

Fiscal bleeding worsens

Preliminary figures on the first half realization of the 2012 state budget showed an increasingly distorted structure of government spending, with wasteful expenditures for fuel subsidies overshooting their budgeted allocation by 15 percent and electricity subsidies 5 percent larger than their budget, while capital spending for vital infrastructure was 32 percent short of its target.

Yet the House of Representatives and the government still agreed last week to set the economic-growth target at between 6.8 and 7.2 percent next year. The growth assumption, which will be unveiled by President Susilo Bambang Yudhoyono next month, seems illogical in view of the acute deficit of infrastructure.

The economy will likely burst at the seams if the pace of growth is accelerated to over 6.5 percent. Just look at how most major seaports and main highways in Java and Sumatra have been overburdened, causing gridlock and hindering the movement of goods. More discouraging is the outlook of infrastructure conditions because of the utterly glacial progress in capital spending (investment) and the long delay in the issuance of government regulations to implement the 2011 land acquisition law.

Assuming such an unreasonably high growth rate for 2013 amid the lingering economic crisis in Europe and the weakening growth in the global economic locomotives — China and the US — could also distort tax receipt targets and provide the wrong signals to investors. The Finance Ministry blamed the energy subsidy overruns on the rise in international oil prices, the weakening rupiah exchange rate and the delay in the completion of coal and gas-fired power plants.

But we think the blame should be put squarely both on the House, which rejected the government's plan to raise fuel prices to slash subsidies, and on the government for its miserable failure to demonstrate the political courage to "bite the bullet" for the long-term good of the economy.

The International Monetary Fund team, which last week completed its annual review of Indonesia's economy in light of its surveillance mechanism, again urged the government to slash fuel subsidies and to replace this wasteful spending with direct aid transfers to the most vulnerable groups of people.

But the misguided and narrow-minded politicians in the House have rejected such well-targeted subsidy spending, afraid that such a program would benefit the ruling Democratic Party in the 2014 general and presidential elections.

The government may take lightly the distorted structure spending and the deficit in the first half of the year because international oil prices recently tended to subside due to weakening global economic growth. In fact, when it comes to the urgency of energy diversification and conservation programs, the mindset of policymakers is already back to business as usual. The policy measures announced last month to cut the use of subsidized fuel by government officials and institutions seem to have been put back on the shelves.

The complete absence of a sense of urgency in reducing fuel subsidies and speeding up the realization of capital expenditures not only will increase Indonesia's sovereign risks but also worsen infrastructure bottlenecks. Last year, the Cabinet set up a special task force under the leadership of Coordinating Economic Minister Hatta Rajasa to accelerate the implementation of capital expenditures on infrastructure development, but nothing seems to have happened, as seen from the mere 18 percent investment in the first half of 2012.

We cannot understand why Yudhoyono still does not see the urgency in personally taking over leadership in speeding up the capital expenditures that are so vital for infrastructure development. Yet, more frustrating is the bitter fact that the slow investment budget execution has no correlation with budget accountability as corruption has continued to plague public-sector spending.

Strengthening relations

What activities mark ties between good friends? One of them perhaps is the exchanging of visits. And that's exactly what Angela Merkel is doing. The visiting German Chancellor is meeting President Susilo Bambang Yudhoyono today in response to Yudhoyono's trip to Germany in 2009.

Merkel's visit is also part of the commemoration of the 60th anniversary of the Indonesia-Germany diplomatic relationship this year. There is no explanation about details of her visit, which comes on the heels of the Indonesian government's announcement to procure up to 100 refurbished Germany Leopard 2A6 main battle tanks (MBT) worth US\$280 million. But upon looking at the continuously increasing trade volumes between the two countries, the meeting agenda between the two leaders is likely to include discussing bilateral economic and trade relations.

Trade relations between Indonesia and Germany have been developing in a positive direction with Germany being Indonesia's main trade partner in the European Union. According to Germany's Federal Foreign Office data in 2010, German exports to Indonesia grew by 26 percent, to some \$3 billion from \$2.36 billion in 2009, while its imports from Indonesia climbed by 28 percent to some \$3 billion from \$2.3 billion in 2009. This trend continued in 2011, with the total volume of bilateral trade expanding by 12 percent, to €6.7 billion (\$8.2 billion). German exports to Indonesia increased by 12 percent to €3.4 billion and German imports from Indonesia by 9.7 percent to €3.3 billion.

Germany's main exports to Indonesia are machinery, chemical products, communications technology, electricity generation, electronic components, metals, motor vehicles and pharmaceutical products. Its imports from Indonesia are food and foodstuffs, textiles, agricultural produce, electronic devices, footwear and mineral ores.

Our 60 years of relations is a testament to the friendship between Germany and Indonesia. The visit of Merkel is undoubtedly meant to strengthen that amity.

'Rendang', 'Subak' and the politics of culture

William Wongso, our culinary expert, provided an intelligent view when he said that Indonesians should not be apprehensive about *rendang* (slow-cooked beef in a rich lemongrass and coconut sauce) being claimed by other countries, especially Malaysia (*The Jakarta Post*, June 28).

He suggested that there is no need to patent *rendang*, and cited the Japanese foods of sushi and sashimi, as well as the Korean fare *galbi* (grilled short beef ribs), as foods that had not been patented.

According to Wongso, the Japanese and Korean governments have never registered the dishes for patents and are, instead, delighted that their dishes are recognized and eaten everywhere.

A few days ago, we heard that the "Cultural Landscape of Bali Province: The Subak System as a Manifestation of the Tri Hita Karana Philosophy" has finally been accepted by UNESCO as a World Heritage Site.

According to the news, the Indonesian government had been negotiating to obtain such a title for 12 years. Apart from a feeling of pride as an Indonesian, I am not very sure who will actually benefit with this designation. *Subak* — as well as the repeated dispute between Indonesia and Malaysia over several cultural products, such as batik painting, song, dances and other performing arts — reminds us of the position of culture in Indonesia. How culture is perceived and what should we do about it? To put it simply, what are the politics of culture in this country?

Subak is an irrigation technique



Riwanto Tirtosudarmo
JAKARTA

practiced by Balinese farmers for centuries. *Subak* can be found in several locations in Bali but the most remarkable is at Ubud, a popular tourist destination. This beautiful green landscape of terraced paddy is often depicted in postcards and tourist leaflets.

The Balinese are paddy farmers, as are the Javanese. The irrigation technique that is known as *Subak* constitutes a part of the agricultural practices embedded within the Balinese social system. *Subak* is the social structure of the paddy farmers and represent the living culture of the Balinese.

The existence of *Subak* shows the resilience of Balinese culture against increasing pressure from the tourist industry's lust for space to construct yet more hotels, malls and related infrastructures.

In Bali and Java, the conversion of rice fields to industrial wastelands has grown at an alarming rate since the 1970s, resulting in the inevitable marginalization of farmers and their families. Recognition of *Subak* in Bali as a World Heritage Site reflects not only the acknowledgment of a particular living cultural tradition, but, one hopes, the acceptance by authorities of the need to maintain dwindling peasant society over the widespread commoditization of culture in Bali. The designation of *Subak* as a World Heritage Site, how-

ever, will likely attract even more tourists to Ubud and without government protection the lifestyle of the farmers will be put in jeopardy.

In my view, culture belongs to the people who support it. Culture provides its owners with a device for survival and way to move forward. Culture is woven into the social system and only felt through manifestations of both its tangible and intangible forms.

The commoditization of culture through tourism, while benefiting the tourist industries, often threatens people's survival. Tourism cultivates the tangible aspects of culture into a mere commodity, eroding and ultimately destroying the intangible aspects of culture.

Rendang is Minangkabau's living culture. *Rendang* shows that culture is not static, but moves as the people who own the culture move. Malaysia is a country of immigrant and migrant communities who settled in Malaysia brought with them their culture. It is no surprise that many cultural expressions which exist in Indonesia will also appear in Malaysia.

The tensions between Malaysia and Indonesia over cultural expressions belonging to one particular ethnic group, reveals an interesting angle on cultural and ethnic politics. The state regulates and manages society consisting of different cultural groups, differentiated by ethnicity, language, religion or racial groupings.

In Malaysia, politics is strongly based on the three major groups, namely the Malays, the Chinese and the Indians. In the Malaysian constitution, Malays are considered as the owner of the land, or the sons of the

soil, the *Bumiputera*. The Chinese and the Indians are designated as immigrants. In this context of Malaysian politics, we should consider the number of ethnic groups originating in the archipelago — such as Javanese, Minangkabau, Batak and Bugis — who are considered by the Malaysian state as belonging to the Malay race.

The Malay political elites obviously needed the inclusion of migrant groups from Indonesia into the Malay population to maintain their majority position in relation to the Chinese and the Indian population.

As a nation-state, Indonesia is not based on any cultural identity. According to a historian, Anthony Reid, Indonesia is based on civic nationalism and not ethnic nationalism like in Malaysia. What Indonesia as a nation-state should pursue is therefore a civic culture rather than a narrow ethnic culture.

It is the duty of the state to maintain the heterogeneity of cultures through the politics that protects all citizens, regardless of their particular cultural identification. In order to maintain the value of *rendang* and *subak* as the world class of Indonesian cultural expressions, the state must first and ultimately be committed to the well-being of all Indonesian citizens.

The writer is a researcher at the Research Center for Society and Culture, Indonesian Institute of Sciences (LIPI), and the author of Looking for Indonesia 2: The Limits of Social Engineering (LIPI Press, 2010).

Public policies and politics in Papua

Wibawanto Nugroho
WASHINGTON, DC

The issues of Papua are truly complex social issues in which multidimensional aspects are involved. Today's critical situation in Papua is attributed to accumulative degenerative public policies that have been imposed on this richly endowed island for almost five decades. Acknowledging the root causes and implementing the right solutions are two daunting challenges for us if we want to truly save Papua.

Degenerative public policy is a by-product of degenerative politics. Both are two sides of the same coin. In essence, degenerative public policy is a poorly designed policy whose outcome in society is degenerating in nature.

According to Schneider and Ingram (1997), such policy is made in a condition characterized by unequal distribution of political power, social construction separating the deserving from the undeserving, and an institutional culture legitimizing strategic, manipulative and deceptive patterns of communication and uses of political power.

The policy in this sense is framed accordingly to favor certain groups of people, since target populations in a society have different political power, access, resources and capabilities to construct social reality and narratives on which a policy-making system is based.

In other words, degenerative public policy is a policy that pessimistically suggests that underprivileged citizens will be targeted with policies that actually do little to help them, creating a vicious circle of degenerative politics. Generative public policies are often found in developing countries where natural resources are abundant.

The Indonesian jurisdiction of the island of Papua, which consists of Papua and West Papua provinces, is one of Indonesia's largest islands and one of the world's richest reserves for copper, uranium, gold and silver.

But, Papua and West Papua provinces are still the two provinces whose Human Development Index (HDI) is among the lowest in Indonesia — at least when we look at the general pattern of socioeconomic quality of life there; where, according to the Central Statistics Agency's

(BPS) 2011 Trends of the Selected Socioeconomic Indicators of Indonesia, the two provinces combined contribute 2.1 percent of Indonesia's gross regional domestic product (GRDP) for oil and gas, and 2.2 percent for the non-oil and gas sector.

Thus, it can be argued that the stepping down of Soeharto and the embracing of a new democratic era since 1998 has not solved degenerative politics in Papua. Until today, the Indonesian government is still struggling against serious insurgency movements that aim to separate Papua from Indonesia's jurisdiction.

Papua is an obvious case where degenerative public policy is prevalent in a corrupt society exacerbated by weak law enforcement, weak democracy where transparency is hardly ever found, and conditions in which powerful parts of society disproportionately supersede other parties in many respects.

As a result, degenerative public policies have generated four different kinds of separated society. Degenerative politics have placed political elites, business communities and the central government as the powerful stakeholders (powerful and positively constructed); Papua's local indigenous people, however, have become dependents (positively constructed as "good" people but relatively needy or helpless, who have little or no political power); Papua's local insurgents are deemed deviants (possessing virtually no political power and are negatively constructed as undeserving, violent, mean, and so forth); and groups of reformers who aim to reform Papua economically, politically and socially are considered the contenders (powerful but negatively constructed). Powerful stakeholders often view this group with suspicion.

Consequently, the accumulation of degenerative public policies in Papua has at least generated four main problems: distrust and misperceptions among local Papuans toward the central government, discrimination and marginalization in society, the unexpected outcome of special autonomy and an effect of trauma upon local Papuans who live with continual ongoing conflicts.

Looking ahead, Indonesia obviously needs strong and strategic leadership that knows how to implement at least five main objectives through a strategically overarching model of engagement.

First, we need a strategic leader who can acknowledge the bias and weaknesses within the government, including those of previous governments.

Second, the President, as commander-in-chief and a strategic leader, needs to be open-minded and accommodative toward diverse perspectives held by various stakeholders.

Third, the President, along with other policy stakeholders, needs to approach and solve problems in Papua from an overarching perspective using historical and innovative approaches coupled with the courage to take risks.

Fourth, the endgame state of solving the issues in Papua must bring degenerative politics to the end.

Fifth, the government needs to formulate and exercise an overarching, entire-governmental campaign to deal both with the provinces' root issue — degenerative politics — and current symptoms.

At an operational level, the government needs to engage in these five interconnected measures by using all available instruments of national power: the economy, information, the military, intelligence, diplomacy, financial acumen and law enforcement; as well-crafted soft and hard power will generate the smart power required to deal with the daunting challenges of Papua.

The first measure is psychological engagement in order to truly win the hearts and minds of the people in Papua. The second measure is law enforcement in order to deal with any abuse of power, including the allegation of mismanaged funding allocations from 2002-2010 as reported by the Supreme Audit Agency (BPK). The third measure is public diplomacy in order to win the support from domestic and international stakeholders. However, good public diplomacy must be accompanied by a set of real actions in order to gain credibility and trust.

The fourth measure is counter-insurgency (COIN) engagement in order to neutralize separatist movements. An insurgency is not simply random violence; it is rather directed and focused violence aimed at achieving a political objective. Therefore, in its very nature, COIN must be a combination of offensive, defensive and stability operations (civil security, civil control, essential services, governance and economic

infrastructure development). In addition to that, the government also needs to trace and halt any financial support for Papua's separatist movements.

COIN is an extremely complex form of warfare. At its core, COIN is a struggle for the population's support, so the protection, welfare and support extended toward the Papuan people are vital for its success.

The fifth measure is the acceleration of economic development that is truly based on a well-designed platform of public policy so that the government can ensure that degenerative public policies are not implemented in the future; and development in its widest sense: economic, social and political takes place in Papua.

Having succeeded in this strategic and overarching engagement, the government will be well in advance of the separatist movements whose main components consist of mass bases, united fronts, political warfare, armed wings and international support.

And last but not least, Sir Liddell Hart, the prominent British strategist, once argued that while the horizon of strategy was bounded by a war, grand strategy looked beyond the war to the subsequent peace. The endgame state of any engagement in Papua must be strategic and overarching in order to create a lasting peace and sustainable development.

The critical success factor to achieve this goal is to think and act strategically: be honest with ourselves, understand our past mistakes, clearly acknowledge the real problems, address the underlying causes — not merely act as a fire extinguisher to treat the perennial symptoms — and dare to take risks and adopt innovative ways to solve the chronic problems. "Who thinks wins" and a winning nation is a thinking one. Now it's time for us to think clearly and act for Papua. If we fail to save Papua, Indonesia's national security will be in peril.

The writer is a PhD Fulbright presidential scholar at the GMU School of Public Policy and was an international fellow from Indonesia at the US National Defense University, Washington, DC in 2007. He currently resides in Washington, DC. The opinions expressed are his own.

The Jakarta Post

PUBLISHED BY PT BINA MEDIA TENGGA RA SINCE 1983

EDITORIAL AND GENERAL DEPARTMENT Jl. Palmerah Barat 142-143, Jakarta 10270 • PO Box 85, Palmerah Jakarta 11001
(62) (21) 5300476, 5300478, 5306970 • FAX (62) (21) 5350050, 5306971
jktpost2@cbn.net.id and editorial@thejakartapost.com

ADVERTISING AND CIRCULATION DEPARTMENT Jl. Palmerah Barat 142-143, Jakarta 10270
(62) (21) 5360001, 5360003, 68469983 • FAX (62) (21) 5360008, 5360009
jktpostads@cbn.net.id (ADVERTISING) jpsales@indosat.net.id (SUBSCRIPTION)

Board of Directors : Jusuf Wanandi, Cherly P. Santoso, Meidyatama Suryoningrat & Riyadi Suparno
Editor-in-Chief/Guarantor : Meidyatama Suryoningrat
Senior Managing Editor : Kornelius Purba
Managing Editors : Primastuti Handayani, Rendi A. Witalar
Senior Editors : Sabam Siagian, Endy M. Bayuni, Vincent Lingga
Editorial Advisory Board : Fikri Jufri, Djsman Simanjuntak
Executive Director : Riyadi Suparno
GM of Marketing : Yulia Herawati
GM of Finance & Admin : A. Bambang Trifino S.

EDITORIAL STAFF: Adisti Sukma Sawitri, Ahmad Junaidi, Agnes Winarti, Andreas Dimas Aditya, Arief Suhardiman S., Andi Haswidi, Ary Hermawan, Ati Nurbaiti, Bruce Emond, Bambang Nurbianto, Desy Nurhayati, DWi Atmanta, Evi Mariani, Hendarsyah Irmizi, Hyginus Hardoyo, Ida Indawati Khouw, Ika Krisnantari, Imanuddin Razak, Indah Setiawati, Irawaty Wardani, I Wayan Juniarta, Jerry Adiguna, Kurniawan Hari Siswoko, Linda Hollands Sjahlim, Matheos Viktor Messakh, Mustaqim Adamrah, Musthofid, M. Taufiqurrahman, Niken Prathivi, Novan Iman Santosa, Novia Dwihasari R. Pandaya, Petrus Damar Harsanto, Prodi Sabarini, Pujianto Johan Leo, R. Berto Wedhatama, Ridwan M. Sijabat, Ricky Yudhistira, Sri Wahyuni, Stevie Emilia, Tertiani ZB Simanjuntak, Tifa Asrianti, Triwik Kurniasari, Veeramalla Anjaiah, Y. Dicky Christanto
SUBSCRIPTION: Rp 132,000/-/MONTH
ADVERTISMENT RATES (EXCLUDING 10% VAT) • ALL PAYMENTS IN ADVANCE
DISPLAY : B/W Rp 49,000,-/col. mm Color Rp 65,000,-/col. mm
CLASSIFIED (B/W ONLY): Rp 35,000,-/line (min. 3 lines) Rp 38,000,-/col. mm (max 2 col. x 100 mm)
BANKER: BNI 1946, Jakarta Kota Acc. 14132793 (PT Bina Media Tenggara)
BCA, Gajahmada Jakarta Acc. 0123005292 (PT Bina Media Tenggara)