

A Special Open Forum and Luncheon

**Enhanced Power of the DPD (Senate) and the Future of
Democracy in Indonesia**



The Honorable Irman Gusman
Speaker of the DPD

May 21, 2013

Washington, DC

On May 21, 2013, the Honorable Irman Gusman, speaker of Indonesia's House of Regional Representatives or Dewan Perwakilan Daerah (DPD) spoke to USINDO members and guests at the Cosmos Club in Washington, DC. He discussed the DPD's role in Indonesian democracy and about the DPD's role, strengthened since Indonesia's Constitutional Court recently granted the DPD the authority to propose and deliberate bills.

Photos of the event can be seen [here](#).

Introduction by Ambassador David Merrill, President of USINDO

Ambassador David Merrill, USINDO's President, introduced USINDO's Special Open Forum Event with, Irman Gusman, the DPD Chairman.

While many people familiar with Indonesia know about the DPR, few know about the DPD, Indonesia's upper legislative body, Ambassador Merrill said. Recently, the Constitutional Court granted the DPD the authority to propose and deliberate bills, relating to regional autonomy, natural resources, and the relationship between central and local governments.

Indonesia's President Susilo Bambang Yudhoyono (SBY) invited Irman Gusman to participate in the Democrat Party's convention later this year and to be considered for the Party's 2014 presidential nomination.

Irman Gusman began his government career in 1989 when he joined Indonesia's People's Consultative Assembly (MPR), Indonesia's third legislative body, as a representative from West Sumatra. Irman Gusman worked to amend the Indonesian Constitution, so the DPD could be created. In 2004, he became the DPD's Deputy Chair. In 2009, he became Chairman.

Irman Gusman belongs to Muhammadiyah, Indonesia's second largest Muslim organization. He also was a high official in the Indonesian Association of Muslim Intellectuals (ICMI). He graduated from the Christian University of Indonesia with a degree in economics, and he received his MBA from the University of Bridgeport in Connecticut.

Summary of Irman Gusman's Remarks

Speaker Irman Gusman said that since the reform era began in 1998, Indonesia's political landscape has changed. The executive used to hold most of the power, according to Irman Gusman, but today, the DPD and DPR hold significant powers as well. However, Irman Gusman said there's a downside: implementing policies takes longer; the executive branch no longer can make unilateral decisions.

Irman Gusman explained the DPD represents Indonesia's thirty-three provinces with more than 500 regencies, districts, and mayoralities. Each province is represented by four senators, directly elected by the people. After getting the right to review and propose

legislation from the Constitutional Court, the DPD is on par with the DPR, Irman Gusman noted.

Indonesia, according to Irman Gusman, faces several challenges: ensuring competitiveness; increasing the number of Indonesians studying in U.S. universities; the proper use and quality of human capital; poverty; ignorance; and extremism. A better trained and more professional bureaucracy would help, Irman Gusman said, but that alone would not be enough.

To help overcome Indonesia's challenges, Presidents Yudhoyono and Obama launched the Comprehensive Partnership, which, Irman Gusman said, has three pillars: political security, economic development, and education. But Irman Gusman wants a fourth pillar, focusing on improving legislative policy making. Already, the U.S.-Indonesian Caucus brings U.S. and Indonesian policymakers together, thereby strengthening the countries' bilateral relationship, but Irman Gusman added more initiatives like that are needed.

[Editor's Note: USINDO and the DPR/DPD, in cooperation with the U.S. House Foreign Affairs Committee, have this Fall designed a joint program to support legislative exchange and capacity building, which is expected to start soon.]

According to Irman Gusman, to increase information and technology exchanges between the U.S. and Indonesia, the government should connect its industrial centers with those in America. Irman Gusman said Senators from South Sumatra, West Java, Central Java, and South Sulawesi are visiting DC to meet with U.S. companies and establish business ties that will strengthen their provinces' economies.

With an expanding middle class and a growing population, Indonesia has one of the strongest economies in the Asia Pacific, Irman Gusman said. Indonesia, he explained, will increasingly become a regional power; therefore, a close U.S.-Indonesia relationship is vital to both countries' interests. The DPD, he said, can help strengthen ties between the two countries.

Irman Gusman said Indonesia's central government must work with every regency and province to reach its development goals. The national government, Irman Gusman concluded needs to improve its people's welfare and competitiveness, so the country can become a productive U.S. partner.

Question and Answer Session

Q: With the power recently given to the DPD by the Constitutional Court, what role will the DPD play or should it play in the budget revision? In particular, regarding Indonesia's fuel subsidies?

As you know, after the Constitutional Court's ruling, the DPD has become more important. One third of the national budget goes to local governments, so we play a crucial role in budgetary matters.

We need to maintain fuel subsidies but not at the current level. Today, we are spending almost \$330 billion on them. That's too much. If we reduce subsidies, we can spend more on infrastructure and regional development—especially in the far eastern parts of Indonesia.

Q: You mentioned the need to expand centers of excellence to build productivity. Can you explain in more detail what those centers of excellence are and how they will work?

To get my undergraduate degree, I had to leave West Sumatra. Most of the good schools were in Jakarta. As a businessman, too, I always had to go to Java.

I want to develop other areas—not only in Java. I've spoken to the President and the DPR about my goal. It will take a long time, but the DPD is committed to it. We also need to build growth centers in ten provinces to spur economic growth. Economic development needs to start from the bottom, so Indonesia can be stronger and catch up with other countries.

Q: I'm interested in the prediction or suggestion from senior officials that popular elections of governors and regents might be ended. Will they be selected by the central government in Jakarta rather than being elected by their constituents?

Decentralization is irreversible, and at the DPD, we support it. We have to manage Indonesia better. We cannot control Indonesia from Jakarta. Power needs to be distributed.

Q: What is the scope of cooperation between Indonesian and U.S. legislatures? Parliamentary exchanges? Seeing how U.S. committees and staffs work? And how will you take the best from the U.S. system and avoid the worst?

Indonesia is a young democracy. We still need training, especially in the parliamentary system. For example, in the U.S., there's a legislative budget office. But in Indonesia, there isn't one. We are working closely with Australian and Japanese parliamentarians, but not yet with members of Capitol Hill. The power of the Indonesian parliament is growing, but our staffs are still weak. That's why we need stronger cooperation.

Q: I have a question about the proliferation of the *kabupaten*. Many were set up just after decentralization because there were financial incentives for doing so. Are there any limitations on the proliferation of these units of local governance?

In the DPD, we want the government to halt the creation of new provinces and regions. Right now, there's no blueprint. We need to create one. When I was deputy speaker in 2008, I told the government to figure out how many regional governments we needed—not how many we could have.

We get more provinces, not because the people want them, but because the political elites do. We cooperate with the Ministry of Home Affairs to limit the amount of new districts. The main problem, though, is that we lack good bureaucrats.

Q: Many people from Sumatra are concerned about the province's higher education system—particularly in comparison with Java's. How will the DPD work to overcome this disparity and improve education in all Indonesian provinces?

In our system, local governments run primary schools, middle schools, and high schools. The Ministry of Education is responsible for higher education. But according to most DPD members, the Ministry of Science and Technology should control higher education. We proposed the idea three years ago to the President. Higher learning institutions, we thought, could work with various industries to increase economic productivity in the provinces. We hope the next president will consider our proposal.

Q: Is the brain drain an issue in Indonesia? If so, how do Indonesians feel about talk in this country about increasing the number of visas for high tech workers?

In Indonesia, the brain drain is a problem. I wanted to stay in West Sumatra. But to go to a good school, I had to go to Jakarta. During the 1998 crisis, many Indonesians went abroad—aerospace engineers and finance experts. They moved to Australia and Malaysia. Today, the situation is different. Many Indonesians are returning home, including my daughter, who graduated from a U.S. university. She wants to develop Indonesia. Through the Indonesian Diaspora network, the Indonesian Ambassador to the U.S., Pak Dino, has sought out bright young Indonesians and has tried to strengthen their ties to their home country. He's not pressuring them to return home. He only wants to encourage them to contribute to Indonesia's development—whether they're in the U.S. or in Indonesia.

Q: If we need 7,000 more Indonesians to study at U.S. universities to get back to where we were—we used to have 14,000—we need funding. The *bupatis* or regents have money after decentralization. Can you introduce us to some *bupatis* to fund scholarships to send Indonesian students to the U.S.?

Strengthening U.S.-Indonesia educational ties is a big opportunity. Under Indonesia's current constitution, we allocate 20% of our budget for education. That's US \$35 billion a year for education alone. But the Ministry of Education has a hard time spending it. Also, in the Ministry, there aren't many U.S. graduates. To get more Indonesians into U.S. universities, we need to talk to the Ministry, not to the provincial governments. Right now,

1,000 Indonesians are studying abroad with scholarships. Only 40 are in the U.S. We can improve that percentage.

Q: I have a question regarding labor force laws in Indonesia. Is the DPD working on laws to advance workers' protections and rights?

Since the democratic era, the labor movement has been very strong. The government cannot unilaterally dictate or set a minimum wage. We have to negotiate between employers and their employees. A minimum wage also would vary by province. In Jakarta, rates would be higher because living costs are higher. If the wage is too high or too low, small- and medium-sized businesses would be hurt. Most importantly, we need to improve our workforce, so they can compete for high-paying jobs. Then, a minimum wage would be less important.