



INNOVATIONS FOR SUCCESSFUL SOCIETIES

Innovations for Successful Societies Oral History Project

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Interviewee: Minister Juwono Sudarsono

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DEVLIN: Today is July 7th, 2009. I am here at the Ministry of Defense in Jakarta, Indonesia with Minister Juwono Sudarsono. Minister, thank you for joining me.

SUDARSONO: *Pleasure.*

DEVLIN: Over a long and honored career in the government, the minister has been Minister for State, for the Environment, Minister for Education and Culture, the first civilian Minister of Defense in Indonesia's history, ambassador to the UK under then President (Megawati) Sukarnoputri and currently Minister of Defense since 2004.

Minister, if I might, I'd like to begin by asking you to reflect on your experience in government and maybe pick out a few of the more important changes or reforms that you have attempted to put in place within the portfolios that you've held responsibility for.

SUDARSONO: *My first deep impression is that governance is the key problem in running Indonesia as a modern economy, as a modern state. We did not inherit a viable administrative system like India or other Commonwealth countries. We did not inherit a strong middle class providing civil society to underpin democracy. We are also geographically too dispersed in terms of the geopolitical and geo-economic configuration, which is an important aspect of running a country of this size. So I look at it with in the framework of political economy. This country, which has vast natural resources and is strategically located in Southeast Asia, has a long way to go before it can meet the standards of governing a truly modern economy, because first the size of our middle class is only about 20% of the population. That is the GDP per capita, in nominal terms, is only \$2300, and the number of Indonesians who meet that benchmark of the middle class, defined locally, is only about 25 million people out of 235 million.*

So there is a thin layer of those who can afford democracy, simply because they do not have, have not met the basic needs of living adequately as human beings: access to clean water, affordable electricity, affordable public housing, affordable healthcare, primary healthcare. Most important, there are still a large number of Indonesians who live on less than \$2 a day, about 33 million and about 8 million still openly unemployed. Of the 8 million, about 70% of them are below the age of 30. So there is a vast gap there in terms of providing outreach to those who have not had the means of sustainable living met. That's our biggest problem: how to provide firm but democratic governance that can provide outreach so that graduated political and economic democratization can proceed in the next ten to fifteen years. That is the real challenge. We have to quadruple the size of the middle class, quadruple our GDP per capita, and quadruple the number of people who can afford political democracy.

We cannot have sustainable long-term political democratization without a robust underpinning of socio-economic democracy. That is the biggest challenge in my experience—in the environment, in education, and most importantly in defense. Here the fulcrum of governing Indonesia for the past 45 years has been the military. Whatever system we adopted over the past 45 years—that includes the last years of Sukarno, the parliamentary system under Sukarno, and the guided democratization over six years as president, and then Suharto's thirty years—the fulcrum of governing the country remains the defense force, particularly the army, because it is the only institution that has a nationwide outlook, has a nationwide organizational capacity, and has the basis of state identity which is based on the Pancasila, the five principles for what constitutes being Indonesian. That is the

most important aspect. So whether it is guided democracy or Suharto's democracy, Developmental democracy, and now Reform democracy, the fulcrum of government remains to be the military.

Around that, we are building the elements of civic competence at all levels: village, regency, province, national.

DEVLIN: This is certainly very true, what you say of the military's unique role in Indonesia. In fact, only a few other countries come to my mind where the military plays a comparable role. So perhaps we could talk about your first tenure as Minister of Defense. I'd be very keen to hear about how it felt coming in as a civilian Minister of Defense, the challenges that were in front of you in that position.

SUDARSONO: *The first challenge was to meet President (Susilo Bambang) Yudhoyono's core belief, back in 1996, of new paradigm. He was then chief of socio-political affairs at the TNI (Tentara Nasional Indonesia) headquarters, the defense force headquarters. We had intermittently talked, we had discussed, at length from 1991 to 1996 about the trajectory of Indonesian democracy post-Suharto, because we felt that the "security-first" system that Suharto established in the early 1970s could not be sustained even though that system enabled Indonesia to maintain the 6% growth rate every year and the ruling Golkar party winning each of the elections, six elections for six terms running. That's almost like talking about Korea and Park Chung-Hee; that was the instance where stability-first became the prime mover for sustainable economic growth.*

We discussed between 1991 and 1996 that after these changes, Indonesia was going to be very different, precisely because of the success of the 6% growth rate for almost 30 years. But the economy, the society, and the polity had to be changed, because Indonesia was becoming much more complex compared to the late 1960s and early 1970s. The economy had to be run not only by the military paradigm of security-first, but we had to inject into civil society, into polity in general, that governing Indonesia in a much more complex situation, in a much more globalized, integrated Indonesia, was going to need much more than just command and staff graduate schools. We had to look ahead, and we agreed that we had to prepare accountants, managers, specialized lawyers, and all the professions that constitute the elements of running a modern economy and running the public as well as private sector; that was the real challenge.

DEVLIN: So your motivation going into the position was very, very clear. I was wondering, though, in addition to that, coming in you were the first civilian Minister of Defense in Indonesia's history.

SUDARSONO: *After forty years.*

DEVLIN: So I imagine, to change the Ministry of Defense's structure or its relationship with the military, I imagine you must have needed a coalition of support. You must have needed people who were behind you, because of course the military is an institution that has a very unique culture, and some might say insular or however one might describe. It is something that is not always easy for an outsider to change. So I was wondering, could you talk a little bit about the partners that you had, the people or the institutions that you could turn to to affect the changes that you wanted to make?

SUDARSONO: *Well, I served for three and a half years at the defense college, which is just across the square here, and I got to know for these three years about 300 mid-ranking officers who eventually became senior officers, and I think it was my*

experience at the defense college which enabled me to be trusted by the military, that the reform process after Suharto's stepping down was to their interest in the long term, because the military had realized that since the early '90s, that in securing for so long Suharto as president, it also began to question the viability and the legitimacy of the military for remaining too long in power.

So I had in my favor the feeling among the younger officer corps, that the old system could not go on for too long, that the country had to loosen up, but that it also had to be met by new leaders, a new generation of leaders in civil society able to fill in the gaps of governing in the way that military officers could provide in the 1960s and the early 1970s.

DEVLIN: You mentioned civil society. I'm curious, what was the role of a popular constituency for change? How did you feel at the time that the people of Indonesia, the public at large, wanted your ministry to progress going forward? How did they see the future of the Ministry of Defense there?

SUDARSONO: *We saw in terms of the doctrinal precepts of the Indonesian military. We prided ourselves on being a "people's" force, a "fighting" force, a "national" force, and then only a "professional" force. These four elements, the doctrinal elements of the defense force, became a important aspects. Professionalism is subsumed under these three elements, the more inspirational aspects of being a people's force, a fighting force, and a national force. A people's force because it had to be true to the origins of its revolutionary ethos in the 1940s, that it defended the poor. That it constituted the force, the defense in the wider sense, not just the military defense, but defense in terms of socio-economic justice and care for the common people.*

A fighting force that against all odds, physical as well as other challenges, it was going to be true to its belief that it would keep on struggling and fighting. So it is like the Vietnamese army, the Chinese army, and the Algerian army. We espoused the same doctrine and became the people's army. But translated into a much modern context, we could not rely solely on these slogans; we had to transform them into organizational capacity and to be advanced in terms of technology at least on par with our immediate neighbors: Singapore, Malaysia, and others. That was the main concern.

DEVLIN: So I'm wondering, when you came into the ministry, did you bring your own staff in with you, or was there preexisting staff that you worked with and continued with?

SUDARSONO: *On the second assignment?*

DEVLIN: On the first one.

SUDARSONO: *On the first one, I could not choose my staff because I only lasted one year, and President (Abdurrahman) Wahid changed me for another civilian from his own party. I did not have time—but I did propose that the police should be separated from the defense force, and it was done in April 2000. We put the police in front of law enforcement, together with the prosecutor's office and the court system. You know, this was the general lexicon of democracy in the Anglo-Saxon term.*

DEVLIN: That's something I'm very interested in: the initiative to split policing functions out of the armed forces. I imagine that must have run up against some institutional pushback, that usually in these situations you find that people are pretty reluctant to cede authority, and in this case I imagine military commanders on the local

levels stood to lose. Could you talk a little bit about the opposition that you had to overcome, how you negotiated that?

SUDARSONO: Well, I was assisted by my friends in the campuses and in Parliament, because they believed in this. The push for reform in the military put the police in front. Ironically, it also saved the military from the later abuses and misuse of power, which was previously attached to the military because of their overwhelming presence at all levels: village, regency, provincial. The so-called protection interests, even prostitution, gambling, and so forth were transferred to the police, and even now we have the same problem with the police; the police are still not yet reformed in that sense.

I did not reform in my second term. In October, I established inter-agency panel looking at all the businesses associated with all active military officers, the so-called foundations, cooperatives and authorized businesses which had been owned or controlled or manned by military people since the late 1950s, when we took over the Dutch companies and Dutch firms during the nationalization period 52 years ago. So that was the history of it. The patterns of patronage had to be shifted to the police, to the court system, and to the prosecutor's office. It became democratic in that sense, but it did not resolve the question of reform within the police, reform within the public prosecutor's office, as well as reform in the court system, which is still ongoing now. The infrastructure of justice is still very weak.

DEVLIN: And so one thing, just to speak maybe to both these tenures as Minister of Defense, I was wondering if we could ask about the staff, your staffing needs at the cabinet level. We often find that finding talent is difficult; finding the talent and the human capacities that you need to carry out your functions is a challenge for a lot of people we talked to. So could you talk about whether there have been any challenges in finding people, the type of people you need to help you fulfill your responsibilities and staffing your close office?

SUDARSONO: Indonesia's biggest problem now is not filling staff at the first echelon level. We have some top-class people in public and private sector in terms of first echelon leaders, people who have been educated in Europe, US, Australia, and so forth—some top-notch economists, managers, bankers, and so on. Our biggest problem is filling the second, third echelon people in the public as well as the private sector. There we have a dearth of young people who can manage the mid-level sector of running government or running the company, running private business; that's our biggest problem.

DEVLIN: Of the people on your immediate staff, what were the talents that you needed most for the people who supported you? When you turned to your staff, what did you need their capacities to be?

SUDARSONO: One was someone who would be well versed in economics of defense: defense planning, defense management. I now have two economists helping me, both civilians, both from campuses, both 10 and 12 years younger than I am, which is what I need for the defense ministry. I'm planning ahead so that institution building in defense planning, defense management, including calculating all the needs of the tri-service defense in this huge country will have to be much more accountable, much more professional. But again, the biggest problem is running the planning units at the second and third levels. There we have still very few capable people in the civil as well as military side. That's my biggest challenge: the economics of defense management.

DEVLIN: Is there a strategy in place to build capacity on these second and third levels, or is this an ongoing challenge at the moment?

SUDARSONO: *We have established an economics and defense management course at our defense services colleges. As well, we just launched last March the Indonesian Defense University. The focus will be on economics of defense and defense management, and they're recruiting from the military as well as civil society about thirty personnel every year—each batch of these participants in the Indonesian Defense University.*

DEVLIN: When you think of your tenure in the various different ministries, did you ever have the problem of retention, retaining the talented people you need to work with? Often times we find that people accumulate a staff with the capacities they need, but they lose them to the private sector or other opportunities. Is that an issue that has come up in your experience?

SUDARSONO: *Fortunately, no. I have some of the best talented managers in defense from all the services—army, navy, air force—serving in this ministry, and also my two colleagues from campus. One is an economist; one is a civil engineer, actually, who was helping me to design this much more long-term defense architecture, so we call it. But we don't want to be too much engrossed in the management buzzwords of American or British management texts. Just keep it in context. This is our own pace, this is our culture, and this is the way it is to work. That's very important.*

DEVLIN: One thing, you mentioned culture there. I was wondering, has changing the institution's culture been an effort of yours, or maybe that wasn't a challenge. But sometimes we find that people often have to change their attitudes and mentalities of civil servants in these ministries. Is that something that you have attempted to do over time, or has that not been a major challenge here?

SUDARSONO: *It has been easier in the military, because they had been inculcated with the ideology, the military doctrine. Their sense of nationwide outlook transcended ethnicity, religious, and provincial identity. Ironically, it is much more difficult among the civilians, because primordial proclivities are still quite strong. So I'm trying to mesh these two together and get the sense of unity and cohesion and yet maintain diversity, because threshold of tolerance, even among bureaucrats in defense ministry, is important. It is important where you come from, how your ethnic as well as provincial identity is respected by the so-called national culture, especially for Acehnese and for Papuans. They feel isolated, marginalized, and often feel that they are not accounted for properly by people in central authority. So I have this problem of creating a sense of nationhood, but also nation replenishment across generations and across horizontal as well as vertical dimensions of the profession.*

DEVLIN: Are there particular strategies that someone in your position can take to foster that sense of a more universal identity, a more tolerant, as you said, approach in a diverse institution?

SUDARSONO: Yes.

DEVLIN: Is it a matter of putting certain procedures in place? Is it a matter of leading by example? Where would you say that there is an opportunity to change that, an ethos of the institution?

SUDARSONO: We have these governmental benchmarks. Qualification and merit are important. At the same time, we recognize that in some cases, people have difficulty in getting access to proficiency, people like in Aceh or Papua. They may need matriculation periods to be able to adjust to that standard, a kind of affirmative action in terms of competence, so that we do not have just a one-dimensional merit system, because a merit system is fine for those who can afford it. As I said, if you cannot get access to English-language training in Papua and in Aceh, then it is very difficult to compete at the national levels, much less at the international level.

You know, my experience recruiting candidates for the Fulbright program in the 1970s allowed me to travel all across the country and meet people from Sulawesi, from Papua, Aceh, and I could see in their eyes every time I came to the provinces, "Oh, here's a guy from the University of Indonesia. He's Javanese. He has all the privileges and access to all the trappings of modernity." So it must be easier for me to come and say, "Join this program because you can then climb up the social ladder." It shows to me that they expect so much from a guy coming from Jakarta, from the central authority. I could see in their eyes that their hope was that they would be accepted in the Fulbright program, despite their lack of qualifications in the TOEFL (Test of English as a Foreign Language). But you know, the second time around they made it, and I was very proud that I could get them to come on board. Fulbright, Ford Foundation, and all the programs, British Council, became a focus of my tenure at education, to get these sons of Indonesians being replenished through increased competence in the various professions, whether it is an economics professor, public administration or education, English language, even bio-sciences. It was very a fulfilling and rewarding experience when I was Minister of Education.

DEVLIN: One thing that has come up in passing, we mentioned, was the issue of patronage, which is a very common challenge for people.

SUDARSONO: Right.

DEVLIN: Obviously, there are some people who need to be accommodated in some situations, but there are inevitably tradeoffs to this. Did this challenge of not being able to achieve the innovations or changes you wanted to achieve without appointing certain people ever arise in Indonesia? Were there bargains that had to be made along the way?

SUDARSONO: Oh yes.

DEVLIN: Could you talk a little bit about that dynamic, and how someone such as yourself can attempt to approach that, how they can do the accounting in their head as to how best to deal with these situations?

SUDARSONO: Let's take just one example in defense acquisitions, which in the past had been rife with corruption and kickbacks. We had identified that in the Defense Ministry, going back thirty years ago, there was a certain location for a three-star, two-star, one-star, colonel, lieutenant colonel, major, captains, and the pattern of patronage seeped down, partly because it was protected by the Suharto family at that time. Suharto had to secure his place by preserving the patronage system going down from senior officers down to the lower ranks.

When I came into office in 1999 and later on in 2004, I made my own calculations. I said, "Okay, let's start from the top. As long as the kickbacks and the corruption are decreased from 60% markup to say 20%, 15%, and then to

reach the level of marketplace, 10% to 8%, that's fine. I understand. Each officer, senior officer, mid-rank officer, has to make extra money because they can't live off their salary. But let's get down to brass tacks and say that in this era of reform and distributive justice, we have to decrease all of these front-end fees, management fees, all those fees that accumulate in defense acquisitions.

So I had to work with my colleague, the Finance Minister, the Minister for National planning, and formerly the bank governor, to make out the scheme whereby the authority for decisions over defense acquisitions involving export credits should be marked very clearly, that the patronage system should be decreased markedly, that corruption and kickbacks should be markedly decreased. I didn't say eliminated, because I'm realistic enough to understand that these things still happen at the second, third, and fourth levels of government, even in the Ministry of Finance, Ministry of Planning. All the authorities must agree before we get the certain defense acquisition material from abroad.

DEVLIN: Now another challenge that can somehow happen is that when someone is in a position similar to those that you've held throughout your service, they can often encounter the situation where it becomes politically expedient, or there is pressure on them to appoint a certain person to a position, whether or not they are the best person for that position. There can be a lot of political pressure on people to agree to this. Can you talk about how one might accommodate that but still isolate the policy-making process or whatever policy you're trying to put in from the potential negative impact of appointees like that, of people who are really coming from outside a merit-based system? Is there a way that you can insulate your ideas from these people who are not necessarily there because you want them or need them?

SUDARSONO: *That's only relatively speaking, because I think cleanliness in government is a matter of degree, not only perception, but also a matter of degree. As I said, I have to look at the scale of the pay, the pay scale, at all of these levels. Each of these second and third echelon people cannot live on their salary for more than ten days; they have to make up for some of that in the next twenty days. The reform process undertaken by my colleague the Finance Minister has made some major improvements in identifying the so-called 27 levels of job description, including the enumerative level that each pay grade has to be rewarded with based on the profession, based on their experience, based on the competence. I try to do that also parallel with the Minister of Finance, the Minister for State, Ministry of Reform. So we try to match these.*

But the difference is that in the Defense Ministry, there are certain remunerations beyond the pay scale of civil servants that must be met simply because this defense ministry supervises a profession that is beyond the scale of the normal duties of the civil service, soldiers, marines, sailors. These are a special category, which must be met because they are not the general civil servants existing in the normal bureaucracies. That's what they've been trying to persuade the State, Ministry of Reform, Ministry and Finance.

DEVLIN: So sometimes there are people who have a vested interest in disorder or bad governance. I'm thinking there are smuggling groups, narcotics groups, warlords, separatist groups, organized crime. In a country as geographically dispersed as Indonesia is, over 17,000 islands, by virtue of this reality, this has been a challenge over time at different points. Could you talk a little bit about how you have grappled with that issue of these people who have a vested interest in

making sure that the government, and to some degree your ministry, does not function as it should or as you would like it to function?

SUDARSONO: *Well, you know Matt, as in many countries including your own, the economy of the government is about 20% of the total economy. Your budget is what, 3.5 trillion out of 14.5 trillion. We're about one thousand million rupiah out of a GDP of roughly 650, or maybe it is 900 now, depending on whether it is purchasing power parity or nominal. So in general terms, governments everywhere are finding it hard to challenge the private sector economy, including private sector groups, including smuggling and piracy and all this. We lose about 25 billion dollars a year from illicit trafficking, illegal logging, illegal fishing, illegal mining, smuggling. You name it, we have it. Everything illegal.*

The defense budget is only about 3.5 billion a year for a country of this size. You add to that 2.3 billion a year for the police; you have a combined 6.5 billion security and defense budget. Still we lose 25 billion dollars a year, because organized crime, organized illicit traffic are much more powerful financially. They can command the resources, including ships, guns, and ability to pay off, bribe people in various levels of government at each district, in each province, especially in resource-rich border areas: near Singapore, up north in Sulawesi. We lose a lot of money. Trawlers, fishing trawlers from Taiwan, Thailand, China come right across the Java Sea, and we cannot cope with it. Our forces in the Maritime and Fishery Department cannot cope with it. So we have this problem of manning and also matching money with money, so that the government apparatus can interdict, apprehend, and punish ill-guided purposes. We are facing this problem. Our infrastructure of defense and security is still very weak financially compared to this illicit traffic.

DEVLIN: Now another question that is somewhat tied into this is the story of decentralization, which has a very long history in Indonesia, but most recently built speed in the late '90s. How would you advise ministries to balance the concern between the central ministry and regional priorities, regional governments, because the Ministry of Defense or the armed forces, for example—one of its defining features is its presence throughout all of Indonesia and at every level of Indonesia. How have you, how has that process of decentralization and more broadly the relationship between a central-based ministry and the outlying regions been a part of your experience?

SUDARSONO: *Defense and security is still a central authority mandate, including finance, so we have to allocate to each regional command under the TNI to support governance at all levels, in each province. Even now, many governments at the provincial regency level still depend on military officers to provide in-kind training about governing and governance at the local level. Simple management, simple bookkeeping, planning ahead. Just using what they had acquired at the command and staff college to be transplanted into all of these levels of governance. Because Indonesian civil governments at all levels are still very weak; it's very nascent stage. There are some very good governors in the provinces depending on the personality and the kind of people around him. There may be about 36% of 390 second-tier governors are okay. About 36%. The next 40% are so-so, and then there are the basket cases. That still happens because of weak capacity, weak leadership, but also because of the heterogeneity of ethnicity and cost-cutting factionalism which is quite rampant because of ethnicity, religion, and inter-provincial rivalry.*

DEVLIN: Now on this point of provincialism, Indonesia has had to confront the challenges of various—what would often be referred to as separatist groups, separatist

initiatives. You mentioned yourself Aceh and Papua as examples of two regions that have at times had a troubled relationship with the central government. I was wondering, a common dilemma we come across is the idea of bringing these potential spoils groups that can spoil a national consensus into the fold. So there are ways that they can be accommodated, be it with positions within the government or certain outlays from the central government. But that inevitably poses a dilemma, because they can both hinder the proper functioning of government in the short term—.

SUDARSONO: Yes.

DEVLIN: —and in the long term, the problem is not really solved. Do you have any advice for other leaders who are attempting to grapple with problems similar to this? Are there ways that you can mitigate the problems that this tradeoff inevitably creates?

SUDARSONO: *Much more important than delegated political and economic autonomy is a sense of cultural outreach from central authority; that's very important. In my experience in education as well as in defense for the past fifteen years is that most people want to be accounted for by central government. These people in the so-called periphery feel that they're marginalized, feel they're isolated, and worst of all, they feel discounted, as in regions. Much more important than political and economic decentralization is the sense of embracement, that central authority in Jakarta is embracing, truly, this union of e pluribus unum, Bhinneka Tunggal Ika (Unity in Diversity), that the Acehnese and the Papuans feel that they're gradually being part of this mainstream Indonesian-ness, being replenished day by day by everyday actions of Indonesian bureaucrats. But more importantly, over the past ten years, by Indonesian soldiers, navy, sailors, marines, as well as air force personnel. They are playing this role at the ground level. I am much more concerned with this ground-level replenishment of Indonesian-ness by soldiers, marines, and air force personnel. They are doing this work, a sense of inter-generational replenishment of being Indonesian. This cultural sense of being embraced by the center is much more important than political and economic decentralization.*

DEVLIN: You've gone about this through humanitarian aid, development work, relief?

SUDARSONO: *Yes. This is why when I was ambassador in London, I said I'm all for interfaith dialogue and interfaith exchanges between East and West, but much more important, I said, is interfaith employment agencies at the ground level. You know, interfaith farming, interfaith fisheries, that's much more important. Whether it is in Papua, in Ambon, or Aceh, create this intergenerational and interfaith togetherness, united by their profession of being fishermen in small-scale, medium enterprises. That is the nation-building process, generating vigor at the ground level. I'm all for academic and diplomatic conferences about democracy, including the notion of Indonesian democracy as the third largest democracy after India and the United States, but I feel we've got a long way to go at the micro-level.*

DEVLIN: You mentioned democracy, and of course tomorrow is the elections in the third largest democracy in the world, but one thing we observed is that elections, performance-based promotion systems, competitive bidding systems, they're all ultimately competitive processes obviously, in which people think that whoever wins will take all the spoils. It's a zero sum game. Again, this comes back to this idea you were talking about: building a more communal, more holistic approach in Indonesia.

SUDARSONO: Yes.

DEVLIN: In your work, have you ever tried to or thought about how one might dampen the divisive effects of such competitive processes? How can you heave these institutions such as elections and performance-based promotion systems and the like that are rather necessary for the functioning of state, but yet still maintain a kind of integrity of the whole, stop them from being kind of centrifugal forces?

SUDARSONO: *My experience at the defense college made it very clear that if I can get ten people from Aceh, ten people from Papua, ten people from central Indonesia, whether it is Poso or Ambon, to get together, and then they can go back to their regions. Their experience at the defense college or at the University of Indonesia, where I taught and met some of my colleagues from these provinces fifteen, twenty years ago, that creates a sense of bonding. We were united by our profession as academics. As it happens, I come from the University of Indonesia, whereas my other colleagues came from provincial universities which had local heroes or local names attached to the universities. So it was a sense of creating unity. There was a guy from Syiah Kuala, a very Islamic-oriented University in Aceh, and there was a guy from Cendrawasih University in Papua, heavily Protestant, proudly Papuan. These minorities came to the University of Indonesia, felt that they were united in their experience. Three, four months at University of Indonesia created the sense of Indonesian-ness. I still connect with some of them. That is the most exciting personal experience I've had in the mid-1980s.*

DEVLIN: One other challenge we come across is that usually in order to affect reform or to put in place the changes that you want to see, it is important to have people at their posts for significant amounts of time.

SUDARSONO: Yes.

DEVLIN: But often we find that people rotate a little too often. Sometimes, in some countries, it is even commoditized to a degree, that positions will be bought and sold within certain institutions. I was wondering, is that something that you've encountered in your experience, that problem of brokerage, that there are brokers of positions within government institutions?

SUDARSONO: Yes, yes.

DEVLIN: That's something we're very interested in. It is a recurring problem, but it is hard to actually work out the dynamics of quite how that works. Could you talk a little bit about how that really manifests itself when you've come across it?

SUDARSONO: *Well, at the University level, I had this experience because I knew that the starting position for a Papuan or Acehnese academic was different from mine because I came from Jakarta. I had of the advantages of easy access to English-language training, to the modernity of computers, and so on. They did not. So in the mid-'80s, I sort of made a benchmarking and sequencing of what I would call technically viable—at a certain point, I had to sacrifice them because the merit system had to be maintained. But at a certain stage, I said efficiency has to yield to equity and equity means yielding to these aspects of patronage, allowing for somebody from outside the system to be able to come and get a grip on the provincial levels that are expected to meet the national standard, much less an international standard. I found this much more challenging at the University of Indonesia than in my experience. I tried to do that at the Ministry of Education.*

My immediate staff came from diverse universities: one was from Gadjah Mada in Jogjakarta, one from ITB (Bandung Institute of Technology)—tried as much as possible that these guys represented their local identity, their local universities, so that they participate in this nationwide effort. Although I was Javanese and from the University of Indonesia in Jakarta, I had the sense that they felt that they were being reached out to by me, and that was a sense of accomplishment.

At the same time, I had to yield to a certain degree of laxity in terms of proficiency, because I thought that that was the price I had to pay to get them to feel that they're still part of the system, that they're joining the mainstream Indonesian-ness, not solely defined by Javanese, by "Indonesians," by smart-aleck Jakartans here; that was the most important aspect.

DEVLIN: So, your time at the Ministry of Education for example, I was wondering, did it ever come up that posts within the ministry were being bought and sold, that people were somehow circumventing the usual promotion or transfer system, that there was a kind of market for positions to a degree. That is a challenge we know some people have grappled with in other contexts.

SUDARSONO: *Only to the extent that at the Ministry of Education there was a case of distributing patronage based on campuses. That was part of the given, because it was important to get people from these provincial universities, that they are being represented at the second or third echelon levels. That the graduates from Banjarmasin in Kalimantan have a representative in Jakarta is a plus point for them, irrespective of their competence. Better still if they are competent, but I would say 60-70% success rate is fine; I'm not expecting 100% excellence from the top graduates of these provincial universities.*

I can sound patronizing if I instill a sense of justice being provided based not on merit, but after all merit is also culturally defined. As you find yourself in the United States, where affirmative action has been instituted, and then it loses its steam because at a certain stage that system has been reached by the vast majority of people who previously could not reach that stage. The same problem we had in Indonesia at that time. At a certain stage, we have to allow for some leeway, that the merit system is sacrificed on behalf of equity or distributive justice. But after a certain stage, you have to allow that the second generation would have to go for a much more difficult benchmark.

DEVLIN: One thing I was hoping to come back to is you mentioned that you had established this inter-agency review board to look at the involvement of armed forces personnel in industry, going back some time.

SUDARSONO: Yes.

DEVLIN: What was your initial motivation for that initiative? What was the need that you wanted to address by undertaking that?

SUDARSONO: *Those are messages tasked to me by President Yudhoyono in October 2004, first of all to neutralize the role to the military, not dominating the presidency, but supporting democratic governance, to remain neutral. The second message he asked was to scrutinize the whole acquisition process in the defense department, including in the TNI headquarters and in each of the services. So in December 2004, I established in the inter-agency panel involving Defense, Finance, State Enterprise, and the Law Ministries. These four. They looked at the legal aspects, the Law Ministry; the fiscal aspects, the Finance Ministry; the corporate aspect,*

the State Enterprise Ministry; and the defense aspect, the Defense Ministry. I led this team, and it is now preparing its report due to be submitted in two weeks time to President Yudhoyono so that by October this year, all of this military business will be divested into the State Enterprise Ministry, and all the so-called cooperatives and foundations should be streamlined and to be allowed only for certain units within the military, providing access to something like the PX in the United States to low-ranking, low-pay soldiers only.

So no more unauthorized businesses. We scrutinized 1500 units of so-called businesses, cooperatives, and foundations, and we found out that only five of them passed the test, the corporate test of the State Enterprise Ministry. The rest we streamlined them and disciplined them into the Foundation Law and the Law on Cooperatives. So these units will not be profit-making anymore. That is the mandate.

DEVLIN: So when you went to set up this commission, I imagine you must have faced some opposition from within the military if this was both a long-standing practice of the institution, to be involved in certain business interests like this. There must have been some pushback. I'm wondering how you handled that or how you pushed for it.

SUDARSONO: *Surprisingly, not very much resistance came. There were some grants for lower-ranking soldiers who had seen the system perpetuated during the Suharto years, benefiting high-ranking officers. So when their turn came, they found the cupboard empty. I explained to them this was my experience in the Ministry of Education. I came at the wrong time to become Minister of Education, because there were no more large-scale World Bank projects for books and equipment. I told them that this is precisely the challenge of the defense force now, to be much more accountable in lean times. They accepted it.*

Now what they demand is more money from the state treasury. This is my problem with my colleague, the Finance Minister, because I think she is still trying to really calculate what are the needs of defense as public provision of security and defense. I've been trying to convince them now for the past five years, the defense force has yielded the budget for education, for health, all of the social protection programs. The social protection programs are about 35% of the budget. The economic side is another 30%: infrastructure, electricity grids, highways, and so on. But defense and security is only 25%. So we have one of the lowest defense budgets in the whole Southeast Asian region; we're the second lowest after Laos in terms of GDP spending. It is 0.6% of GDP. It was 1.6% of GDP during the Suharto years, still very low. We get about 4.8% of the annual budget, 35 trillion out of 690 trillion rupiah. So it is very low.

DEVLIN: So it is weaning the armed forces away from that involvement in business interests: do you think there is an aspect of your own background or your management style that maybe helped you make more progress on that side than others might have? Do you think there is an approach you took that worked well in terms of smoothing over that process?

SUDARSONO: *I tell my colleagues in the military, "You still must remain proud of your profession despite lower status in terms of income and in terms of patronage that you can get." But the defense force is still the most important nation-replenishing institution in this country. It is still the most vital in terms of maintaining the integrity of the country, because it is the only institution up to now that is nationwide in outlook, transcending the provincial identity and sectarian interest. This is the most important accomplishment.*

I keep telling the younger generation of officers their time will come, because at the moment, as you provide defense even on a very, very meager budget, it is still the most crucially important aspect. It is still the most important institution holding this country together. I'm not gainsaying the role of the civilians, but unfortunately I don't see much progress in capacity building in the political parties. I don't see organized collective behavior being consolidated in civil society. There are many movements of people, but there is no organized country-building based on what the military has done for the past 65 years. So it is still the most important political institution-building of the country. Whatever the system will be, whatever they adopt now, even as we proudly claim to be the third largest democracy after India and the United States. We have accomplished much; we have a long way to go.

DEVLIN: On that point of looking forward, several people point to the need for someone who wants to institute these types of reforms to articulate a vision, a narrative of the story. How important is that step to the process of change, to have someone who can lay out a vision and enunciate it for people?

SUDARSONO: *Well, partly because I think it is a sense of being privileged by my background and my personal status. My father was a doctor during the colonial period. I think that further, the sense of fairness was an important aspect of holding this country together. Because I had been an ambassador's son, and I had been educated in the UK and the United States, and the pluses and minuses of living in very prosperous democracies, I began to feel that I had to inject a sense of what I think my father called a sense of gratitude about your particular station in life. I am now trying to instill in my sons a sense that because they are privileged to be a minister's son, that they must take advantage of their position and try to impart this privilege to their colleagues.*

DEVLIN: Another problem people sometimes have, a leader will face, is that they have to really obtain ideas about the options that are available to them. There is an information gap there. Most people in these positions are too busy to go and collect the information for themselves, to be really out there. They have day-to-day priorities that need addressing. So I was wondering, whom do you turn to, or whom in the past have you turned to for this idea of information, or do you have to rely on your own instincts? Was there a staff, or are there outside groups that you turn to for policy suggestions, informational support?

SUDARSONO: *I try to diversify my sources of information, by not just reading books or journals, but even popular magazines, because in many of these magazines, Indonesian media, I get ideas that come from the ground. I think it is partly my aversion to academic books now, being an academic myself, that each of these academic tomes are written by people who have a certain background in their life, a certain campus, a certain publisher, that provides a certain cultural setting.*

So when I was in Britain, in the United States, I came across two incidents. In UC Berkeley, California, it was an event in May 1970, a Black Panther rally, which I saw in the square, and the slogan was "Power to the People for those who can afford it." That encapsulates the notion of the interface of political and economic justice. You cannot have democracy without economic democracy. The second instance was when I studied in London in the early 1970s. Somebody came up with this notion that Anglo-Saxon democracy was the best model, and I came across somebody else at the London School of Economics who said, "Yes, it's fine, but "Where you stand depends on where you sit; where you sit depends on what you eat; what you eat depends on where you're born." That encapsulates

the notion that if you're born in a privileged family, in a privileged surrounding, then you can afford to sit, and if you can sit there, then you have a certain social standing. It is again the interface of politics, economics and culture that I think colors my outlook about life.

DEVLIN: Thank you once again for taking the time to talk to me today.

SUDARSONO: *It's a pleasure, Matt.*