology of the state, but

8 The writer was often asked to arrange media interviews with the president. They mostly took place on Saturdays, in the beginning usually at Bina Graha and later at the Merdeka Palace or at times at Habibie's private residence. Habibie was at first reluctant to talk directly to the press, but was later convinced that it was better for journalists to obtain first-hand information on what the president and the government had done and was trying to achieve.

political parties were free to have different political ideologies and platforms (except communism, which was still banned). As a result of this liberalisation, within a short time over 200 parties registered at the Ministry of Justice, though in the end 'only' 48 parties qualified to contest the elections in June 1999. The law on general elections also tried to ensure more democratic and fairer elections than had taken place under the New Order. It ended government control of the electoral process, giving the task of managing the elections to the newly formed National Elections Commission (Komisi Pemilihan Umum, KPU) which was then mostly made up of party representatives. The government also allowed independent domestic and international election watch groups to monitor the whole election process.

Many people, both at home and abroad, were sceptical of the Habibie government's ability to plan and carry out general elections under these new rules in the very short time available. It was undoubtedly a mammoth undertaking: within six months political parties had to establish themselves throughout the country, while the KPU had to register voters and prepare complex ballot papers for over 300 districts. The balloting itself had to be completed within a few hours in a single day in such a vast country, where many areas were difficult to reach.

Without strong international financial support and technical assistance it is doubtful that Indonesia would have been able to carry out its first truly democratic general election since 1955 so successfully. Here, too, President Habibie's personal role was significant. The president talked to many world leaders, including the US President, Prime Ministers of Britain and Australia, and the United Nations Secretary General, asking them to help Indonesia in its democratic transition. The response was overwhelming. Several governments, international organisations and international NGOs seemed to compete with each other in offering financial support and various forms of technical assistance. Indonesia initiated a process that would later be used as a model for other countries. In order to avoid competition and overlap amongst the donor countries and organisations providing electoral assistance, the government asked the United Nations Development Program (UNDP) to coordinate all of the assistance and activities. Initially the UNDP was hesitant to undertake this task, since it had not previously been involved in managing general elections. President Habibie was, however, insistent that the UNDP perform this coordinating function, in part because this would avoid giving particular donor countries too much prominence. The direct involvement and visibility of the UNDP, an organ of the United Nations, in the elections was more acceptable to nationalist sensitivities than if one or two western countries were to be seen running the show, a situation which could have weakened the legitimacy of the elections in the eyes of critics.

Although external pressure forced Habibie to bring the elections forward in order to preempt the demands of the radical elements who wanted '*reformasi total*' by forming a 'revolutionary government', once sold on the idea Habibie tried to make the elections as democratic as possible within the shortest time. Some senior politicians who had pressed for immediate general elections thought that Habibie was being unrealistic believing that the preparations could be done within six months.⁹ In the end Habibie confounded all sceptics who doubted the elections could be run on time without organisational fiasco or violence. As it turned out, the general elections were on the whole peaceful and deemed to be fair and democratic.

One result of the elections was the sharp decline in Golkar's vote, though it still managed to come second after the then hugely popular Indonesian Democratic Party of Struggle (Partai Demokrasi Indonesia—Perjuangan, PDI-P). This showing for Golkar was itself a major victory, remembering the political climate in which some student activists and others were calling for the party to be banned. No party won an overall majority. Many Habibie supporters at the time believed that if pooled together, the votes obtained by Golkar and all of the Islamic and Muslim-based parties, would still constitute a majority in the MPR, giving Habibie a chance to retain the presidency. This was not the case, for a number of the Golkar members of the MPR joined the PDI-P, the National Awakening Party (Partai Kebangkitan Bangsa, PKB) and other anti-Habibie factions in rejecting President Habibie's Accountability Speech during the MPR Session in October 1999. The military faction was also believed to have voted against President Habibie, as a mark of their disappointment over the loss of East Timor. As a result, Habibie withdrew his candidacy and threw his support behind Abdurrahman Wahid.¹⁰

During this period Habibie's conduct in the face of political adversity was significant. It could not have been easy for President Habibie to listen to the speeches that were critical of his government and of him during the 1999 MPR Session. During these early days of Indonesia's democratic transition and the excitement which came after overthrowing a long-term dictator, the behaviour of the DPR/MPR members was often lacking in graciousness. Many of them refused to stand up and some booed as President Habibie came into the MPR Chamber, while speeches lambasting him at times used vitriolic language. Nevertheless despite the pain and effort it must have cost him, Habibie attended all sessions and sat through these political attacks. When people close to him asked Habibie not to subject himself to such public humiliation, telling him

9 One of the senior politicians was Professor Emil Salim who during one of his visits to President Habibie's residence openly voiced his scepticism.

10 Many Habibie supporters blamed Golkar's Chairman Akbar Tanjung and his close associates for betraying Habibie. For an account of the political manoeuvrings in the MPR session leading to the election of Abdurrahman Wahid, see Mietzner, 2000, pp.39–57.

he did not have to listen to the responses to his accountability speech, Habibie answered that acting in this way was part of the political education of the public regarding how a leader of a democratic country should behave. Open criticism of the president was part and parcel of the democracy that Indonesia wanted to nurture; Habibie was willing to undergo personal indignity to help the process along. In another important gesture, Habibie attended the inauguration of President Abdurrahman Wahid, assisting Wahid to walk to his chair. Habibie remarked afterwards that this was to demonstrate to the Indonesian people that in a democracy, victories and losses are commonplace, so that it is not necessary to cling to power through all means or to see defeat as a shame or disgrace.

Radical decentralisation

Another important reform introduced by the Habibie government was wide-ranging regional autonomy, regarded by many observers as one of the most radical shifts from centralism to decentralisation undertaken by any country. The New Order's over-centralisation, in almost every aspect of national life, had been the main grievance in the regions. Not only were the social, political and economic activities of the regions tightly regulated and controlled by Jakarta, most of regional wealth was also taken by Jakarta.

Law No 22/1999 on Political Decentralisation and law No 25/1999 on Fiscal Decentralisation and the sharing of revenue have been the subject of many studies so they will not be discussed at length here (Aspinall and Fealy 2003). Law No 22 gave wide-ranging powers to regional governments at the district/mayoralty level, the second tier of regional governments, rather than to the first tier, the provinces. Law No 25 allowed regional governments to retain substantial amounts of the revenue they collect, thus giving them greater financial independence and responsibility.¹¹ Under law No 22, the central government retains power in five key areas, namely defence and security, foreign policy, fiscal and monetary affairs, the judiciary and religious affairs; authority on all other matters is transferred to the regions.¹² In short, the new decentralisation policy fundamentally transformed relations between the central government and the regions, changing the character of the Indonesian state.

This policy was introduced after what was, given the time constraints, a highly consultative process. The government carried out extensive discussion

11 For instance, the regions can now retain 80% of income from forestry and mining, leaving only 20% for the central government. For oil the division is 85% for the central government and 15% for the producing regions, while for natural gas the income accruing to the central government is 70%, leaving 30% to the regions after taxes. See Jimly Asshiddiqie et al, 1999, p.121.

12 The right to regulate religion was not devolved to the regions to prevent possible discrimination against religious minorities in regions in which one particular religion is dominant.

in drafting the bills, sending teams overseas to study the experiences of other countries and inviting national and international experts to provide input. The task of drafting the bills was given to a group of academics from the Institute for Government Studies (Institut Ilmu Pemerintahan, IIP) under Professor Ryaas Rasyid, a well-known specialist on local government. Although the political climate at the time was strongly in favour of regional autonomy, the draftspeople and many members of the cabinet insisted that autonomy should only be given to the second tier of government, the district/mayoralty level. Ostensibly this was to bring government and public services closer to the people; but the real reason was based on fear that giving autonomy to the provinces, which were larger and stronger administrative units, would lead to federalism.

President Habibie's personal role in this policy shift has been little commented upon by observers. Throughout the discussions, he showed his strong interest in, and support for, regional autonomy. Indonesia's regional autonomy laws in fact contain important characteristics which are similar to a federal system, notably the transfer of all powers to the regions except in specific areas which are reserved to the central government. During a presentation of the draft regional government bill at Wisma Negara to several cabinet members and officials of the State Secretariat, observed by the author, the president intervened to directly answer many questions officials asked of the bill draftspeople; in his answers he often explained how the German *Lande* system worked. At a cabinet meeting discussing the separation of the military and the police (another major achievement of the Habibie government), also witnessed by the author, Habibie suggested that police in different provinces could have different uniforms, underscoring the different characteristics of each province.¹³ This suggestion was quite radical in the Indonesian context, and was perhaps also derived from the German example. When someone remarked that establishing separate police forces in each province would be akin to federalism, the president did not pursue the matter further.¹⁴ In fact, however, he envisaged that at some future date each region would have its separate regional police and civil service (Asshiddiqie et al 1999:120).

13 A number of first echelon officials, including the author, were invited to attend cabinet meetings, to take notes.

14 Like the military, the Indonesian police currently have a unified national organisation under the chief of police who is now directly under the president. The police have strongly opposed suggestions that they be put under the Minister for Internal Affairs, which would also make them fall under the jurisdiction of the regional governments. Such practice is common, even in unitary systems.

Paving the way for East Timor's independence

The most radical and controversial reform carried out by President Habibie was allowing self-determination to the people of East Timor, providing them the choice between accepting special autonomy within Indonesia or rejecting it. President Habibie regarded a settlement of the East Timor problem as part of his government's democracy and human rights agenda, but also as a way to free Indonesia of the long drawn-out East Timor issue once and for all. Habibie argued on a number of occasions that the rights of over 200 million Indonesians should take first priority, and that the East Timor problem should not be allowed to detract from attempts to resolve Indonesia's many other problems. Although his desire to resolve the conflict peacefully came to grief when violence broke out after the ballot results were announced, history will record that his bold decision removed one of the most difficult legacies of the New Order government, even if it did cost him his presidency.¹⁵

Indonesia's annexation of East Timor and its integration into the Republic of Indonesia in 1976, after the departure of the Portuguese colonial administration, had never been recognised by the United Nations and the majority of its members. Indonesia's forcible integration of East Timor, and the widely reported human rights abuses carried out by the military there, became a major stumbling bloc in Indonesia's international relations and badly tarnished the country's image, particularly in the West.

As Minister for Science and Technology for most of the New Order period, Habibie had almost nothing to do with East Timor. However, once he became president, the East Timor issue immediately came to the top of his agenda, particularly as leaders and ambassadors of western countries and journalists raised it at meetings. Habibie's first public statement about his plan for resolving the East Timor problem came at his first interview as president, given to the BBC correspondent in Jakarta, and aired on 9 June 1998, less than three weeks after he became president. In response to a question, Habibie announced that he would give special autonomy to East Timor. He did not elaborate what the special autonomy would entail in the interview, but immediately afterwards he instructed Foreign Minister Ali Alatas to develop the concept and to revive the tripartite talks on East Timor between Indonesia, Portugal and the Secretary General of the United Nations. The governments of Indonesia and Portugal had agreed to carry out regular talks to reach an agreement on East Timor under the

15 The margin between the Yes and the No vote on President Habibie's Accountability Speech at the MPR General Assembly in October 1999 was very narrow (322 votes to 355). After he lost this vote, Habibie withdrew his nomination for re-election as president, opening the way for Abdurrahman Wahid to win. It has been suggested that the military faction's vote against Habibie due to the loss of East Timor, tilted the vote against him.

auspices of the United Nations Secretary General, but Portugal pulled out of further meetings after the 1991 Santa Cruz incident, when Indonesian troops fired on demonstrators in Dili, killing many people. Habibie and his advisers hoped that the special autonomy offer would forestall East Timorese demands for independence and prompt Portugal to recognise Indonesia's jurisdiction over the territory.

The special autonomy initiative received enthusiastic international support. The tripartite meeting between senior Indonesian and Portuguese officials and the UN Secretary General in October 1998 discussed a model of enlarged autonomy for East Timor that had been drafted by the UN Secretary General's office. Bilateral relations between Indonesia and Portugal improved considerably.

Indonesia's decision to offer special autonomy to East Timor, however, took an interesting turn towards the end of 1998. For Indonesia, the offer of special and enlarged autonomy was seen as a final solution for the East Timor problem, under which the territory would receive privileges not enjoyed by other provinces, such as having a completely separate police force and its own provincial symbols. Despite the generous provisions of the autonomy package, however, it became clear that pro-independence East Timorese groups, as well as Portugal, viewed the special autonomy offer merely as an interim solution, the final solution being a referendum for self-determination at a later date. For Indonesia, allowing special autonomy as only an interim solution was not acceptable, because it would prolong the uncertainty concerning the final status of the province.

Two events took place in December 1998, which helped to shape President Habibie's decision to give the East Timorese the option of choosing between special autonomy and separating from Indonesia. The first event was Habibie's disappointment with Bishop Belo's refusal to meet him in December, as had originally been agreed. Habibie had already met Belo on 24 June 1998 at the president's office in Bina Graha. At that meeting Belo expressed the grievances of the East Timorese population, such as those about restrictions on the people's freedom of movement. Habibie promised to address the grievances and asked Belo to meet him again after the MPR Special Session. At a cabinet meeting on 23 December, the president informed the cabinet that he was due to meet with Bishops Belo and Nascimento. He requested the Foreign Minister and the Minister State Secretary to accompany him at the meeting, and instructed the Coordinating Minister for Political and Security Affairs to coordinate meetings to prepare an analysis of the extent to which the government had delivered on its promises to Belo, who was also expected to report on whether his demands to the president had been met. Yet, in the end Belo failed to meet the president, claiming he was too busy. The snub was deeply felt by Habibie as can be read in his memoir, *Detik-Detik yang Menentukan* (2006). Habibie clearly felt that Belo

had little faith in his sincerity to make fundamental changes in East Timor and at the same time this probably also made him impatient with the whole East Timor issue.¹⁶

The second trigger was the now famous letter from Australian Prime Minister, John Howard, addressed to President Habibie. In the letter Howard reaffirmed Australia's support for East Timor being part of Indonesia. However, Howard also suggested that special autonomy should include a review mechanism after ten years or more, similar to the Matignon Agreement provided by France to its colony, New Caledonia. President Habibie took exception to Howard's suggestion that East Timor's position within Indonesia was in any way similar to that of New Caledonia vis-à-vis France. At the same cabinet meeting on 23 December 1998 in which he prepared to meet Bishop Belo, President Habibie responded to Howard's letter, explaining that East Timor was not an Indonesian colony, for it enjoyed the same rights as all other provinces, and that East Timorese could occupy high-ranking government positions, whereas subjects of a French colony could never do the same in France. Habibie also pointed out that East Timor was integrated into Indonesia through an MPR Decree (No 6 of 1978), in response to the Balibo Declaration, in which, as he put it, the people of East Timor requested to be part of Indonesia.¹⁷ Although the president refuted it, Howard's letter undoubtedly triggered new thinking on his part about how to reach a solution of the East Timor problem.

The president sent copies of Howard's letter to the Coordinating Minister for Politics and Security, the Foreign Minister, the Minister for Internal Affairs, the Minister for Defence and the Minister State Secretary with a covering instruction to these ministers to study what alternative solutions should be available if the East Timorese rejected special autonomy. In the covering note, Habibie asked whether if, after 23 years of being part of Indonesia, the people of East Timor were still not content, would it not be wise, even democratic and constitutional, for East Timor to part from Indonesia peacefully and with honour. Habibie's 'disposition' to his ministers, suggesting that the East Timorese should be given the alternative to separate peacefully from Indonesia if they have been so dissatisfied after being part of Indonesia for 23 years, paved the way for the 'two options' formula that were later offered by the Indonesian government to resolve the East Timor question. Reports that President Habibie did not consult the relevant ministers before he announced his 'two option' solution for East Timor are thus not accurate.

16 At one point President Habibie betrayed his impatience with the East Timor problem by saying that East Timor has nothing but rocks.

17 The credibility of the Balibo Declaration has long been questioned internationally, but it was used by the Indonesian government to refute charges that it had annexed East Timor illegally. Material in this and the preceding paragraph are derived from the author's personal observations of the cabinet meeting.

On 27 January 1999, there was a full cabinet meeting on politics and security, in which the East Timor issue was one of the main agenda items. As was usual during the Habibie presidency, all of the relevant ministers had met two days earlier to prepare their reports for the meeting; while the cabinet meeting itself was attended by all of them, although General Wiranto, the Minister for Defence and Commander of the Armed Forces arrived slightly late, since he had attended a parliamentary hearing in the morning. President Habibie opened the meeting and asked General Faisal Tanjung, the Coordinating Minister for Politics and Security, to present his report. Faisal Tanjung reported that at the earlier coordinating meeting, everyone had agreed to consider two options for East Timor, and Foreign Minister Ali Alatas made a presentation, accompanied by a written document, in which he outlined two separate options. The first was Special Autonomy for East Timor as a final solution, without the promise of any future referendum. The second option, which would come into effect if the first was rejected by the East Timorese population, was to bring the East Timor issue to the MPR which would then issue a decree separating East Timor from Indonesia, without any intermediate process. Minister Alatas elaborated on the implications of a second option victory, such as the fate of East Timorese who wished to remain Indonesian citizens. Wiranto, who joined the cabinet meeting later, agreed that the East Timor problem could be solved once and for all by giving the East Timorese the two options. He added a caveat that all past decisions on East Timor should not be faulted, to prevent the sacrifices made by Indonesian soldiers in the fulfilment of their duties there being rendered futile (personal notes, 27 January 1999).

Given the gravity of the subject being discussed, the president invited all other cabinet members to express their views, and almost everyone did. It was the longest discussion on any subject at a cabinet meeting during the Habibie presidency (during which period cabinet meetings often dragged on for hours). The discussion was heated and quite emotional, but no one objected to giving East Timor the two options, thus opening the real possibility that East Timor would separate from Indonesia. President Habibie made his own views clear during the meeting. For instance, he said that the MPR decree on the integration of East Timor could be revoked, and he also stressed that the military would not object to such an outcome, since it was loyal to all decisions made by the MPR and the government. He also said the tripartite talks should be continued, underlining Indonesia's position that special autonomy would be final, with no future referendum. But he added that the Indonesian delegation should convey that the only alternative, should special autonomy be rejected, was to revoke the MPR decree integrating East Timor into Indonesia. He stressed that East Timor was part of Indonesia only through an MPR Decree, unlike other provinces which make up Indonesia based on the 1945 Constitution. He said the government would advise MPR members to look at the possibility of issuing

a decree separating East Timor from Indonesia and, finally, observed that on 1 January 2000, East Timor would no longer be part of Indonesia, and that Indonesia would enter the new millennium as it was at the 1945 Proclamation for Independence. These remarks made it clear that Habibie expected the East Timorese to opt for separation from Indonesia, and that he actually welcomed such a prospect (personal notes, 27 January 1999). Finally, after almost three hours of deliberation, the meeting made the fateful decision to give the two options to the people of East Timor: either accept special autonomy as a final solution, or reject it and separate from Indonesia. The decision was announced to the outside world immediately after the cabinet meeting, by the Minister for Information, Yunus Yosfiah and Foreign Minister Ali Alatas.¹⁸

The details of the special autonomy package, the preparations for the ballot and the violence which followed it have been subjects of numerous studies and cannot be discussed with justice in this short chapter. On 5 May 1999, an agreement was signed in New York by the parties to the tripartite talks which became the basis for the ballot that took place on 30 August 1999. Preparing and organising the ballot was mainly the responsibility of the United Nations which created the United Nations Mission in East Timor (UNAMET). At Indonesia's insistence, responsibility for maintaining security and order remained in Indonesia's hands. The woefully inadequate police were put in charge of security, in order to prevent the military's involvement in the run-up to the ballot, though there were clear signs of security threats from both pro-integration and anti-integration forces. Although the government in Jakarta anticipated some violence in the aftermath of the ballot, it must be admitted that the government underestimated the level of violence that would ensue. There was probably some degree of complacency in Jakarta after the hugely successful and peaceful general elections in June 1999, which many observers had predicted would be a blood bath. President Habibie held the mainstream nationalist views that no foreign soldiers would be allowed to operate on Indonesian soil.

The violence that broke out immediately after the UN Secretary General announced the results of the ballot caught the government unprepared. Jakarta blamed the Secretary General for making a precipitate announcement and thus triggering the violence; President Habibie had apparently asked for a 72-hour delay in publicising the results in order to allow the Indonesian government to increase its security measures. International observers blamed the Indonesian military for not reining in the pro-integration militias that had been created earlier by the military to support East Timor's integration with Indonesia. Perhaps Indonesia should not have been so adamant in refusing to accept international

18 The 27 January 1999 meeting is explained in some detail here as there have been reports that Foreign Minister Ali Alatas was away at the time and was taken by surprise by the decision. These reports were inaccurate. The author was present at the press conference.

security forces to help maintain security during the ballot, given the fact that the Indonesian military would prove incapable or unwilling to control the pro-integration militias. Whatever the cause, the outbreak of violence clearly damaged Indonesia's credibility in general and President Habibie's credibility in particular, both at home and abroad. After intense international pressure, the government was forced to accept the presence of multi-national troops to restore order. Aware of public sensitivities on the presence of foreign, and especially white, soldiers in East Timor when the province was still formally part of Indonesia, Habibie asked a number of ASEAN leaders to send troops. Due to time constraints, however, the United Nations could not send a fully funded Blue Beret international peace-keeping force, and no ASEAN country was really in a position to send and financially support a large number of troops. It was only Australia, the country nearest to East Timor, which had the capacity to send the necessary troops and lead the multi-national force. The presence of Australian troops in East Timor triggered an Indonesian nationalist backlash against Australia, for many Indonesians blamed Australia for their support of the East Timorese independence movement. President Habibie, however, did not voice any objection to Australia's role vis-à-vis East Timor.

In many respects the East Timor problem was the most difficult issue that the short-lived Habibie presidency had to face. President Habibie was criticised at home for letting East Timor become independent, and from abroad, for failing to prevent violence. Many observers argued that the loss of East Timor and the perceived international humiliation that Indonesia had to suffer as punishments for allowing the violence in East Timor was the single most important reason President Habibie's accountability speech was rejected by the MPR. Nevertheless, while the East Timor issue may have been decisive in Habibie's loss of support among some of the military delegates in the MPR, it was quite clear from the outset that the PDI-P, PKB and some Golkar members had already made up their minds to reject Habibie regardless of the East Timor ballot outcome. Habibie's desire to resolve the East Timor problem stemmed from a genuine desire to apply democratic and human rights principles in East Timor as in other parts of the country. He also felt that the East Timor problem had for too long become an obstacle to Indonesia's overall development and reform. He took the decision mainly to free the next president to focus on solving other difficult national problems. Habibie made it clear that he would be happy with whatever option the East Timorese decided upon, and that he would honour their choice. Although Habibie may have lost the political support he needed to remain president shortly after the East Timor ballot, and some critics vilified him for 'losing' East Timor, in retrospect letting East Timor go was undoubtedly one of the wisest decisions Habibie made for Indonesia and for East Timor. Indonesia was able to move forward without the constant distractions of East Timor hampering its every step, especially when dealing

with western governments, and soon after Indonesia and East Timor were able to develop normal bilateral relations as close neighbours. This would probably be remembered in later years as one of Habibie's most important legacies.

Conclusion

Habibie ascended to the Indonesian presidency under very unpropitious circumstances and was president for just over 500 days. Yet, during that short time his government passed numerous laws and regulations which laid the foundation for Indonesia's transition from authoritarian rule to democracy. Although most were passed in haste and thus contained flaws, it is likely that if they had not been passed during the Habibie period they would not have been passed at all. Unlike his successors, President Habibie inherited from the New Order a strongly centralised government apparatus and a legislature which he could control. Later governments consisted of cumbersome coalitions and had to deal with fractious and less productive parliaments. Yet President Habibie was not only the heir to an authoritarian and effective regime, he also proved to have a democratic spirit. Unlikely though it may seem, history will show that President Habibie, Soeharto's hand-picked vice-president and successor, would become the main architect of Indonesia's democratic transition, its new civil liberties' landscape, radical decentralisation and even the independence of East Timor. These policies have been controversial and given rise to new problems, yet all of them have fundamentally transformed the face of Indonesian politics. Though far from perfect, Indonesia is now recognised as the world's third largest democracy.