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Conceptual Roots

Social democracy is not a novel idea in Indonesia. Some of the country's founding fathers discussed at length the practical forms of social democracy and that of the welfare state, particularly Mohammad Hatta and Sutan Sjahrir. The conceptual attraction of these founding fathers was embodied in the Pancasila, which eventually became the basic ideology of the Republic of Indonesia. Pancasila adopted social democracy as one of its principles, namely the fifth that stipulates, "Social justice for the whole of the people of Indonesia." Thus, the seed of social democracy had existed in Indonesia since the founding of the state, and it continues to influence state policies through the spirit of Pancasila, especially its fifth principle.



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“The seed of social democracy had existed in Indonesia since the founding of the state, and it continues to influence state policies through the spirit of Pancasila.

Mohammad Hatta is a central figure in the founding of Indonesia. Together with Sukarno's, his name appears in the text of the Proclamation of Indonesian Independence. He then became the first Vice President of Indonesia. Hatta was highly interested in economic issues¹ and later became known as the Father of Indonesian Cooperatives. His thoughts on the cooperative economic system was strongly rooted in the Indonesian tradition of *gotong royong* (mutual assistance). This economic system was also known as the Pancasila Economy,² which was embedded in Article 33 of the 1945 Constitution. This provision mandates that the economy should be based on the principle of kinship; that sectors of production that affect the livelihood of the public should be controlled by the state; and that the land, water and the natural resources contained therein shall be controlled by the state and used for the greatest prosperity of the people.

Sjahrir, an underclassman of Hatta during their studies in the Netherlands and a fellow exile in Banda Neira,³ was another influential figure in Indonesia's struggle for independence. Starting out as a youth activist, he was eventually called *Bung Kecil* (the Little Man), while Sukarno was called *Bung Besar* (the Big Man). Sjahrir was the first Prime Minister of Indonesia, who was elected three times as prime minister, and served from November 14, 1945 to June

27, 1947.⁴ His thoughts were mostly contained in his writings during his period of exile titled *Renungan Indonesia* (Out of Exile), which was classified as social democratic by scholars of Indonesian politics Herbert Feith and Lance Castles.⁵ In another book titled *Perjuangan Kita* (Our Struggle), Sjahrir once again emphasized humanism and social justice as the ultimate goal of their struggle.⁶

In Indonesia, the welfare state is an idea that transcends ages. As one of the goals of social democracy, its implementation is too challenging for Indonesia with its young age of independence. Nonetheless, history records that during each administration, there have been efforts to expand the application of the idea of the welfare state. So far, Indonesia has undergone three periods or "orders" in state administration, namely Old Order (1945-1966), New Order (1966-1998) and lastly Reform Order (1998-present).

During the Old Order administration, Indonesia had a weak economy. However, the Sjahrir Cabinet I tried to improve people's welfare through food distribution, which the Sjahrir Cabinet II expanded to food and clothes distribution.⁷ During the 1960s, the Old Order administration founded the national oil company Pertamina to manage the domestic oil commodity and regulate fuel prices.⁸

In contrast to the Old Order, the New Order administration focused on improving Indonesia's economy. During this era, the government provided universal subsidy (basic needs subsidy) to stabilize the prices of fuel and other commodities. Various infrastructure programs targeted rural areas, and provided block grants and credit facility to farmers. As a result, from the early 1970s to the 1990s, Indonesia succeeded in significantly reducing poverty through this broad-brush approach.⁹ But the economic turmoil in 1997 brought people to the realization that Indonesia had yet to possess sufficient social security.

The Reform Order that has been ongoing for the last 20 years is an era where the welfare state policy has expanded, especially in the health and education sectors. One signal that marked the Reform Order was the decentralization of power, as initiated through Law No. 22 of 1999 that was amended through Law No. 23 of 2004 and lastly Law No. 32 of 2014. Decentralization provided opportunities for regions (at the levels of province and district/municipality) to improve the public service system. The idea of free education and free healthcare grew in areas with good regional revenues.

Based on these historical facts, it can be concluded that the idea of the welfare state has been gradually

¹ Kahin, George McTurnan (1980). "In Memoriam: Mohammad Hatta, (1902-1980)." *Indonesia*, 30; pp.112-119.

² Taubert, Armin (1991). "Liberalization, Co-operatives and Ekonomi Pancasila." *Contemporary Southeast Asia*, 12 (4); pp. 347-359.

³ Banda Neira is an island in the province of Maluku in eastern Indonesia. It was used by Dutch colonialists as a place of exile for independence activists—the editor.

⁴ Kahin, George McTurnan (1952). *Nationalism and Revolution in Indonesia*. New York: Cornell University Press.

⁵ Bijl, Paul. (2017). "Human Rights and Anticolonial Nationalism in Sjahrir's *Indonesian Contemplations*." *Law and Literature*, 29 (2); pp. 247-268.

⁶ Anderson, Benedict (1968). "Introduction," to Sutan Sjahrir's *Our Struggle*. New York: Cornell University Press.

⁷ Prihartanti, Bernarda (2010). "Peranan Sutan Sjahrir Dalam Pemerintahan Indonesia (1945-1947)." *Jogjakarta: Universitas Sanata Dharma*.

⁸ Prasetyo, Kuncoro Bayu dkk. (2008). "Efektifitas Dana Subsidi Langsung Tunai (SLT) Dalam Mengatasi Dampak Kenaikan Harga BBM Bagi Masyarakat Miskin." *Forum Ilmu Sosial*, 35 (1); pp. 60-74.

⁹ Perdana, Ari A. (2014). *Masa Depan Program Kesejahteraan Sosial di Indonesia: Dari Subsidi Bahan Bakar Fosil hingga Perlindungan Sosial yang Lebih Baik*. Winnipege: International Institute for Sustainable Development.



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“Indonesia has yet to become a full welfare state like Sweden, Norway or Germany, but Indonesia is on the right track in achieving that dream.

applied in Indonesia based on the financial power of the state. Whenever the state is financially strong, the goal of creating a welfare state has also been actualized in piecemeal fashion. For this reason, I believe that Indonesia is, to a certain extent, a welfare state. Indeed Indonesia has yet to become a full welfare state like Sweden, Norway or Germany, but Indonesia is on the right track in achieving that dream.

Free Healthcare

The effort to provide free healthcare in Indonesia started 10 years ago through the ratification of Law No. 24 of 2011 regarding the *Badan Penyelenggara Jaminan*

Sosial (BPJS, Social Insurance Administration Organization) by President Susilo Bambang Yudhoyono. But the expansion of its services consisting of healthcare protection and social security occurred in 2014 and 2015¹⁰ under President Joko Widodo. On 1 March 2015, President Widodo replaced *Kartu BPJS Kesehatan* (BPJS Healthcare Card) with *Kartu Indonesia Sehat* (Indonesia Healthy Card) and expanded the services to enable the poor and underprivileged to get free healthcare services.

Even though BPJS Kesehatan does not provide free healthcare services for the whole population, its premium for the public is very low.

Participants are only required to pay Rp35,000 to Rp 150,000 (US\$2.40 to US\$10.50) for health insurance, which has broad coverages including administration, examination, treatment, medicine, in-patient care, medical rehabilitation, maternity care, ambulance service, etc. At the same time, BPJS Ketenagakerjaan exists to provide social security services for workers, including *Jaminan Hari Tua* (Old-Age Protection).

In addition to policy at the central level, some regions also provide free healthcare. The city of South Tangerang, for instance, through Regulation of the South Tangerang Mayor No. 7 of 2017, provides free healthcare services to Local Identity Cardholders at regional healthcare facilities and general hospitals within the city. Jakarta also provides free healthcare services for the *Kartu Jakarta Sehat* (Jakarta Healthy Card) holders and/or the Local Identity or Family Registration Cardholders at 73 hospitals and clinics in the Jakarta administration area, as well as three hospitals outside Jakarta.¹¹

Free Education

Free education in Indonesia was initiated through the 6-year compulsory education program on May 2, 1984, followed by the 9-year compulsory education program on May 2, 1996 by President Suharto. This commitment to education continued through the ratification of Law No. 20 of 2003 regarding the National Education System by President Megawati Sukarnoputri, in which Article 49, Clause 1 mandates the allocation of an education fund as much as 20% of the Regional and State Budget (APBD & APBN). In 2005,

¹⁰Habibie, Widya Leksmanawati et al. (2017). “Health Reform in Indonesia towards Sustainable Development Growth (Case Study on BPJS Kesehatan, Health Insurance in Indonesia).” *Review of Integrative Business and Economics Research*, 6 (3); pp. 375-383.

¹¹ Retrieved from: <https://jakarta.go.id/artikel/konten/418/peserta-kartu-jakarta-sehat>.

President Susilo Bambang Yudhoyono implemented free schooling at the elementary and junior high school levels by providing students with *Bantuan Operasional Sekolah* (BOS, School Operational Assistance) to pay school fees. For School Year 2012/2013, free schooling was expanded to the high school level.

In 2015, a 12-year compulsory education program was proclaimed under President Widodo. The Regulation of the Minister of Education and Culture No. 3 of 2019 expands the BOS provision, wherein each eligible student at the state and private elementary schools will receive Rp800,000 (US\$55) per year. However, decentralization has transferred the authority over elementary and junior high schools to regional (district/municipality level) governments, so that the implementation of free schooling depends on the regions' financial capacity. In 2019, for instance, the Province of East Java made the *Sumbangan Pembinaan Pendidikan* (SPP, Educational Development Contribution) free for all state high schools in the province.

Indonesia's Future

The remaining challenges in realizing a welfare state in Indonesia are, firstly, the state's economic power to provide the best services to its people, and secondly, the regions' economic capacity following decentralization that led to polycentric governance. The hierarchy of non-aligned authorities between the central and regional governments hinders the implementation of policies, such as free healthcare or free schooling. However, democratic processes through the direct election of the president, governors, as well as regents and mayors, have opened a broad opportunity for the growth of ideas on free healthcare and free

schooling because people appreciate them. I think democracy in Indonesia will further push the welfare state concept.

Political processes have also opened up that encourage the active participation of the Indonesian youth. Thus, we can expect that this younger generation will also embrace the ideas of social democracy and the welfare state in the future. Progressive ideas related to the environment, for example, have been flourishing through political processes in the universities. Almost all student executive boards have a particular division that deal with environmental issues. At present, they discuss environmental issues from waste management to clean water supply. In every era, the ideas of the youth are eventually realized. Thus, I believe that in the next 20 years, the idea of environmentally-friendly and sustainable development will also be realized in Indonesia.

The women's equality movement has made great advances in Indonesia. Since the Reform Order, Indonesia has had a female president and many important ministerial positions have been entrusted to women. Sri Mulyani, for example, had taken on the role of Head of the National Development Board (2004-2005), Minister of Finance (2005-2010), acting Minister of Finance (2008-2009), and now Minister of Finance again (2016-present). She holds the record of being the longest serving finance minister of Indonesia during the Reform Order. In addition to the Minister of Finance, the positions of Minister of Foreign Affairs and Minister of Forestry and Environment have also been entrusted to women. And in 2019, for the first time, the House of Representatives elected a female speaker. Therefore, in my view, Indonesia is on the right path of providing social welfare for all its people. 📍

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