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The Reform of the Indonesian Armed Forces in the Context of Indonesia's Democratisation

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Abstract

This paper suggests that the reform of the Indonesian Armed Forces (Tentara Nasional Indonesia, TNI) is central to the democratisation of the Republic of Indonesia. With this in mind, this paper examines the extent to which the TNI reforms are actually succeeding in the context of Indonesia's democratisation. It finds that the professionalism of the TNI will be enhanced if it is adequately resourced and suggests four key areas for reform. Genuine civilian control of the military is identified as being of particular importance.

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Introduction

The resignation of Indonesia's President Suharto in May 1998 marked a decisive shift in the country's democratisation from the New Order to a reform (*Reformasi*) era.¹ The objective of this reform has been to effect a national transformation that encompasses all elements of state and society, including the armed forces.² In keeping with this transformation, the Indonesian Armed Forces (the Tentara Nasional Indonesia, or TNI),³ launched its internal reform process. This process is continuing and reflects the determination and commitment of the TNI to transform into a professional military force in a democratised Indonesia.⁴

Although there have been some remarkable achievements, unresolved issues remain that call into question the TNI's commitment to the reform process. This paper examines whether those reform are succeeding in the context of Indonesia's democratisation. It addresses four critical issues which could affect the reform: civil-military relations, territorial command, the defence budget, and TNI involvement in business enterprises. As understanding the role and nature of the military in Indonesia and how it perceives change as the country democratises is fundamental to the arguments set out in this paper, this issue is addressed first and in greatest depth.

Civil-Military Relations: The Reaction of the Armed Forces to Change

Since Suharto's resignation, reform has been conducted widely across national institutions. This involves transitioning from a long period of authoritarian administration to democracy—a transition being implemented across the nation.⁵ Indonesia's democratisation is focused on the establishment of good governance, including the promotion of the 'supremacy of law' as well as 'combating corruption, collusion and nepotism'.⁶

¹ 'Reformasi' is the term used for the Indonesian Reform that started in 1998. Since 1998, the administration era has been called the 'Reformasi Era'.

² Department of Defence, *Defending the Country Entering the 21st Century*, (Defence White Paper), Indonesian Government, 2003, p. 9.

³ The separation of the police from the armed forces undertaken by the Commander-in-Chief of the Armed Forces on 1 April 1999 ahead of the Decree on the Separation of the Police Force from the TNI, which was issued in August 2000 by the General People's Assembly.

⁴ Department of Defence, *Defending the Country Entering the 21st Century*, p. 12.

⁵ Steven J Hood, *Political Development and Democratic Theory: Rethinking Comparative Politics*, M E Sharpe, Armonk, NY, 2004, pp. 25–26.

⁶ Department of Defence, *Defending the Country Entering the 21st Century*, p. 9.

A fundamental question arises regarding how the TNI has reacted to the changes in Indonesia's democratic society. This question guides the examination of whether or not the TNI is committed to reform consistent with Indonesia's democratisation. To address this question, it is important to understand the TNI's position in the domestic political realm, where reform is most needed.⁷ Any assessment must also take into account the developing country context, insofar as military roles and political outlook in developing countries differ from those of national militaries in the developed world.⁸

In most Western countries, the military role has developed within the framework of an established democratic political order.⁹ Civilian control over the military is no longer a major issue.¹⁰ Indonesia, however, follows the developing country paradigm where the armed forces are often a leading agency of modernisation.¹¹ In Indonesia, the TNI is arguably the most modern institution in society.¹² Consistent with this status, the TNI has played an active role, not only in defence matters but also in nation-building.¹³ Having claimed that role, the TNI has been involved in non-military activities. With the implementation of its Dual Function (*Dwi Fungsi*)—a dual role to defend the country from external threat on the one hand, and a socio-political role on the other—the armed forces became deeply involved in non-military activities throughout the 'New Order' period. Yet this development has come to pose serious problems for the professionalism of the Armed Forces and for civilian control over the military.¹⁴

From its beginning, apart from fighting colonial forces, members of the armed forces have traditionally played significant roles in politics.¹⁵ During the New Order, members of the armed forces were appointed to Cabinet, and to diplomatic and parliamentary positions.¹⁶ Others were appointed as regional governors or mayors.¹⁷

⁷ Evan A Laksmana, 'Spoilers, Partners and Pawns: Military Organizational Behaviour and Civil-Military Relations in Indonesia', RSIS Working Paper No. 161, S Rajaratnam School of International Studies, Singapore, 1 July 2008, pp. 1-2.

⁸ Bilveer Singh, *Civil-Military Relations in Democratizing Indonesia: The Potentials and Limits to Change*, Strategic and Defence Studies Centre, Australian National University, Canberra, 2001, pp. 26–27.

⁹ Bilveer Singh, *Civil-Military Relations in Democratizing Indonesia*, pp. 26–27.

¹⁰ Bilveer Singh, *Civil-Military Relations in Democratizing Indonesia*, pp. 26–27.

¹¹ Bilveer Singh, *Civil-Military Relations in Democratizing Indonesia*, pp. 26–27.

¹² Bilveer Singh, *Civil-Military Relations in Democratizing Indonesia*, pp. 26–27.

¹³ Andi Widjajanto, 'Transforming Indonesia's Armed Forces', UNISCI Discussion Paper No. 15, Universidad Complutense de Madrid, Madrid, October 2007, p. 23, available at:

<http://www.ucm.es/info/unisci/revistas/UNISCI15_Widjajanto.pdf>, accessed 16 December 2009.

¹⁴ Bilveer Singh, *Civil-Military Relations in Democratizing Indonesia*, pp. 37–40.

¹⁵ The Indonesian Armed Forces was created out of the struggle for independence. For a more comprehensive explanation, see Ikar Nusa Bhakti, Sri Yanuarti and Mochamad Nurhasim, 'Military Politics, Ethnicity and Conflict in Indonesia', Centre for Research on Inequality, Human Security and Ethnicity, University of Oxford, Oxford, January.2009, pp. 5–6.

¹⁶ About 24 per cent of the 23 members of the first Cabinet set up by the New Order in 1967–69 were active military personnel. This percentage was essentially maintained until 1994. Members of the armed forces appointed to governorship made up about 70 per cent of the total governors from 1967 to 1969. From 1969

Yet, according to Samuel Huntington, the pervasive role of members of the armed forces in non-military fields undermines their professionalism as military officers.¹⁸ This has certainly been the case in Indonesia. While the TNI has introduced reforms and made major progress over the past 11 years, some areas remain unresolved,¹⁹ as discussed later in this paper.

From historical experience, conducting reform in any military is perhaps more difficult than effecting change in any other organisation.²⁰ When there is no imminent threat against a nation's sovereignty, or unless a terrible defeat is experienced by the armed forces, generating change in the military has not proven an easy task.²¹ To take an historic example, Prussia's military reform only happened after its defeat in 1806.²² Prussia again underwent a second reform process to professionalise its army following its humiliation by Denmark in 1848.²³ The defeat of the army pushed Prussia's rulers to acknowledge the importance of military reform.²⁴

The TNI is not facing such circumstances. Unlike Prussian military reform, which was initiated by the civilian authorities, as indicated by Andi Widjajanto, the reform of the Indonesian Armed Forces was self-initiated.²⁵ It came from the TNI's own desire to adjust to the change in society.²⁶ The armed forces had already prepared a reform strategy called the 'New Paradigm' that was released in 1995.²⁷ Initially, this strategy was not supported by government regulation, as the first regulation came out two years after commencement of the TNI reform process.²⁸ Subsequent laws were even slower to

to 1994, the proportion decreased to about 40 per cent. Further, about 12 per cent of parliamentarians in 1967 were military officers. This proportion increased to 18 per cent and 20 per cent in 1968 and 1985 respectively before declining to 6 per cent in 1999. See I N Bhakti, Yanuarti and Nurhasim, 'Military Politics, Ethnicity and Conflict in Indonesia', pp. 7–10.

¹⁷ I N Bhakti, Yanuarti and Nurhasim, 'Military Politics, Ethnicity and Conflict in Indonesia', pp. 7–10.

¹⁸ Samuel P Huntington, *The Soldier and the State: the Theory and Politics of Civil-Military Relations*, The Belknap Press of Harvard University Press, Cambridge, MA, 1959, pp. 17, 19–58 and 71–76.

¹⁹ John B Haseman, 'Indonesian Military Reform More than a Human Rights Issue', *Southeast Asian Affairs*, 2006, Institute of Southeast Asian Studies, Singapore, pp. 111–12.

²⁰ Donald Chisholm, 'Organizational Change in Uncertain Times: The U.S. Military and Millennium Challenge 2002', US Naval War College, Westport, RI, 25 September 2002, available at: <http://web.mit.edu/ssp/seminars/wed_archives_02fall/Chisholm.htm>, accessed 16 December 2009.

²¹ Anthony C Zinni, 'A Military for the 21st Century: Lesson from the Recent Past', *Strategic Forum*, No. 181, National Defense University, Washington DC, July 2001, p. 7.

²² 'Theater of War: Napoleon's Battle of Jena Re-enacted', Spiegel Online International, 16 October 2006, available at: <<http://www.spiegel.de/international/0,1518,442801,00.html>>, accessed 16 December 2009.

²³ Samuel Huntington, 'The Soldier and the State', pp. 32–33.

²⁴ Samuel Huntington, 'The Soldier and the State', pp. 32–33.

²⁵ AndiWidjajanto, 'Transforming Indonesia's Armed Forces', pp. 23–25.

²⁶ Angel Rabasa and John Haseman, 'The Military and Democracy in Indonesia—Changes, Politics, and Power', RAND National Security Research Division, Santa Monica, CA, 2002, pp. 25–26.

²⁷ Angel Rabasa and John Haseman, 'The Military and Democracy in Indonesia', pp. 25–26.

²⁸ The first time the government issued a regulation was in 2000 when the General People's Assembly issued Decree Numbers VI and VII on the Separation of the Police Force from the Armed Forces, and the

emerge.²⁹ Civilian control over the TNI, however, remains an issue because civilian leaders lack the capacity to drive the reform process.³⁰

So far, TNI reform has been in three key areas: organisational structure; culture; and values.³¹ The reform has arguably succeeded in transforming the military from a politico-military entity into a professional military.³² Since 1998 the TNI has made significant progress on its reform; even if this process is not yet complete.³³ For example, the appointment in 2000 of Juwono Sudarsono as the first civilian Minister for Defence since 1978 was a positive move.³⁴ Also, since the separation of the police force from the TNI in 1999, the task of the TNI has been changed so that it is no longer involved in non-defence tasks unless this is explicitly requested by the government.³⁵ Further, the centralisation of procurement of military equipment by the Department of Defence (DoD)—a task which used to be carried out by the TNI—illustrates another shift. Since 2004, the reform process has continued to be recognised by many parties, notably the US delegation of the 2007 Indonesia-US Security Dialogue (which applauded the continuing reform efforts of the Indonesian military).³⁶

Role of the Police Force and the TNI, while the separation of the Police Force had already occurred on 1 April 1999.

²⁹ The Law on National Defence was issued in 2002, and the Law on the Indonesian Armed Forces was issued in 2004. These Laws were processed through democratic discussions conducted by the government and parliament of the Reformasi Era.

³⁰ AndiWidjajanto, 'Transforming Indonesia's Armed Forces', pp. 25 and 35.

³¹ Structural changes that have been made include the separation of the Police Forces from the TNI mentioned earlier, the elimination of Social Politics Staff and Chief of Territorial Staff, the elimination of the *Dwi Fungsi*, and the liquidation of the TNI/Polri faction in parliament. Changes in culture and values are accommodated in the change of doctrine and the redefining of TNI tasks. See the 'Defence White Paper' 2003, pp. 10–14.

³² In 2004, the achievement of TNI reform was acknowledged by Admiral Thomas Fargo, the then Commander of US Pacific Command, where he not only noted the progress that had been made, but commented that the TNI appeared committed to positive reform. See also Karen Ornestein, 'More Pressure Needed to Stop US-TNI Ties', *The East Timor ESTAFETA—Voice of the East Timor Action Network (ETAN)/US*, Vol. 9, No. 1, Spring 2004, available at:

<<http://www.etan.org/estafeta/04/spring/1TNI.htm>>, accessed 17 December 2009.

³³ Bhakti, 'Military Faces Long Battle to Complete Reform: Experts', *Jakarta Post*, 18 November 2008, available at: <www.thejakartapost.com>.

³⁴ John Roosa, 'Notes on the Indonesian Military and the New Government', *East Timor and Indonesia Action Network*, available at: <<http://www.etan.org/news/99c/01news.htm>>, accessed 16 December 2009.

³⁵ The task of the TNI has been defined by Law Number 3/2002 on national defence and Law Number 34/2004 on the Indonesian Armed Forces. The TNI is no longer involved in internal security, which became a function of the police. These Laws also regulate that the deployment of the TNI for any mission is under the political direction of the government.

³⁶ Indonesian-US Security Dialogue, 'Joint Statement', US Embassy, Jakarta, 19 April 2007, available at: <http://www.usembassyjakarta.org/press_rel/joint_statement_defence.html>, accessed 17 December 2009.

Despite positive achievements, the reform process also faces several unresolved issues that could potentially hamper further TNI reform. In a democratic state, the military is subject to civilian control, but this critical division of responsibilities has debatedly seen insufficient progress in Indonesia to date.³⁷ Efforts to bring the TNI under DoD authority have had little effect.³⁸ Operationally, the TNI is still under presidential control, while its relations with the DoD, especially the relationship between the Commander-in-Chief of the TNI and the Minister, centres on coordination. Currently, the DoD is only able to direct doctrine and strategy, long-term planning and budget affairs. Therefore the role of the DoD as the institution that represents the democratic principle of civilian control over the military has yet to be fully realised.³⁹ TNI personnel are still dominating strategic positions at the DoD, which could potentially create informal influencing in Defence policy-making by the TNI.⁴⁰ TNI personnel seconded to the DoD cannot easily avoid the intervention of their uniformed superiors in the TNI.⁴¹ This is unlikely to change in the foreseeable future.⁴² Apart from the difficulty of avoiding such informal influencing of policy, Indonesia faces a lack of civilian experts in defence fields, particularly in the formulation of policy, strategic planning, and in the decision-making realms.⁴³

Another key issue concerns the right of soldiers to vote in general elections. TNI personnel are still not allowed to vote, and the armed forces have institutionally declared that their members are not yet ready to have the right to vote.⁴⁴ They have noted that unethical individuals might exploit the poor living conditions of soldiers for political purposes.⁴⁵ For example, there have been cases of local military leaders being offered money by political candidates asking for TNI support.⁴⁶

³⁷ A Wibisono, 'Completing Indonesian Reform in Civil Military Relations', *Jakarta Post*, 15 May 2008, available at: <www.thejakartapost.com>.

³⁸ John B Haseman, 'Indonesian Military Reform More than a Human Rights Issue', pp. 111–12.

³⁹ Andi Widjajanto, 'Transforming Indonesia's Armed Forces', p. 25.

⁴⁰ Members of the TNI are employed across the Department of Defence and, more specifically, decision-making posts are dominated by TNI members.

⁴¹ Under Law Number 34/2004 on the Indonesian Armed Forces, Article 47, TNI personnel are permitted to be posted into ten civilian institutions/Departments including the DoD.

⁴² Article 47 of the Law Number 34/2004 on the Indonesian Armed Forces.

⁴³ John B Haseman, 'Indonesian Military Reform More than a Human Rights Issue', pp. 111-112 and 115.

⁴⁴ General Djoko Santoso, in his testimony before parliament on a fit and proper test for his appointment as the only candidate for Commander-in-Chief of the Armed Forces conducted on 5 December 2007, a summary of which is available at, 'TNI Not Yet Ready to use Voting Rights in 2009', available at: <http://www.indonesia.go.id/en/index2.php?option=com_content&do_pdf=1&id=7339>, accessed 6 April 2010.

⁴⁵ General Djoko Santoso in his testimony before parliament.

⁴⁶ General Djoko Santoso in his testimony before parliament.

A survey conducted by the TNI in 2007 found that a majority of people believed the military should not yet have voting rights.⁴⁷ The reluctance to grant military personnel such rights is due to a lack of any procedural guidance (such as a manual) that could assist military members in avoiding being used for political purposes.⁴⁸ Currently, a manual is being prepared by the TNI which is considered far more comprehensive than similar guidance already produced by civilian authorities.⁴⁹ However, any guidance needs first to be explained to the armed forces. Arguably, there is no clear indication when TNI members will be given the right to vote.

Further Challenges to the Reform of the Armed Forces

The Issue of Territorial Command

A contentious TNI reform issue is the Armed Forces' 'Territorial Command' structure.⁵⁰ In the past, Territorial Command had been used by the government to protect the ruling party (namely Golongan Karya/GOLKAR), which was the backbone of support for the Suharto Administration. The TNI has been criticised for its continuing maintenance of this structure.⁵¹ The criticism stems from the continuing stigma over the abuse of the Territorial Command function during the New Order era. Certain groups have a lingering concern that the TNI is merely an instrument to maintain political influence and involvement in illegal business.⁵² This is why President Susilo Bambang Yudhoyono's 2005 instruction to utilise the 'Territorial Command' in combating terrorism attracted protests from human rights groups. However, the TNI and the government are confident that the Territorial Command is still consistent with Indonesia's democratisation.⁵³ The DoD view is that the existence of the Territorial Command is legal.⁵⁴ Even some Opposition members of the Indonesian Parliament have also strongly supported the Territorial Command.⁵⁵

⁴⁷ General Djoko Santoso in his testimony before parliament.

⁴⁸ A Wibisono, 'Completing Indonesian Reform in Civil Military Relations', 15 May 2008.

⁴⁹ A Wibisono, 'Completing Indonesian Reform in Civil Military Relations', 15 May 2008.

⁵⁰ Marcus Mietzner, 'The Politics of Military Reform in Post-Suharto Indonesia: Elite Conflict, Nationalism, and Institute Resistance', East-West Center, Washington DC, 2006, pp. 4–5 and 13–14.

⁵¹ I Razak, 'TNI Reforms: Between Expectation and Reality', *Jakarta Post*, Jakarta, 1 April 2004, available at: www.thejakartapost.com.

⁵² I Razak, 'TNI Reforms'.

⁵³ 'Defense Minister Calls on People not to Worry about Territorial Command', *Antara News* (Jakarta), 1 March 2007. 'available at: <http://www.antara.co.id/en/print/?i=1172764582>', accessed 16 December 2009.

⁵⁴ On 1 March 2007 the Minister of Defence emphasised that the establishment of the TNI Territorial Command is based on Article 30 of the 1945 Constitution. See 'Defense Minister Calls on People not to Worry about Territorial Command'.

⁵⁵ Members of Parliament, including those from the Partai Demokrasi Indonesia Perjuangan (PDIP Party), urged support for the Territorial Command. See 'Defense Minister Calls on People not to Worry about Territorial Command'.

As to concerns about the potential use of the territorial structure for illegal activities, the Corruption Eradication Commission has so far been successful in fighting corruption in Indonesia and is believed to be an effective instrument in deterring potential abuse of the Territorial Command.⁵⁶ However, its continuing existence will remain a challenge for both the government and the TNI. In particular, the TNI needs to work hard to change the negative image of the Command.

The Defence Budget

The defence budget is another key challenge for TNI reform. Since the start of the reform process 11 years ago, the defence budget has been a critical issue for the development of the TNI.⁵⁷ It has been acknowledged publicly that the government provides insufficient funding to its armed forces.⁵⁸ For example, in an October 2002 speech, former President Megawati Sukarnoputri stressed the lack of resources, and the sacrifices made by the TNI in maintaining and strengthening national unity.⁵⁹ While she failed to offer a concrete solution to the lack of funding and resources, Megawati ended her speech by encouraging the nation to acknowledge the TNI for maintaining its loyalty to its mission despite receiving minimal state support in ensuring adequate equipment, operations and personnel welfare.⁶⁰

Civil authorities, especially those in the Ministry of Finance, National Development Planning Board (*Bappenas*) and the parliament, who determine the defence budget, may not see a pressing need to increase the defence budget, as they are confident of continuing TNI loyalty. This attitude is reflected in the classic ‘guns or butter’ debate, as evident in the government’s reaction to the defence budget proposal of 2007 for a total of US\$12.2 billion.⁶¹ Ultimately, the government agreed to less than a third of this request.⁶² Some of the proposed amount was to be allocated to pay for new ships to replace obsolete ones, in line with the Long-Term Future Plan of the Navy 2005–2024.

⁵⁶ For example, the prosecution of Aulia Pohan, Deputy of Indonesia’s Central Bank, and father-in-law of the incumbent president’s son, by the Corruption Eradication Commission, demonstrates the strong commitment of the government to eradicate corruption in Indonesia with no exception. See Megawati Widjaja, ‘Indonesia’s Anti-corruption Heroes’, *Asia Times Online*, 23 September 2008, available at: <http://www.atimes.com/atimes/Southeast_Asia/JI23Ae01.html>, accessed 17 December 2009.

⁵⁷ Department of Defence, *Defending the Country Entering the 21st Century*, pp. 81–85.

⁵⁸ AndiWidjajanto, ‘Transforming Indonesia’s Armed Forces’, p. 31.

⁵⁹ ‘Speech of the President Megawati Sukarnoputri on the 57th Anniversary of the TNI’, available on the Indonesian Armed Forces website at: <<http://www.tni.mil.id/news.php?q=dtl&id=56>>, accessed 17 December 2009.

⁶⁰ As quoted from Uni Sosial Demokrat: ‘TNI jangan sampai merosot, sekadar tentara bayaran’, which the author translates as: ‘TNI should serve the nation to the best of its ability and not behave in a mercenary manner’, available at: <www.unisosdem.org/article_detail.php?aid=574&coid=3&caid=3&gid=2>, accessed 1 May 2009.

⁶¹ Andi Widjajanto, ‘Budget Creativity Needed in Building a Future Navy’, *Jakarta Post*, 3 March 2008, available at: <www.thejakartapost.com>.

⁶² AndiWidjajanto, ‘Budget Creativity Needed in Building a Future Navy’.

As a result of the reduced budget, the Indonesian Navy has had to postpone its ship acquisition plans.⁶³

Compounding this challenge is the traditional reluctance of senior TNI officers to push the government to improve soldier welfare.⁶⁴ Asking the government for more money is not part of TNI culture.⁶⁵ Rather, the TNI command believes the state should determine what is best for the country and for the TNI, not the other way around. Given the global financial crisis affecting Indonesia today, it can be argued that any increase in the defence budget over the next few years is even less likely than previously. This will continue to limit the scope for the TNI to improve the welfare of its personnel. Further, over the last 15 years the defence budget has remained below 1 per cent of Gross Domestic Product (GDP).⁶⁶ By comparison, the defence budgets of Singapore and Malaysia (Indonesia's neighbours) are respectively 5 per cent and 3 per cent of their GDP.⁶⁷ The TNI is striving to increase its efficiency, while managing with its low budget. Yet this approach has limits, such as the continuing ageing and deterioration of equipment⁶⁸ which might result in serious accidents from equipment failure.⁶⁹ Low morale will also continue to be a consequence of financial pressures, aggravating the likelihood of accidents or mistakes.

The Issues of Military Business

The TNI has been undertaking business activities for years.⁷⁰ Two factors have driven this involvement. First, the lack of budget has compelled the TNI to maintain business interests.⁷¹ This has encouraged many officers to believe that unit self-sufficiency is an indicator of their success.⁷² Therefore, it is the role of the DoD, as a civilian institution, to communicate the budgetary needs of the TNI to the Indonesian Parliament. Second,

⁶³ Andi Widjajanto, 'Budget Creativity Needed in Building a Future Navy'.

⁶⁴ Many TNI officers committed to the TNI as a pillar of the nation's unity do not wish to see it become a mercenary-type entity, and have therefore requested more resources from the government. Furthermore, the TNI has very traditional values.

⁶⁵ This is how the term 'struggling soldiers' is interpreted in Article 2 of the Law Number 34/2004 on the Indonesian Armed Forces, while TNI officers remind their subordinates not to ask the government for more money, believing such request violate the ethics of the TNI.

⁶⁶ N I Aman, 'Guns, Butter and Democracy', *Jakarta Post*, 17 April 2009, available at: www.thejakartapost.com.

⁶⁷ N I Aman, 'Guns, Butter and Democracy'.

⁶⁸ N I Aman, 'Guns, Butter and Democracy'.

⁶⁹ N I Aman, 'Guns, Butter and Democracy'.

⁷⁰ The armed forces once owned more than 1,500 enterprises, but the number has been greatly reduced.

See S Webb, 'Indonesia's Army to Bid a Farewell to Business', *Reuters India*, 15 May 2008, available at: <http://www.in.reuters.com/article/worldNews/idINIndia-33592320080515>, accessed 16 December 2009.

⁷¹ Bilveer Singh, 'The Indonesian Military Business Complex: Origins, Course and Future', Working Paper 345, Strategic and Defence Studies Centre, Australian National University, Canberra, February 2001, p. 30.

⁷² Bilveer Singh, 'The Indonesian Military Business Complex', p. 30.

Indonesian defence is a 'total warfare' system that is implemented partly in reference to a concept of self-reliance, including logistics.⁷³ Hence, it can be argued that business activity is part of the TNI's effort to develop logistics systems. In the absence of government budgetary support, there is nonetheless political-level tolerance for TNI business involvement.⁷⁴

To some extent, business activities have a positive impact on soldiers in supplementing meagre salaries, or paying for housing, education and health.⁷⁵ But these activities have also undermined military professionalism.⁷⁶ Therefore, the 11 October 2009 signing of Presidential Decree No. 43 by Yudhoyono that includes the gradual transfer of TNI military business is one positive step, and will be beneficial to the future of the TNI.⁷⁷ However, if sufficient resources and an increased budget for the TNI cannot be provided by the government, this move could potentially undermine TNI effectiveness.

Conclusion

It could be argued that the success of Indonesia's democratisation to date is linked to the success of the reform of its armed forces. Without TNI reform, Indonesia might have failed to achieve its current level of democracy. Reform has brought positive changes that see the TNI being transformed from a military institution with a political role into a military institution accountable to the elected president as the representative of a democratic society. The government must task the TNI, not the other way around. The withdrawal of the TNI from politics and the establishment of laws and regulations to guide the TNI in a democratic state, as well as redefining the TNI's role, are significant achievements in this regard.

Yet there remain unresolved issues that potentially could hamper reform. They include underdeveloped professional relations between the TNI and a range of civilian institutions; an ongoing inadequate budget allocation to the TNI; and the ongoing slow process over the transfer of military business from the TNI to the government. To sustain Indonesia's impressive reform programme, and its successful democratisation, it is essential that civilian authorities ensure a well-equipped and well-paid armed forces.

⁷³ 'Law Number 2/2002 on the National Defence', Government of the Republic of Indonesia.

⁷⁴ Bilveer Singh, 'The Indonesian Military Business Complex', p. 30.

⁷⁵ S Webb, 'Indonesia's Army to Bid a Farewell to Business'.

⁷⁶ Samuel P Huntington, *The Soldier and the State*, pp. 23–32.

⁷⁷ Juwono Sudarsono, 'TNI Business Transfer to be Settled by October', *Jakarta Post*, 17 March 2009, available at: <www.thejakartapost.com>.

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