One Step Forward, Two Steps Back: The Retrogression of Governance Reform and Anti-corruption Measure in Indonesia 1999–2001

VISHNU JUWONO*

Faculty of Administrative Science, Universitas Indonesia
Prajudi Atmosudirdjo Building Lt. 2, Kampus UI Depok, West Java, 16424
Indonesia
E-mail: vjuwono@ui.ac.id

ABSTRAK
Terdapat harapan yang tinggi terhadap pemerintah yang baru saat Gus Dur dipilih menjadi presiden oleh Majelis Permusyawaratan Rakyat (MPR) pada tahun 1999 untuk mendorong reformasi tata kelola dan inisiatif anti-korupsi yang lebih signifikan, mengingat Presiden Gus Dur dan Wakil Presiden Megawati merupakan tokoh utama oposisi di era Orde Baru masa Presiden Soeharto. Tulisan ini mencoba melakukan evaluasi dari berbagai inisiatif reformasi tata kelola dan anti-korupsi yang dilakukan oleh pemerintah Indonesia pada tahun 1999–2001. Argumen yang tertera dalam artikel ini adalah terdapat sebuah kesempatan untuk mendorong inisiatif yang lebih progresif dalam hal reformasi tata kelola dan inisiatif anti-korupsi, di mana terdapat pemimpin politik yang mendapat dukungan rakyat yang kuat melalui proses pemilihan umum yang jujur dan adil dengan diangkatnya Gus Dur dan Megawati Soekarnoputri sebagai Presiden dan Wakil Presiden oleh Majelis Permusyawaratan Rakyat (MPR). Namun karena persaingan politik yang begitu keras di antara para elite politik untuk memperoleh aset negara demi kepentingan kampanye politik 2004, membuat kemunduran dalam beberapa area terkait reformasi tata kelola seperti reformasi yudisial.

Kata kunci: reformasi tata kelola, anti-korupsi, politik Indonesia, presiden Indonesia

ABSTRACT
There were high hopes that Gus Dur, after being appointed by the People Consultative Assembly (MPR) in 1999, would bring significant governance reform and more progressive anti-corruption measures for the first time because two top leaders (Gus Dur and Megawati) were from the opposition in the New Order era. This paper attempts to evaluate the governance reform and anti-corruption measures in 1999–2001. This paper argues that there was a valuable opportunity to push for further governance reforms and a bolder anti-corruption drive, as there was a legitimate political top leadership stemming from the free-and-fair election in 1999 embodied in the appointment of Gus Dur and Megawati Soekarnoputri as president and vice president, respectively, by the Consultative People Assembly (MPR). However, the political bickering and blatant competition over state resources for the election campaign in 2004 underlying Indonesia’s former government led to a setback in several governance reform areas, including judicial reform.

* The author is an assistant professor in the Department of Public Administration, Faculty of Administrative Science, Universitas Indonesia.
INTRODUCTION

After the fall of Soeharto in May 1998, Indonesia became a volatile political environment where subsequent post-Soeharto presidents had to deal with demands from an empowered civil society and the mass media for a more democratic political governance structure while oversee the economic recovery from the ruins of the major Indonesian economic crisis in 1997–1998. President Habibie accomplished several achievements by opening up the press, ensure freedom of information and facilitating the first relative free-and-fair democratic legislative in 1999 (Anwar 2010), but he still lost the election because he failed to address corruption in the New Order era (Liddle 1999, 37). There was a high hope that the Abdurrahman Wahid (otherwise known as Gus Dur) presidency after being appointed by the People Consultative Assembly (MPR) in 1999 would bring significant governance reform and more progressive anti-corruption measures for the first time, because two top leaders (Gus Dur and Megawati) were coming from the opposition in the New Order era (King 2000, 621). However, both also found it was challenging to fight against corruption within their time on power.

The explanation of the failure to fight corruption has brought to two opposite explanations. The first argument says that it is the actors who are responsible for the failure as they are not doing enough or even part of the corruption itself which can be traced to the discussion by several researchers (Groenendijk 1997). This argument is challenged by the other who underline that corruption has become widespread due to collective acceptance toward the practice, including by part of citizens (Persson, Rothstein, and Teorell 2013). Indonesia with the experience of an attempt to reform its political regime and stem corruption since 1998 can be a good example to investigate this debate.

With that background, this paper attempts to evaluate Indonesia’s government in 1999–2001 in the context of governance reform and
anti-corruption measures and finds an explanation of its failure to stem corruption. Focusing on this period is important because it marked the beginning of a solid foundation for sustainable governance reform and anti-corruption due to the high legitimacy of the new President and Vice President as well as their detachment with previous New Order regime and high expectation of pushing for reform.

This paper argues that the political bickering and blatant competition over state resources for the election campaign in 2004 that bedeviled the Indonesia Government in 1999–2001 led to a setback in several governance reform areas—including anti-corruption measure. At some point, this argument is related to the principals-agents theory that actors are the main source of corruptive behavior. However, instead of focusing on the behavior of the agents, the case of Indonesia in 1999–2001 shows that failure of fighting corruption is on the principals or those who are in power. The political elites are not in the same bracket of executing reform agenda due to the ineffective leadership as well as the withdrawal and challenge of political support among the elites.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

The current literature on Gus Dur does not cover specifically the aspect of governance reform and anti-corruption. Barton (2002) provides an excellent biography that fiercely defended Gus Dur legacy, which lacked critical examination on corruption during his administration. By contrast, a wide body of literature focused on Gus Dur’s noble role in advancing pluralism through his leadership in Indonesia’s largest Islamic organization, Nahdlatul Ulama (Barton and Fealy 1996; Ramage 1997; Hefner 2000). Other studies attempted to assess Gus Dur’s government on economy policy (Reid 2003) and political, military, and social policy (Budiman 2001; Budiman and Kingsbury 2003). However, these studies did not focus on governance reform and anti-corruption issues in that era. Instead, other work on anti-corruption effort in Indonesia focused on Soekarno’s Guided Democracy Era (Juwono 2017a), Soeharto era (Juwono 2017b), or post-Soeharto era (Dick 2006; Jacobs
and Wagner 2007; Butt 2011; 2016; Dick and Mullholand 2016). In my view, Indonesia’s government during the Gus Dur era should be examined thoroughly as its governance reform and anti-corruption measure provide valuable lessons for progressive forces within or outside the government in the subsequent era to establish a powerful Corruption Eradication Commission (KPK) in 2002. The period of 1999–2001 was an important milestone because of the hope that both Gus Dur and Megawati as President and Vice President would bring a significant change in governance and address corruption. This expectation was rooted in the fact that both leaders were known as prominent opposition figures in the New Order era. Thus, the setback would impact the trajectory that made the democratic consolidation not an optimal solution in the post-Soeharto era. This article highlights the argument that the failure in embarking significant governance reform and addressing corruption started from the beginning of the post-Soeharto era.

The Debates’ Political Landscape in the Post-Soeharto Era

Several streams of literature have interpreted the new political governance structure after the fall of Soeharto from the presidency in May 1998. One of the most widely cited factors in interpreting the change in the political governance structure during the post-Soeharto era is the dominant political role played by the oligarchy with their narrow interest at the expense of public interest (Robison and Hadiz 2004). These oligarchs comprise conglomerates (mostly Indonesian Chinese), political businessmen (indigenous businessmen) and state officials. Hadiz and Robison argued that the political democratic governance structure in the post-Soeharto era still served the interests of the oligarchy, given their wealth preservation agenda (Hadiz and Robison 2014). Other academics employed the analytical framework developed by Robison and Hadiz but with a different nuance, such as in the analysis of Indonesian Chinese conglomerates by Chua (2007) or the link between human rights issues and the role of the politico-business group (Rosser 2013). Within the same stream of oligarchy thought, Jeffrey Winters
emphasized that oligarchs are disproportionately influential actors within Indonesia’s political economy structure who rose during the New Order era and survived in the post-Soharto era (Winters 2011, 16). Nevertheless, both Hadiz and Winters agreed that the progressive forces such as civil society is an ill match to oligarchy in terms of political influence (Hadiz 2004, 50; Winters 2014, 22).

The other analytical framework focuses on the form of political dealings behind the scene that facilitated the distribution of patronage through power-sharing by a political party leader through the formation of a cartel. This stream of thought was applied in Indonesia’s post-Soharto era (2001–2004) by Slater (2004) and later by Ambardi (2008; 2009). Thus, this cartel arrangement manipulated the Indonesian political governance structure for the sake of their political party’s self-interest through a quid pro quo arrangement, which was possible in the post-Soharto era because both the president and vice president were still selected by the MPR. The cabinet formed by Gus Dur in 1999 reflected the compromise made by the political parties within the cartel. Once Gus Dur abandoned this agreement, the cartel through the MPR, arranged impeachment proceedings and promoted Megawati Sukarnoputri to the presidency. In ensuring political support, Megawati established a “rainbow” cabinet that accommodated almost every political party in parliament, except for Gus Dur’s PKB. This “collusive arrangement,” as Dan Slater termed it, provided political stability in 2001–2004 because they did not think that anyone could challenge them in accessing the financial spoils (Slater 2006, 210). As a result, cartel theorists concluded that the political party elites extracted state resources through a power-sharing arrangement and protected them from electoral accountability.

The third stream of thought is political pluralism, which Mietzner (2015, 3) called the “pluralist camp”, Fukuoka (2014) coined the “liberalist” camp, and Pepinsky (2014) termed “pluralism.” The proponents of political pluralism argue that, in the post-Soharto era, the political governance structure facilitated ceaseless fierce competition between the reformist and predatory elements. According to Aspinall, even the
lower-class group (e.g., laborers and farmers) were able to take advantage of the political space provided by the new democratic governance structure in the post-Soeharto era by advancing its interests and forcing the oligarchy to compromise (Aspinall 2014, 135). While Aspinall outlined the existence of a grassroots movement against the dominance of the oligarchy, Lane emphasized the role of students in toppling Soeharto and the growing mass-protests that expanded not only in the capital but throughout several regions (Lane 2008, 271–8). Meanwhile, the infusion of civil society into the formal political institutions’ structure such as MPs, advisers, or even ministers would bring about more concrete change (Mietzner 2013, 28–50).

In my view, political pluralism is a sufficient theory that captures the political dynamic in Indonesia. The oligarchs were certainly one of the important actors in the political contestation. However, the political actors unpredictably change alliances in their political battles to achieve the governance reform agenda, therefore neither the oligarchs nor cartel theorists, in my view, sufficiently capture this phenomenon. Nevertheless, this does not mean that the democratic governance structure of Indonesia’s post-Soeharto period, particularly until 2004, was fully consolidated. The continued practices of corruption, collusion and nepotism (KKN) remained prevalent during the post-Soeharto era providing a significant challenge for progressive political actors in pushing governance reform and anti-corruption effort (Dick 2006; Jacobs and Wagner 2007; Butt 2011; Dick and Mullholand 2016). Therefore, the theoretical framework of political pluralism is applied in this article because it can identify the political struggle between the progressive and conservative political elite in the context of pushing governance reform and addressing corruption in this important political milestone. This crucial milestone was in the period 1999–2001 when this was the biggest opportunity to lay the foundation of democratic governance and create a momentum for sustainable anti-corruption effort. The political elites supposedly originated from the opposition group in the New Order era, and they were led by Gus Dur and Megawati Soekarnoputri.
However, perhaps it is worth to look at the debate on why anti-corruption fails in many developing countries. The underlining idea that the problem of corruption in Indonesia is to some extent caused by elites’ competition offers hindsight of the locus of the failure within principals-agents argument. This has become an alternative explanation on the agency theory that agents including political elites and bureaucrats are the source of the practice. In the eyes of principals-agents theory, one of the most referred theory, the source of corruptive behavior is the bad attitude of the agents that betrayed principals’ contract for their benefit (Groenendijk 1997). Nevertheless, the case of Indonesia as shown in this paper shows that the problems of corruption in Indonesia after the emergence of outsider politicians from previous regimes is due to the elites’ themselves. Thus, it is not solely the problem of bureaucracy that betrays the principals but there is a dimension the breakdown of the principals too. To some extent, this has reminded us of the arguments of collective acceptance of corruptive practice among the citizens as offered by Persson, Rothstein, and Teorell (2013). There is a dimension of collective approval of the corruptive behavior. But, before looking at the widespread acceptance among the society, it is the elites’ collective dimension that plays apart too. Instead of having the same collective position to execute the reform agenda, the political elites are not in the mood of building the same agenda in this matter.

METHODOLOGY AND DATA
In achieving its research objectives, descriptive analysis was utilized to describe the political dynamics of Indonesia in the context of governance reform and anti-corruption in the period of 2000–2001, as well as identify political actors and their role in either pushing or stalling the reform. The primary data for the research were from semi-structured interviews to around 30 resource persons. To ensure a comprehensive perspective, the resource persons represented quite a diverse group, including former Vice Chairman of Corruption Eradication Commission (KPK) Chandra Hamzah, Chief Editor of Tempo Magazine Arif Zulkifli, and Former Indonesia Corruption Watch’s Coordinator Danang
Widyoko. Furthermore, numerous laws and regulations on governance reform and anti-corruption were also analyzed as primary data.

To complement the primary resource data, this article conducted a document study for secondary resource data. This document included articles from leading international academic journals on democracy and politics, especially those that focused on East Asia and Southeast Asia. Moreover, many academic books from leading academic publishers from leading scholars on Indonesia politics were used for this document study. Finally, the articles published by Indonesia’s leading mass media group (whether print newspaper, weekly magazine, or online news) were also analyzed in the document studies. The included articles were published from Kompas, Tempo, and the Jakarta Post.

DISCUSSION AND ANALYSIS
The presentation of research results and its discussion will be structured in four sections. The first section will discuss the literature debate on the political landscape during post-Soeharto. As in the second section, it outlines the anti-corruption drive by President Abdurrahman Wahid, followed by his handling of Soeharto’s family’s corruption cases in the third section. His unsuccessful addressing of judicial reform is described in the fourth section. The conclusion is presented in the fifth section.

The Anti-Corruption Drive in 1999–2001
Following the general election in 1999, Habibie’s accountability speech was rejected by the MPR by 355 votes to 322 on October 19, 1999. As a result, he announced that he would withdraw from the presidential race in October 1999 (Habibie 2006, 428–33).

With Habibie bowing out, Megawati Sukarnoputri became the next president frontrunner because PDIP won the national election legislative with more than 33 percent of the votes. However, her political miscalculation and the Islamic Parties’ wariness about having a female president made Megawati’s presidential campaign dysfunctional and ineffective. Meanwhile, two leading Islamic leaders, Gus Dur from PKB
and Amien Rais from PAN, cleverly exploited Megawati’s presidential campaign implosion by forging an Islamic coalition called the middle axis or *poros tengah*, proposing Gus Dur as presidential candidate (Far Eastern Economic Review 1999b).

Megawati was stunned and heartbroken at her ultimate defeat in the MPR by 313 votes to 373 with crucial support from Golkar that catapulted Gus Dur to become the fourth president (*Tempo* 1999c). With pressure from angry grassroots, PDIP supporters participated in riots in Jakarta because of their disappointment at Megawati’s loss in the presidential race. To restore peace, Gus Dur finally decided to support Megawati to become Vice President. In the end, Megawati became Vice President by beating Hamzah Haz, who was endorsed by the PPP in the MPR by 396 votes to 284 (*Tempo* 1999b).

With his surprising win in the MPR, Gus Dur had to accommodate the political parties who had supported his presidency bid and the military in the cabinet, especially as PKB only had 8 percent of the seats in the MPR. Therefore, Gus Dur established a “rainbow cabinet,” which was underwritten by leading political figures including Amien Rais, Wiranto, Megawati, and Akbar Tandjung (*Tempo* 1999a). Despite the compromising nature of Gus Dur’s cabinet, several breakthroughs were made, such as the appointment of the first civilian, Juwono Sudarsono, to Minister of Defense since 50 years prior; the first Indonesian Chinese, Kwik Kian Gie, to the senior post of Coordinating Minister of Economic Affairs; and Marzuki Darusman as a credible Attorney General (Far Eastern Economic Review 1999a).

However, Gus Dur’s impaired sight due to previous health complications and his combative leadership style prevented him from managing his cabinet as a cohesive team. After only a month in office, in December 1999, Laksamana Sukardi raised an allegation of corruption related to Indonesia’s biggest Textile Company, Texmaco, which was owned by politically connected Marimutu Sinivasan. Before parliament, Laksamana revealed an array of documents that exposed Texmaco’s misuse of “pre-shipment export facilities” and the state-owned bank BNI’s breaking of the legal lending limit by giving a disproportionate loan to
Texmaco. In early December 1999, the Attorney General Office (AGO) announced that Marimutu was the subject of alleged corruption related to the misuse of loans from a number of state-owned banks worth Rp 9.8 trillion based on Laksamana’s report. Thereafter, AGO’s Marzuki launched an investigation by interrogating not only Marimutu but also Bank Indonesia Governor Syahril Sabirin and former BI Governor Soedrajad Djiwandono (Rulianto 1999).

Laksamana and Marzuki’s efforts in exposing Texmaco’s alleged corruption did not receive support from Gus Dur. Even the International Monetary Fund was disappointed with the lack of progress made by threatening to cancel meetings and evaluation meetings unless the government liquidated the defunct Sinivasan’s Bank Putera. Eventually, the AGO halted the investigation on May 2000 because an audit conducted by the Financial and Development Audit Agency (BPKP) revealed that no state loss was incurred by Texmaco.

Laksamana’s efforts to address corruption finally hit the heart of political patronage in Gus Dur’s government as he struggled with Minister of Finance Bambang Sudibyo to attain authority in overseeing the lucrative state-owned enterprise banks. Inside the Ministry of State-Owned Enterprises, Laksamana was constantly undermined by his deputy Rozy Munir, who was very close to Gus Dur (Tempo 2000d). According to Greg Barton’s account, PKB and Nahdlatul Ulama members were “largely self-serving and greedy and unconcerned about the damage that their avaricious behavior was inflicting on NU, PKB, and Abdurrahman’s presidency” (Barton 2002, 302–3).

What made matters worse for Laksamana was the fact that Munir was working together with Megawati’s husband, Taufik Kiemas, to distribute the financial spoils. Behind the scenes, Taufik played an important role as a powerful political broker. The owner of Texmaco, Marimutu Sinivasan, was very close to Taufik; therefore, they were believed to contribute to Laksamana’s removal from the cabinet (Tempo 2000d).

Eventually, Minister of State-Owned Enterprises Laksamana Sukardi and Minister of Trade and Industry Jusuf Kalla were dismissed
from the cabinet on April 29, 2000 on a charge of corruption. Gus Dur accused Kalla of collusion involving his company, Bukaka’s, winning project of the state-owned electricity company PLN and also Kalla’s brother’s involvement in rice imports to BULOG. Both of these allegations were strongly denied by Kalla (Tempo 2000e), while Laksamana was accused of appointing a corrupt official to the telecommunications company, Indosat (Tempo 2000f). As a further complication, Gus Dur replaced Kalla and Laksamana with figures with irrelevant experience as Minister of Trade and Industry (Luhut Pandjaitan) and questionable integrity. For example, Rozy Munir was promoted to Minister of State-Owned Enterprises (Tempo 2000a). Gus Dur clearly committed a political mistake in sacking both Laksamana and Kalla, thereby exhausting his political support from the two biggest parties in parliament, namely, PDIP and Golkar (Barton 2002, 303).

When Gus Dur sacked the two ministers based on an unfounded accusation of corruption, his judgment and commitment to addressing corruption, collusion and nepotism were questioned. Moreover, the mass media and civil society became more hostile because Gus Dur was seen using corruption as a pretext for building his own patronage.

The concerns of the mass media and civil society appeared to be vindicated when Gus Dur’s reputation and integrity were questioned due to the two corruption allegations that emerged known as BULOG Gate and Brunei Gate in May–June 2000. As mentioned above, most of Gus Dur’s inner circle tried to exploit their closeness to the President for their own financial gain, including his masseur, Suwondo. The Vice Head of Sapuan embezzled US$4 million from the National Logistic Agency’s (BULOG) Foundation and used it to bribe Suwondo to promote him to the Chair of BULOG, raising questions about whether Sapuan could trust Suwondo unless powerful officials were involved (Tempo 2000g). Eventually, Secretary of State Bondan Gunawan resigned to “shield” the president from this scandal (‘Ring of Scandals’ 2000).

Another financial scandal emerged in early June 2000 when Gus Dur admitted to receiving a donation of around US$2 million from
the Sultan of Brunei. According to Gus Dur, he needed the donation for humanitarian purposes in Aceh Province in a personal capacity (Tempo 2000c), which showed that he failed to consider the conflict of interest related to this donation. Within the same period, Gus Dur’s brother, Hasyim Wahid, which had been an adviser to Indonesian Bank Restructuring Agency (a crucial bank restructuring program supported by the IMF), admitted that he had helped negotiate the debts of controversial businessmen such as Tommy Soeharto, Prajogo Pangestu, and Anthony Salim. This appointment was regarded as nepotism in a sector that was crucial in reviving the Indonesian economy and was prone to corruption due to the assets that the agency oversaw worth billions of US$. This controversy infuriated both the business community and international donors, forcing Hasyim to voluntarily resign from IBRA in June 2000. These allegations toward Gus Dur weakened government credibility and its effectiveness especially in dealing with big corruption cases.

Negotiation or Prosecution? Handling the Soeharto Family’s Corruption Cases

Gus Dur realized that his presidency would be judged on how he dealt with Soeharto’s corruption cases, especially as this was mandated by MPR decree. From the start of his presidency, Gus Dur signaled that he was willing to pardon Soeharto once convicted on condition that he would return a significant part of his wealth (Kompas 1999). Gus Dur’s premature presumption that Soeharto would be easily convicted hampered the investigation.

After his appointment as Attorney General, Marzuki Darusman declared that the prosecution of Soeharto’s alleged corruption was the AGO’s highest priority (Media Indonesia 2000). Initially, the Attorney General worked swiftly by overturning the SP3 letter and launching an investigation into Soeharto’s alleged corruption (Kompas 2000d).

In parallel, Gus Dur also sent Minister of Mining Susilo Bambang Yudhoyono to negotiate with the Soeharto family about the possibility of returning a proportion of Soeharto and his family’s wealth. Gus Dur
even claimed that Soeharto’s family had agreed to return US$25 billion to the state (*Tempo* 2000b). However, Soeharto’s eldest daughter, Tutut Soeharto, insisted that their wealth had been obtained by legal means. In the end, Gus Dur’s government called off the negotiation because of the “public controversy surrounding the negotiation process.”

Some progress was made in the prosecution of a number of high-profile corruption cases although the sentences imposed by the courts were insufficient. Notably, during the Gus Dur era, Soeharto was interrogated at his home by the AGO for two hours in May 2000 regarding his potential misuse of funds in one of his foundations *Supersemar*. However, as a result of the stroke he had suffered, Soeharto was unable to answer properly, according to his lawyer (*Jakarta Post* 2000c). Subsequently, Soeharto was formally charged of corruption for allegedly misusing his position as Chair of seven foundations, leading to US$416 million in state losses. The secondary charge against Soeharto was his abuse of power while in office, but the South Jakarta court dropped this suit after Soeharto failed to attend court due to his illness in August–September 2000; examinations of 60 doctors from three different teams concluded that Soeharto was mentally and physically unfit to stand trial (*Jakarta Post* 2000a). Perhaps, during the Gus Dur period, there was a serious effort to prosecute Soeharto for corruption cases, at least compared with the Habibie period. Unfortunately, Soeharto’s serious health problems and lack of political support for Gus Dur from the political elite to resolve the case stalled the enforcement of the case.

Meanwhile, Soeharto’s favorite son, Hutomo “Tommy” Mandala Putra, was finally convicted of corruption related to a land fraud that benefited his company, PT. Goro, and incurred a state loss of Rp 96.6 billion. Eventually, the MA judge ruled in September 2000 that Tommy was to be sentenced to only 18 months in prison and had to pay a fine of a mere Rp 10 million (*Kompas* 2000b). Tommy lobbied Gus Dur for clemency where he met Gus Dur privately at Borobudur Hotel in Jakarta in October 2000, at which they were speculated to have struck a deal (*Jakarta Post* 2000b).
However, news came to light that Gus Dur had rejected Tommy’s plea for clemency. The AGO issued a warrant for Tommy’s immediate arrest and imprisonment, but Tommy was able to escape. Without delay, the government declared Tommy a fugitive who was resisting arrest for corruption (Jakarta Post 2000e).

Another of Soeharto’s former trusted businessmen, Mohammad “Bob” Hasan, was also convicted of corruption, and the court found him guilty of stealing US$75 million of the government’s forestry funds in February 2001. The MA rejected Bob Hasan’s appeal in July 2001, and he was sentenced to six years in prison and demanded to return around US$24 million of state loss and pay a fine of Rp 15 million (Kompas 2001b).

**Intervention in the Law Enforcement Institutions**

At the outset, Gus Dur’s addressing of the law enforcement institutions appeared promising, when he issued a decree to separate the police from Indonesia’s military in July 2000 and place them directly under the president (Presidential Decision Decree number 89 2000 on the Position of Indonesia’s National Police). The president stated that this decree was an interim step toward the revision of the National Police Law in 1997 (Kompas 2000c).

Meanwhile, aware of the notorious corruption of the Indonesian Supreme Court (MA), Gus Dur intended to replace most of the Supreme judges as they retired by displaying his preference for Benjamin Mangkoedilaga, an MA judge, who was famous for his decision (against Soeharto’s will) about lifting the ban from Tempo Magazine in the administrative court [PTUN] in 1995 (Kompas 2000a). As a result of Gus Dur’s rift with political party leaders by the end of 2000, both the parliament and the MA united to oppose the appointment of Mangkoedilaga.

In the fit-and-proper test in the People’s Representative Council (Indonesian: Dewan Perwakilan Rakyat, DPR), Mangkoedilaga failed to be nominated as Chief of MA. Instead, the DPR, led by Akbar Tandjung (chair of Golkar), managed to nominate two candidates as MA Chief,
namely, former Minister of Justice Muladi and former Director General of Minister of Justice Bagir Manan, in December 2000. Mangkoedilaga only passed the parliament’s fit-and-proper test as an MA member. After more than six months to avoid further marginalization from the DPR, Gus Dur installed Bagir Manan as Chief of MA in May 2001 (Jakarta Post 2001).

Furthermore, under Gus Dur, efforts were made to clean the judiciary with the establishment of the Joint Team for Corruption Eradication (TGPTPK) in April 2000 as an interim team until the Corruption Eradication Commission was established, comprising law enforcement officers (the AGO and the Police) and elements from civil society (Government Regulation number 19/2000 on The Joint Team to Eradicate Corruption (TGPTPK)). The TGPTPK was led by former career MA judge Adi Andojo. The TGPTPK also had vast authority because they could tap conversations during investigations and request the freezing of suspicious bank accounts (Government Regulation number 19/2000 on The Joint Team to Eradicate Corruption (TGPTPK)).

Although the leadership composition of the TGPTPK looked promising, in the end, their performance was disappointing. The TGPTPK depended on public reports for their investigations, and they focused on cleaning up the judicial system (Chandra Hamzah, personal communication, September 4, 2012). The litmus test came when a lawyer named Endin Wahyudin reported three MA judges to the TGPTPK for receiving bribes of Rp 96 million–100 million (Kompas 2001c).

However, the two MA judges then reported Endin for defamation to the police, possibly to deter further reports by other lawyers. The two MA judges requested a pre-trial in a West Jakarta court that was known for its past controversial rulings, which approved the request on the ground that the Tim Tindak Pidana Korupsi had been established through Law 31/1999 on corruption; therefore, they did not have the authority to investigate corruption cases related to the period before the law was enacted. The case that Endin reported had transpired in October–December 1998 (Kompas 2001c).
Moreover, the lawyer of Harahap, one of the MA judges who filed a defamation suit, submitted a judicial review on Government Regulation number 19/2000, the legal basis for the TGPTPK. As predicted, a panel of MA judges annulled the regulations in March 2001, thereby dissolving the TGPTPK. In the end, the TGPTPK was officially dissolved by Attorney General M.A. Rachman in August 2001 (Kompas 2001a). The formation of the TGPTPK by Gus Dur was actually his boldest initiative in addressing corruption in Indonesia, but it was dissolved due to resistance from the judiciary apparatus.

Gus Dur compounded the problem through perception of his frequent interference in law enforcement institutions. After his request for the arrest of Tommy Soeharto was ignored, in September 2000, he replaced Rusdihardjo with Gen. Bimantoro. However, Gus Dur conflicted further with Gen. Bimantoro and demanded Bimantoro’s resignation as Chief of Police in June 2001 due to public pressure.

Nevertheless, Bimantoro refused the dismissal (Kompas 2001d). Gus Dur then went further by appointing Insp. Gen. Chaeruddin as Vice Chief of police and letting him take over the daily command. Chaeruddin was unable to assert his authority over the police due to the significant internal resistance toward the increasingly unpopular president.

Another case of Gus Dur personalizing the law enforcement process was when he aimed to replace BI Governor Syahril Sabirin. After Sabirin refused to resign as BI governor, the AGO announced in June 2000 that Sabirin was a suspect in the Bank Bali case. Sabirini’s detention sparked protests from Speaker of the Parliament Akbar Tandjung and other BI Deputy Governors. The AGO released Sabirin in December 2000 after his maximum detention period had expired (Jakarta Post 2000d). The Bimantoro and Sabirin cases truly undermined Gus Dur’s government legitimacy, which was essential in pushing further governance reform and anti-corruption effort.

Amid the turmoil, there was scant hope of addressing corruption until the cabinet reshuffle in June 2001, when Gus Dur managed to appoint the respected Marsilam Simanjuntak as Minister of Justice and Baharuddin Lopa as Attorney General. On being appointed Attorney
General, Lopa vowed to re-open the case on Indonesia’s Central Bank’s Liquidity Assistance (BLBI) that implicated major conglomerates and reexamine a case that implicated textile conglomerate Marimutu Sinivasan who had previously been protected by Gus Dur. Sinivasan was banned by Lopa from leaving the country as his company Texmaco was allegedly responsible for a state loss of Rp 19.8 trillion (Tempo 2001a).

Lopa continued the investigation that implicated Speaker of Parliament Akbar Tandjung and Member of Parliament Nurdin Halid, both Golkar leaders, in the misuse of BULOG’s non-budgetary funds (Tempo 2001b). Therefore, Gus Dur was accused of politicizing the corruption cases and using Lopa as his proxy. Unfortunately, in July 2001, Lopa suddenly passed away due to a heart attack in Riyadh, Saudi Arabia, and he was succeeded by Marsillam Simanjuntak. However, Marsillam was unable to achieve very much as Attorney General because Gus Dur’s mandate as president was revoked by the MPR at the end of July 2001.

Although Gus Dur targeted allegedly corrupt high state officials in the New Order era, according to Lanty, the timing of this action was a response to the MPR proceedings on Gus Dur’s impeachment (Lanti 2002, 114). Thus, the prosecution process was regarded as a political vendetta. Mietzner argued that Gus Dur’s apparent interference in the legal process led to the loss of his government’s credibility with regard to implementing legal reform (Mietzner 2001, 38).

Arief Budiman noted that Gus Dur had inherited a quite appalling socio-political and economic legacy that would have presented major challenges, irrespective of who was president. Although Budiman admitted Gus Dur’s leadership shortcomings also contributed to the problem (Budiman 2001, 57). Greg Barton (2002, 381–5) also argues that the post-Soeharto period was not conducive for Gus Dur to govern effectively due to a self-serving and corrupt state apparatus, the absence of functioning legal system, and an antagonistic military.

Nevertheless, in my opinion, despite the challenging circumstances inherited by his predecessor, when Gus Dur was elected President by the MPR with strong political capital, he had a significant opportunity to bring about considerable reform and accelerate anti-corruption
drive. Unfortunately, both the challenging political environment and his counterproductive governance style not only cost him the presidency but also robbed him from the rare opportunity to execute important governance reform initiatives, such as judiciary reform, and progressive anti-corruption measures. As a result, Gus Dur’s presidency ended up emboldening the conservative elites and oligarchs, who were able to hinder, stall, and reverse some of the previous governance reform progress made.

CONCLUSION

It was evident that there were high hopes that the duumvirate Gus Dur and Megawati, when appointed by the MPR, would bring a breakthrough in the context of governance reform and anti-corruption measures. However, their partnership eventually fell apart. This was due to the unpredictable leadership of Gus Dur that resulted in his political isolation from almost all of his political allies, particularly in the DPR. This challenging circumstance convinced Megawati to withdraw support to Gus Dur, which was a significant political setback to Gus Dur’s government. Consequently, despite the promising start in the military reform and judiciary reform, most of the reform progress made in the beginning was almost completely degenerated due to Gus Dur’s political miscalculations, despite his initial good intentions. As a result, the governance reform and anti-corruption agenda in 1999–2001 were, unfortunately sidelined by a traditional intra-elite political rivalry that became a template and pattern of his successor during the post-Soeharto presidency. Perhaps, the case of Indonesia has provided a good case of the failure of fighting corruption that the success of toppling the old regime, reform agenda and high hopes are not enough in executing the best practice of the new governing. It is the failure of the elites to show effective leadership and unity that has put Indonesia in the prolonged fight to stem corruption.
ACKNOWLEDGMENT

The original version of this paper was presented in at The Association of Asian Studies in Asia Conference, June 24–27, 2016 at Doshisha University, Kyoto, Japan as well as the Asia Pacific Research in Social Science and Humanities (APRISH) 2018 Conference by Universitas Indonesia in Jakarta on August 13–15, 2018. Therefore, the author would like to thank the discussant and participants of those two conferences for their constructive feedback on this paper. Finally, the author really appreciates the inputs from two anonymous reviewers that improved the quality of this paper.

REFERENCES

Anwar, Dewi Fortuna. 2010. “The Habibie Presidency: Catapulting Towards Reform.” In Soeharto’s New Order and its Legacy: Essays in Honour of Harold Crouch, eds. Edward Aspinall and Greg Fealy. Canberra: ANU Press, 99–118.

Aspinall, Edward. 2010. “The Irony of Success.” Journal of Democracy 21 (2): 20–34.

Aspinall, Edward. 2014. “Popular Agency and Interests in Indonesia’s Democratic Transitions and Consolidation.” In Beyond Oligarchy: Wealth Power, and Contemporary Indonesian Politics, eds. Michele Ford and Thomas B. Pepinsky. Ithaca: Cornell University Southeast Asia Program, 101–21. DOI: 10.5728/indonesia.96.0011

Ambardi, Kuskridho. 2008. “The Making of Indonesian Multiparty System: A Cartelized Party System and Its Origin.” Ph.D Dissertation. Ohio State University, Columbus.

Ambardi, Kuskridho. 2009. Mengungkap Politik Kartel: Studi tentang Sistem Kepartaian di Indonesia Era Reformasi. Jakarta: Kepustakaan Populer Gramedia.

Barton, Greg. 2002. Abdurrahman Wahid: Muslim Democrats, Indonesian President. Honolulu: University of Hawaii Press.
Barton, Greg, and Greg Fealy, eds. 1996. *Nahdlatul Ulama, Traditional Islam and Modernity in Indonesia.* Clayton: Monash University Asia Institute.

Budiman, Arief. 2001. “The Trials of President Wahid.” *Southeast Asian Affairs*: 145–58. https://www.jstor.org/stable/27912273

Budiman, Arief and Damien Kingsbury, eds. 2003. *Indonesia: The Uncertain Transition.* Hindmarsh: Crawford House.

Butt, Simon. 2011. “Anti-corruption Reform in Indonesia: An Obituary?” *Bulletin of Indonesian Economic Studies* 47 (3): 381–94.

Butt, Simon. 2015. “The Rule of Law and Anti-corruption Reforms under Yudhoyono: The Rise of the KPK and the Constitutional Court.” In *The Yudhoyono Presidency: Indonesia’s Decade of Stability and Stagnation*. Singapore: ISEAS. 175–96. DOI: 10.1355/9789814620727-013

Chua, Christian. 2007. “The Conglomerates in Crisis: Indonesia, 1997–1998.” *Journal of the Asia Pacific Economy* 13 (1): 107–27.

Dick, Howard. 2006. “Why Law Reform Fails: Indonesia’s Anti-corruption Reforms.” In *Law Reform in Developing and Transitional States*, ed. Tim Lindsey. London: Routledge 42–64. DOI: 10.4324/9780203962305

Dick, Howard and Jeremy Mulholland. 2016. “The Politics of Corruption in Indonesia.” *Georgetown Journal of International Affairs* 17 (1): 43–9. https://www.jstor.org/stable/26396152

Far Eastern Economic Review. 1999a. “Balancing Act”. November 5.

Far Eastern Economic Review. 1999b. “Seeking Support”. October 21.

Far Eastern Economic Review. 2000. “Ring of Scandals.” June 15.

Fukuoka, Yuki. 2014. “Debating Indonesia’s Reformasi: Bridging “Parallel Universes””. *Journal of Contemporary Asia* 44 (3): 540–52. DOI: 10.1080/00472336.2014.895026

Groenendijk, Nico. 1997. “A Principal-agent Model of Corruption.” *Crime, Law and Social Change* 27: 207–29. DOI: 10.1023/A:1008267601329

Habibie, Bacharuddin J. 2006. *Decisive Moments: Indonesia’s Long Road to Democracy.* Jakarta: Ilthhatbi Rekatama.
Hadiz, Vedi R. and Richard Robison. 2014. “The Political Economy of Oligarchy and the Reorganization of Power.” In Beyond Oligarchy: Wealth Power, and Contemporary Indonesian Politics, eds. Michele Ford and Thomas B. Pepinsky. Ithaca: Cornell University Southeast Asia Program Publications, 35–56.

Hefner. Robert W. 2000. Civil Islam: Muslims and Democratization in Indonesia. Princeton, NJ: Princeton University Press.

Jacobs, Leslie Gielow and Benjamin B. Wagner. 2007. “Limits to the Independent Anti-Corruption Commission Model of Corruption Reform: Lessons from Indonesia”. Pacific McGeorge Global Business & Development Law Journal 20 (2): 327–32. https://scholarlycommons.pacific.edu/cgi/viewcontent.cgi?article=1013&context=facultyarticles

Jakarta Post. 2000a. “All Charges against Soeharto Dismissed.” November 29. http://www.library.ohiou.edu/indopubs/2000/09/28/0030.html (retrieved on March 25, 2015).

Jakarta Post. 2000b. “No Pardon for Tommy.” Jakarta Post. October 5. http://www.library.ohiou.edu/indopubs/2000/10/04/0019.html (retrieved on March 25, 2015).

Jakarta Post. 2000c. “Soeharto’s ‘Poor Memory’ Hampering Questions.” June 13. http://www.library.ohiou.edu/indopubs/2000/06/12/0058.html (retrieved on March 25, 2015).

Jakarta Post. 2000d. “Sjahril to Face Trial Soon: Abdurrahman.” December 9. http://www.library.ohiou.edu/indopubs/2000/12/08/0023.html (retrieved on April 5, 2015).

Jakarta Post. 2000e. “Tommy Soeharto Declared Fugitive.” November 4. http://www.library.ohiou.edu/indopubs/2000/11/03/0019.html (retrieved on March 25, 2015).

Jakarta Post. 2001. “New Chief Justice Vows to Clean Up Supreme Court.” May 10. http://www.library.ohiou.edu/indopubs/2001/05/09/0025.html (retrieved on April 4, 2015).

Juwono, Vishnu. 2014. “The Partner (in Prosecuting) Crime: The Role of International Organisation in Setting-Up Corruption Eradication
Commission in Indonesia.” *Global Jurnal Politik Internasional* 16 (1): 1–18. DOI: 10.7454/global.v16i1.6

Juwono, Vishnu. 2017a. “The History of Governance Reform and the Anti-Corruption Measure under Guided Democracy Era: Indonesia Experience in 1957–1967.” *International Journal of Administrative Science & Organization* 24 (2): 57–68.

Juwono, Vishnu. 2017b. “The Perils and Challenges of Advancing Economic Governance Reform in Indonesia: An Endeavor by the Technocrats in the New Order Era.” In *Proceedings of the International Conference on Administrative Science, Policy and Governance Studies (ICAS-PGS 2017) and the International Conference on Business Administration and Policy (ICBAP 2017)*, Advances in Social Science, Education and Humanities Research 167. Paris, France: Atlantis Press, 128–34.

Juwono, Vishnu. 2019. “Kepemimpinan Politik dalam Mendorong Inisiatif Antikorupsi.” *Prisma* 38 (2): 63–71.

King, Dwight Y. 2000. “Corruption in Indonesia: A Curable Cancer?” *Journal of International Affairs* 53 (2): 603–24. http://www.jstor.org/stable/24357767

*Kompas*. 1999. “Gus Dur: Soeharto Diampuni Bila Kembalikan Harta.” December 11. http://www.library.ohiou.edu/indopubs/1999/12/10/0033.html (retrieved on March 25, 2015).

*Kompas*. 2000a. “Gus Dur soal Pencalonan Benjamin Mangkoedilaga: Kalau Takut Berarti ada Apa.” March 17. from http://www.library.ohiou.edu/indopubs/2000/03/16/0058.html (retrieved on April 3, 2015).

*Kompas*. 2000b. “Kasus “Ruislag” BULOG-Goro: Tommy Soeharto di Hukum.” September 26. http://www.library.ohiou.edu/indopubs/2000/09/26/0038.html (retrieved on March 25, 2015).

*Kompas*. 2000c. “Polri Resmi Pisah dari Dephan.” July 2. http://www.library.ohiou.edu/indopubs/2000/07/01/0047.html (retrieved on April 2, 2015).

*Kompas*. 2000d. “Soeharto jadi Tersangka.” February 11, http://www.library.ohiou.edu/indopubs/2000/01/0870.html (retrieved on March 25, 2015).
Kompas. 2001a. “Kejaksaan Agung Resmi Bubarkan TGPTPK.” August 21. http://www.library.ohiou.edu/indopubs/2001/08/20/0037.html (retrieved on April 5, 2015).

Kompas. 2001b. “MA Tolak Kasasi Bob Hasan.” July 13. http://www.library.ohiou.edu/indopubs/2001/07/12/0052.html (retrieved on March 25, 2015).

Kompas. 2001c. “Menuju ‘Impunity’ Korps Baju Hitam.” August 25. retrieved on 5 April 2015 from http://www.library.ohiou.edu/indopubs/2001/08/24/0044.html (retrieved on April 5, 2015).

Kompas. 2001d. “Jenderal (Pol.) Surjo Bimantoro; Saya Masih Kepala Polisi.” June 2. http://www.library.ohiou.edu/indopubs/2001/06/01/0058.html (retrieved on April 5, 2015).

Lane, Max. 2008. Unfinished Nation: Indonesia Before and After Soeharto. London: Verso.

Lanti, Irman G. 2002. “Indonesia: The Year of Continuing Turbulence.” Southeast Asian Affairs: 111–29. DOI: 10.1355/9789812306920-009

Liddle, R. William. 1999. Indonesia’s Democratic Opening. Government and Opposition 34 (1): 94–116.

Media Indonesia. 2000. “Wawancara Jaksa Agung Marzuki Darusman: Hukum Bukan untuk Balas.” March 19. http://www.library.ohiou.edu/indopubs/2000/03/18/0066.html (retrieved on March 25, 2015).

Mietzner, Marcus. 2001. “Abdurrahman’s Indonesia: Political Conflict and Institutional Crisis.” In Indonesia Today: Challenges of History, eds. Grayson J. Llyod and Shannon L. Smith. Singapore: ISEAS, 29–44.

Mietzner, Marcus. 2013. “Fighting the Hellhounds: Pro-Democracy Activists and Party Politics in Post-Soeharto Indonesia.” Journal of Contemporary Asia 43 (1): 28–50. https://doi.org/10.1080/00472336.2012.735919

Mietzner, Marcus. 2015. Reinventing Populism: Jokowi’s Rise, Democracy, and Political Contestation. Hawai: East West Center.

Pepinsky, Thomas B. 2014. “Pluralism and Political Conflict in Indonesia.” In Beyond Oligarchy: Wealth Power, and Contemporary Indo-
Persson, Anna, Bo Rothstein, and Jan Teorell. 2013. “Why Anticorruption Reforms Fail—Systemic Corruption as a Collective Action Problem.” Governance 26 (3): 449–71.

Ramage, Douglas E. 1997. Politics in Indonesia: Democracy, Islam and the Ideology of Tolerance. London: Routledge.

Rulianto, Agung. 1999. “Adu Dokumen Sinivasan vs Laksamana.” Tempo. December 26. http://majalah.tempo.co/konten/1999/12/27/NAS/98618/Adu-Dokumen-Sinivasan-Vs-Laksamana/43/28 (retrieved on March 21, 2015).

Robison, Richard and Vedi R. Hadiz. 2004. Reorganizing Power in Indonesia: The Politics of Oligarchy in an Age of Markets. London and New York: Routledge Curzon.

Rosser, Andrew. 2013. “Towards a Political Economy of Human Rights Violations in Post-New Order Indonesia.” Journal of Contemporary Asia 43 (2): 243–56. DOI: 10.1080/00472336.2012.757436

Slater, Dan. 2004. “Indonesia’s Accountability Trap: Party Cartels and Presidential Power after Democratic Transition.” Indonesia 78: 61–92. https://www.jstor.org/stable/3351288

Slater, Dan. 2006. “The Ironies of Instability in Indonesia.” Social Analysis 50 (1): 208–13. DOI: 10.3167/015597706780886067

Tempo. 1999a. “Sebelas Draf Menuju Kabinet Super komromi.” November 1. http://majalah.tempo.co/konten/1999/11/01/LU/97620/Sebelas-Draf-Menuju-Kabinet-Superkompromi/35/28 (retrieved on March 20, 2015).

Tempo. 1999b. “Sebilah Tongkat untuk Megawati.” October 10. http://majalah.tempo.co/konten/1999/10/25/LU/97472/Sebilah-Tongkat-untuk-Megawati/34/28 (retrieved on March 19, 2015).

Tempo. 1999c. “Selawat Gedung Rakyat untuk Presiden Gus Dur.” October 10. http://majalah.tempo.co/konten/1999/10/25/LU/97471/Selawat-Gedung-Rakyat-untuk-Presiden-Gus-Dur/34/28 (retrieved on March 19, 2015).
Tempo. 2000a. “Akhir dari Bulan Madu.” May 7. http://majalah.tempo.co/konten/2000/05/01/LU/113116/Akhir-dari-Bulan-Madu/09/29 (retrieved on March 21, 2015).

Tempo. 2000b. “Bila Ampunan Ditukar Dollar.” June 18. http://majalah.tempo.co/konten/2000/06/19/LU/114358/BILA-AMPUNAN-DITU-KAR-DOLAR/16/29 (retrieved on March 25, 2015).

Tempo. 2000c. “Dari Sultan untuk Presiden.” June 11. http://majalah.tempo.co/konten/2000/06/12/NAS/114086/Dari-Sultan-untuk-Presiden/15/29 (retrieved on March 25, 2015).

Tempo. 2000d. “Di Balik Pencopotan Itu.” May 7. http://majalah.tempo.co/konten/2000/05/01/LU/113114/Di-Balik-Pencopotan-itu/09/29 (retrieved on March 21, 2015).

Tempo. 2000e. “Jusuf Kalla: “Gus Dur Tukang Fitnah”.” May 7. https://majalah.tempo.co/read/laporan-utama/113117/jusuf-kallagus-dur-tukang-fitnah (retrieved on March 21, 2015).

Tempo. 2000f. “Menggerogoti Fondasi dan Membakar Rumah.” May 7. http://majalah.tempo.co/konten/2000/05/01/LU/113115/Menggerogoti-Fondasi-Membakar-Rumah/09/29 (retrieved on March 21, 2015).

Tempo. 2000g. “Misteri Penadah Dana Jarahan BULOG.” May 21. http://majalah.tempo.co/konten/2000/05/22/LU/113519/Misteri-Penadah-Dana-Jarahan-BULOG/12/29 (retrieved on March 24, 2015).

Tempo. 2001a. “Lopa Membongkar Gudang Koruptor.” June 17. http://majalah.tempo.co/konten/2001/06/18/LU/99008/Lopa-Membongkar-Gudang-Koruptor/16/30 (retrieved on April 5, 2015).

Tempo. 2001b. “Serangan Balik, Janji yang Terutang.” June 17. http://majalah.tempo.co/konten/2001/06/18/LU/80892/Serangan-Balik-Janji-yan-terutang/16/30 (retrieved on April 5, 2015).

Winters, Jeffery A. 2011. Oligarchy. Cambridge: Cambridge University Press.

Winters, Jeffrey A. 2014. “Oligarchy and Democracy in Indonesia.” In Beyond Oligarchy: Wealth Power, and Contemporary Indonesian Politics, eds. Michele Ford and Thomas B. Pepinsky. Ithaca: Cornell University Southeast Asia Program Publications. 11–34.
