

ARTICLE

The IMF Rice Liberalization Policy in Indonesia: The Case Study of Elite Behaviors in the Era of Gus Dur, Megawati, and SBY Government

Sunardi Purwaatmoko

Faculty of Social and Political Science, Department of International Relations, University of Jember, City of Jember, Indonesia

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ABSTRACT

The research aimed to explain elite behaviour in Indonesia's political reform era. This research was based on primary data collected from unstructured interviews with respondents or samples and secondary data collected from library studies. In analyzing the data collected, descriptive and qualitative methods are applied. This research found that adopting the electoral system of the Proportional Multi-Member District and the lack of power and authority distribution from elite to interest groups tended to result in the emergence of small and pragmatic political parties trying to get constituent votes using political mobilization of the constituent voters. The emergence of political parties induces a patron-client relationship between the political candidate and his constituent voters through a broker-generating oligarchy within the party. For that reason, the policy-making process in the rice sector depends on the relative power of ideologist party coalitions and pragmatic party coalitions. The changes in rice policy depended on the political interaction between the old and pragmatic political oligarchy and the new and ideologist political oligarchy. The stronger the political coalition of the new political oligarchy consisting of new ideologists and reformist political parties, the more protective the rice policy will be, and vice versa. That is why we suggested that the election system should be changed into Single-Member District Electoral System to create a smaller number of political parties to avoid the emergence of pragmatic political parties. And interest groups should be strengthened to prevent the dominant power of the oligarchy.

A. INTRODUCTION

The government of Indonesia signed an agreement with IMF (International Monetary Fund) through LoI (Letter of Intent) on 31 October 1997. Based on the SAP (Structural Adjustment Package), the government implemented the following programs: currency devaluation, financial sector deregulation, privatization of state-owned enterprises, trade liberalization, reduction of subsidies, reduction of social budget, and reduction of wages for workers. In the food policy sector, IMF (International Monetary Fund) urged the government to accomplish radical liberalization. The government began eliminating fertilizer subsidies, liquidating The Logistics Affairs Agency (BULOG) role and offered opportunities for private

* Corresponding Author
Email : sunardi@unej.ac.id

sectors to import rice. The government also cut KLBI (Liquidity Credit of Bank of Indonesia) for BULOG. KLBI was a credit used to maintain rice's price stability by buying and selling the product from rural peasants.

Before the reforms, BULOG had monopolized rice, wheat, sugar, soybeans, and garlic imports delivered to consumers by nominated domestic dealers through the DO (Delivery Order) system. The domestic price of rice was controlled through market operations, and the government was responsible for managing buffer stocks for food security. After the reforms, import monopolies were abolished, domestic trading of the goods was deregulated, and the monopolies of distribution and processing of the goods were eliminated. Market operations and buffer stocks were reduced, but the government is responsible for food security. Before the reforms, The Central Bank of Indonesia (Bank Indonesia) Liquidity Credit System (Kredit Likuiditas Bank Indonesia: KLBI) had been used for financing BULOG. And the costs and losses in the rice sector were covered by the profit of BULOG income. After the reforms, KBLI was abolished. The national budget was responsible for managing food security and trading in rice and other agricultural products, guided by its own management decisions. Before the reforms, BULOG had been a state agency directly under the president. After the reforms, BULOG was under the management of the State Minister for State-Owned Enterprises, treated the same as private business companies (Yonekura, 2005: 125). The new policy-induced negative impacts on the peasants. Small and medium traders and high-class rice distributors controlled the domestic market price of paddy and rice. And the escalation of rice import only benefitted the rice importers.

The mismanagement of the domestic paddy and rice market and the escalation of rice imports harmed the peasant producers and poor consumers. As if the rice products were to be used as double swords cutting the neck of peasant producers and poor consumers. Though Gus Dur and Megawati had conducted the de-liberalization policy, it failed to provide the peasant producers' and poor consumers with suitable income because most political parties did not support the new policy. In research interviews with Peasant Organizations, it had been found that the liberalization of the domestic rice market had only advanced the benefits of the corporate business interest groups close to the centre of the political power circle (Paasch, Garbers, & Hirsch, 2007:97).

In contrast, advanced countries pursued higher protection policies for agricultural products. The policy aimed to alleviate the income gap between peasant producers and those working in the industrial sector. In this research, two questions could be identified. Why did the policy of de-liberalization in the rice sector fail to materialize, and the liberal rice policy was still persistent until the SBY government? Who got the benefits, and who were the losers? This research aimed to trace to what extent price liberalization's negative impacts on the low-income peasant producers and consumers.

B. LITERATURE REVIEW

According to Smith, each individual has the right to act independently to achieve their economic interests regulated by "invisible hands" (Gilpin, 1987:19). The Neo-Classical theory focuses on spontaneous order concepts as products of human action. With the appropriate institutions, people could be taken as they are without government intervention (Horwitz, 2001: 82). As a follower of Neo-Liberal tradition, Hayek clarifies the role played by economic institutions. According to him, market prices bring about the market's spontaneous ordering processes—the notion of market exchange as a form of communication (Horwitz, 2001: 84). The IMF, World Bank, and WTO (World Trade Organization) are firmly attached to the Neo-Liberal theory. Under the auspices of IMF, liberalization policy in Indonesia was introduced in 1995. Individuals and interest groups have benefited from liberalization are rice traders and distributors, importers, bureaucrats, technocrats, and politicians. However, in the agricultural

sector, the concept of "invisible hands" cannot be applied because this sector could not be given to market mechanisms and should be regulated by the government. Of which the aims are 1) avoiding the risk of restriction of international market supply; 2) saving state international currency when the domestic production has been achieved; 3) creating reasonable price level for consumers and producers to overcome shortages of supply in hard seasons and unpredictable climate; and 4) enhancing peasant income at the same level as individuals working in the industrial sector (Hitiris, 1988:158).

The democratization process in Indonesia has gone without leaving the elements of the old political oligarchy. And the *Multi-Party System* adopted has given rise to fierce political competition among political parties to achieve political careers. They are trapped in the rent-seeking practices by tapping the government resources. At first new political parties such as PAN (National Mandate Party), PKB (National Awakening Party), PBB (Moon and Star Party), PKS (Welfare and Justice Party) and old political parties such as PDIP (Indonesian Democratic Party of Struggle) and PPP (United Development Party) is considered a reformer. Most of their activists formed parties that wanted to reform Suharto's authoritarian regime. However, after the Megawati government, the political parties regarded as reformists were split into many independent and pragmatic parties building political coalitions with the old political oligarchy. The criteria of pragmatic political parties are that they do not have a clear ideology, do not share collective interests, only hunt for a political career, and are opportunist in the sense that they only pursue their interests without considering public interests. In this research, we differ true reformist political parties from a pragmatic political parties. Though the old oligarchy under the former leader Suharto has also been separated into new circles of political powers, their political powers are strong, so they dominate the policy-making process. The rice sector liberalization has been miserable for the peasant producers. However, political parties that adhere to the old patrimonial oligarchy still want to maintain liberalization.

We use the term oligarchy here because the power and authority in the democratic regime are not distributed among civil service officials, private individuals, and interest groups. The power domination continues because the old oligarchy has stronger resources. Interest groups do not have the political capacity to influence the policy-making process and depend on the weak and new political oligarchy consisting of a small number of ideologist political parties. According to Pluralism theory, when the power and authority have been distributed evenly among public officers, private individuals, and interest groups (Chilcote, 1981: 353), public policy in some periods has created an equilibrium achieved from the struggle of interest groups. The case study in New Haven in the US explains that the politics in New Haven was initially dominated by immigrants from the United Kingdom having the power and authority in the society, economy, and religion. The power and authority gradually shift from the immigrants to the entrepreneurs and industrialists. This political power and authority shift have been a mark of the beginning of the pluralist government (Stupak, 1986: 57). By noting the Indonesian case, the power of elites is not yet distributed evenly to interest groups because of a long history of authoritarian regimes. Consequently, the political oligarchy persists.

Moreover, *the adopted Multi-Party System has produced* small political parties facing the problem of political existence due to high political competition (Freiden, Jeffry, & Pastor, 2000: 37-38; Geddes, 1994: 40). As low-income political parties, they have to do fundraising practices by exploiting state resources and private entrepreneurs, imitating Suharto's old political oligarchy. They build a coalition with them and create a new rent-seeking bureaucracy.

The current case has evidenced the negative impact of a multi-party system. The truth of an argument which states that the government policy preference reflects the *median voter's* interests is only developed in the democratic political system where the political behaviours of the constituents are limited to two political parties' options. The validity of the argument is

questioned. In the multi-party system, the constituent voters tend to move beyond the median voters so that the public and private services will be available for individuals and interest groups not included in the median voters. Median voters, the average sum of constituent voters in a public election, are used as a tool for measuring the strategy of winning the election. Usually, a political party does its best to get at least her vote more than the average number of voters. Political parties are confronted with the political dilemma of whether to provide collective interests in return for constituent support or exploit the government resource under their authority through fundraising activities. When they can make both political choices simultaneously, the politicians will easily decide on their political actions. However, coincidences between the two political choices have rarely occurred (Geddes, 1994:39). In reality, only a small number of politicians prefer to choose the ideologist political commitment rather than a political career because such ideologist politicians have little probability of achieving public offices.

The reformed political regime in Indonesia occurs in the fragmented multi-party system in which factionalism exists. The factions are usually driven by patronage. Though some political parties' programs have been infused into them, they do not have the political will to represent social cleavages, ideological differences, or regional affiliations (Fionna & Tomsa, 2020:39). The Small political parties are unable to hold their political existence by exploiting their political party machine to mobilize the constituent voters. That is why the permissive attitude of the public voters toward money politics is high (Permata, 2020:37). The proportion of the voters involved in money-politics in public elections ranges from 19,4 % to 33,1 %; the trend of party-ID in Indonesia has been diminishing, and the level of public trust in political parties and parliament is low (Muhtadi, 2019:55; Muhtadi, 2013; Sukmajati, Mada & Perdana, 2018:3). Voters and elites are tightly linked to the control of the state, and the elites have more opportunities to engage in rent-seeking behaviour (Allen, 2012).

Based on the theory, we suggest that policy reform in the rice sector is dependent on the agent/actor's coalition linked to the old and pragmatic oligarchy and the new ideologist political parties. The changes in rice policy depend on the political interaction between the old and practical political oligarchy and the new and ideologist political oligarchy. The stronger the political coalition of the new political oligarchy consisting of new ideologists and reformist political parties, the more protective the rice policy will be, and *vice versa*.

Figure 1 presents the concise model of analysis. The Figure shows that adopting the Proportional Multi-Member District electoral system and the lack of power and authority distribution from elite to interest groups tend to create small and pragmatic political parties trying to get constituent votes using political mobilization. The emergence of political parties induces a patron-client relationship between the political candidate and his constituent voters, generating oligarchy within the parties, resulting in the liberalization of rice.

Individually, the relationship between patron and client creates a level of trust. The groups of clientelist networks operate through brokers and pyramid structures, producing vertical power relations (Scott, 1972:94-96; Jacquemin & Henley, 2015). Patronage is based on particularistic dyadic ties between patrons and clients (Hicken, 2011:290). These combine to form pyramidal structures designed to acquire, maintain, and expand power. The patron gives the material benefit and looks after all network members, aiming to cement loyalty to the individual (Blunt, Turner, & Lindroth, 2012:67).

Central features of the patron-client system remain firmly in place in Indonesia (Nordholt, 2015). The democratic reform in Indonesia has changed the pattern of clientelism from dependent and dominant relations into asymmetrical and reciprocal political transactions between more plural patrons and relatively autonomous clients (Hanif, 2009:327). The elites, especially religious leaders, present their position as brokers (Fardian, 2021). Politicians cooperate with organizations that share a platform with parties to distribute social assistance

(Muhammad, 2021:18). The practice of patronage ranges from the use of money given to voters and the provision of public goods targeting social groups (Fikri, 2017). And the practice of charity has also become a model for patronizing their constituents (Latief, 2014:338).

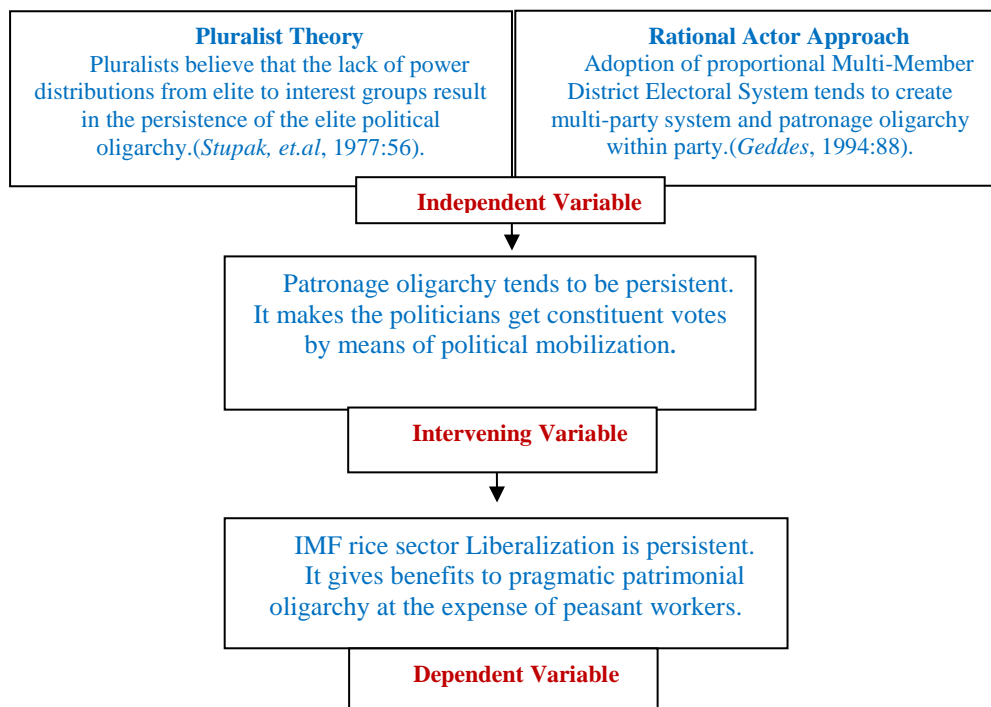


Figure: 1. Analysis Model of Dominant Power of Patronage Oligarchy

The approach used in this survey, Public Choice, Modern Political Economy, and Pluralism tradition, explain that the democratization process adopting the representation system of Multi-Member District tends to create small and pragmatic political parties and try to get constituent support through political mobilization. Not only the old and new political oligarchy but also individuals and organizations as rational actors can be identified through this approach. New political oligarchy refers to the political parties of which their activists participate in the movement of political reform, and old political oligarchy refers to Golkar. Its splinter parties initially did not participate in the movement for political reform and were included in Suharto's oligarchy.

C. METHOD

In analyzing the data collected, descriptive and qualitative methods were applied. Descriptive analysis was to interpret a depth analysis of the social facts. The qualitative technique as a survey procedure would produce descriptive primary and secondary data presented in the form of structured sentences and words. Primary sources would be achieved by interviewing respondents selected using purposive and snowball techniques (Sugiono, 2016: 224). Based on the purposive technique, the respondents were selected with specific criteria. Namely, the respondents had been attached to activities being the focus of the study. They had free time to be interviewed and tended to give true information. And snowball technique was the selection of respondents, which was initially small and getting bigger in number. Concerning the secondary sources, we would collect the data by searching relevant documents.

The strategy of collecting data comprised various activities: (1) collecting information by participatory observation and visiting public officials, politicians, and civil society activists;

(2) conducting in-depth interviews; (3) doing documentary studies on civil society and NGOs (Non-Government Organizations) ; (4) building protocol to ascertain the same questions asked to different institutions and individuals; (5) by using information from newspapers, bulletin, newsletter, and official publications, we began to hold observation.

Data analyses were conducted using data reductions, presentation, and conclusions (Idrus, 2009:147-148). The data obtained were categorized and analyzed with validity, objectivity, and reliability principles. Data tracking was carried out through research finding confirmation called triangulation. And the conclusion making would be conducted by applying the induction method. This research went back and forth from the induction to deduction method so that the syntheses could be found.

D. RESULT AND DISCUSSION

Gus Dur and Megawati De-Liberalization Policy Tariff Agreement in The Era of Gus Dur

Liquidating the role of BULOG meant leaving government intervention. As a result, the domestic rice market was controlled by business actors capable of competing with BULOG (Institution, 2013). The asymmetric structure of the domestic rice market impaired peasant interests since the price of dried paddy was low while the rice was high. The price disparity between unhusked paddy and rice increased rice imports (Paasch, Garbers, & Hirsch, 2007: 95). Private importers gained more incentives from the inelastic domestic rice market. The domestic rice production in 2000 reached 30 million tons, while the domestic demand for rice was only 32 million tons. The excess of rice import was 6,8 million tons. Indonesia only needed to import as much as 2 million tons.

Table 2: The Price Level of HPP GKG, HGTP, HBE, HBE (PIBC) 1990-2006

Year	Government Procurement Price of Dried Paddy on Miller (HPP GKG) (Rp./kg)	Price of Paddy on farm (HGTP) (Rp./kg)	Retail Price of Rice (HBE) (Rp./kg)	Cipinang Central Market of Rice (PIBC) (Rp./kg)
1990	270	475,48	525,17	430
1991	295	488,68	557,84	452
1992	330	517,47	603,68	696
1993	340	303,7	592,25	722
1994	360	284,05	660,37	900
1995	400	325,83	776,38	1087
1996	450	419,81	880	1185
1997	525	432,75	1064,03	1285
1998	800	498,27	2099,71	2552
1999	1400	933,01	2665,58	2461
2000	1400	1159,43	2424,22	2099
2001	1500	964,72	2537,09	2256
2002	1519	1141,22	2826,06	2678
2003	1700	1255,46	2785,85	2704
2004	1700	1258,32	2850,96	2600
2005	1740	1567,67	3478,87	3046
2006	2,280	2,094	4,378	4077

Source: Statistics Indonesia (BPS) and (Kompas, 2006)

Islamic political parties supported Gus Dur's promotion to a president due to their rejection of Megawati. With the support from Central Axis (*Poros Tengah*) coalition. Central Axis, led by Amin Rais, supported Gus Dur as President. Central Axis included PPP, PAN,

PKB, PKS, and PBB. This Islamic Parties grouping resulted from the Islamic Parties' disagreement with Megawati as a President. Gus Dur was elected as president. The democratization process in Indonesia instigated a positive impact on the slowing down of liberalization. During Gus Dur's government, pressure claims for policy changes were more assertive.

Consequently, a change of government policy was introduced. Gus Dur stipulated tariff of rice import IDR 430,-/kg. Political pressure from civil society powers caused this change in rice policy. The opposition to liberalization policy had been launched by various Peasant Organizations like National Peasant Union (*STN*), Indonesian Peasant Union (*SPI*), Indonesian Peasant Alliance (*API*), Consortium of Agrarian Reform (*KPA*), Kendal and Makassar Peasant Society. Corporatist Peasant Organization, Group of Indonesian Peasant Family (*HKTI*), formerly built by the New Order regime, also criticized the rice import policy ([Kompas, 2006](#)). The peasant organizations did not agree with the liberalization of food production, especially rice. At the local government level, members of Pasundan Peasant Union (*SPP*), together with student groups, launched public demonstrations. The demos were backed by NGOs in Jakarta and Bandung ([Bachriadi, 2009](#)). In Bengkulu local government, Bengkulu Peasant Union (*STaB*) had been able to settle government land areas leased and left by business actors. ([Bachriadi, 2009](#)).

Cooperation and Conflict with IMF in the Era of Megawati

The Stage of Cooperation with IMF

Conflict of interests among the political parties led to the downturn of Gus Dur's tenure. Megawati was confronted with a dilemma. On the one hand, she had to recover from the economic crisis by making policies enabling her to satisfy collective interests. On the other, she had to consolidate her distinct and fragile cabinet. An issue developed during the Megawati administration was how to overcome the negative impact of rice import. The Megawati government faced great difficulties helping impoverished rural peasants since the IMF had shackled the government. The responses of Megawati could be divided into two stages, compromising with IMF and then followed by stage of rejection of IMF intervention through breaking government relations with IMF and stopping rice import. Initially, Megawati was ready to compromise with IMF and attempted to consolidate with political parties included in Caucus 11. Apart from this, pro-liberalization actors at the domestic level were powerful. The Golkar was still considerably muscular. Megawati's policy could be understood as an attitude to maintain her regime in a political situation where the political party's coalition supporting her government was fragile. The coalition's fragility had been the early signal of emerging pragmatist political parties.

The democratization process in Indonesia was conducted in evolution without eliminating the New Order regime oligarchy. Previously, the rent-seeking activities had taken place through direct relationships with business elites linked to the Suharto regime. After the political reform, the business elite in Indonesia operated in a political setting with a higher degree of uncertainty ([Johansson, 2018:2](#)). This kind of process had its complexity in that the process of public policy changes would be hindered by the elements of the political power of the old New Order regime, especially at the level of bureaucracy. To be aware of the political conditions, Megawati wanted to accommodate the elements of the old political oligarchy. As a result, the products of policies achieved were liberally oriented government decisions. The IMF intervention had allowed the old political oligarchy to benefit from the liberalization policy. The process of rice sector liberalization also allowed the financially weak political parties to raise financial revenue. The economic and political liberalization process in Indonesia had created the mutually benefited political actors between the patrimonial New Order regime and

the new political parties that were initially considered reformist. Liberalization had provided substantial freedom for the private business sector to have business relations with politicians and bureaucrats. The Rice tariff agreement between Gus Dur and IMF had not been changed until the early period of the Megawati government. Consequently, the volume of rice imports during the period of Megawati was rising.

Table 3: Import of Rice from 1998 to 2013

Year	Rice Import (BPS)
1998	2,900,550
1999	4,751,850
2000	1,375,498
2001	644,733
2002	1,805,380
2003	1,428,506
2004	236,867
2005	189,617
2006	210,000
2007	1,500,000
2008	289,274
2009	250,276
2010	687,583
2011	2,744,261
2012	1,927,000
2013	472,664

Source: Statistics Indonesia (BPS)

The logic of IMF intervention could be summarized as follows. Based on a survey conducted by Frank Ellis (The IMF economic advisor) and BAPPENAS (Board of National Development Planning) simulation, it was decided that BULOG as STE (State Trading Enterprise) needs to be reformed. The level of rice stock required to be reduced to alleviate government State-owned Trading Enterprise spending, and BULOG was required to focus on the supply of rice for low-income families and other budgeted groups. The National Rice Stock was austere set at about 1 million to 1.25 million tons under the management of BULOG. The stock was considered adequate when the rice stored in BULOG reached two million tons. The paddy and rice floor prices were not decided by BULOG but by the government. The quantity of government procurement of rice was curtailed at approximately two million tons. The domestic rice procurement after the BULOG reform was thus reduced by 50%. The government procured paddy in the New Order regime, and rice reached 4 million tons. Under this measure, private rice importers were not restricted from importing rice.

Following the decrease in the government purchasing of paddy and rice, the market price of paddy and rice came under the control of rice importers and distributors. The bargaining position of the peasant producers was weak because the peasant organizations and NGOs did not have the political capacity to support the peasants (Husodo, 2003). At the level of ministry and BULOG, they were implementing the Presidential Instructions concerning The Domestic Rice Commercial Order (*Tata Niaga Beras Domestik*), and the revised role and function of BULOG benefitted business corporations political parties, members of parliament, and bureaucrats. The government bureaucracy had facilitated the rent-seeking business corporations by giving import licenses. Rice import license mafia occurred at the level of government bureaucratic institutions, such as the double property of land certificate in the Board of National Land Issue (BPN). The rice import license mafia enabled the corporate

business to be easier to do rice smuggling because the real actor involved was difficult to identify.

Interviews were conducted with Peasant Organizations, Civil Society, NGOs such as API, SPI, Forum of Indonesian Peasant Society (WAMTI), National Alliance Against Starvation (ANMK), Village Fostering Organization (Bina Desa), Institute for Global Justice (IGJ), and People Coalition for Food Sovereignty (KRKP) (Paasch, Garbers, & Hirsch, 2007). The results reveal that liberalization of the domestic rice market only benefits corporate business interest groups close to the centre of the political power circle (Paasch, Garbers, & Hirsch, 2007:97). Policy implementation at the Ministry level involved various government bureaucracies, and BULOG was subjected to interests bargaining among political parties, bureaucrats, and business corporations. Several big political parties had received rice import rations covertly coordinated by the Minister of Economic Coordinator (*Kemenko Perekonomian*). The Ministry of Finance decided the decision of the quantity of rice imported. Nuruddin said that the data were achieved from Members of Parliament (DPR) who did not receive ration from rice import.

The Break of Megawati Cooperation with IMF and Rice Import Prohibition

The second phase of the Megawati policy was the break of state relations with IMF, followed by the input subsidy and banning of rice imports. Since the beginning of the Gus Dur and Megawati administrations, one of the significant figures of PDIP, Kwik Kian Gie, was constantly pressured by not only IMF but also the group of economic advisors known as the Berkeley Mafia (Gie, 2006). The parliament legalized The Rule of State Financing (*Undang-Undang Keuangan Negara*) on 9 March 2003. The Ministry of Finance brought up the rule to trim down the roles of BAPPENAS in making the government budget. As a State Minister of National Development Planning and also the leader of BAPPENAS, Kwik believed that the World Bank had been the key player in this game. Gie stated that the reduction of the BAPPENAS roles was due to his strong opposition to IMF.

The case of shrinking the role of BAPPENAS was important to be explained because it denoted the existence of the dominant power of pro-liberalization actors. Not only in her cabinet but also in those actors who settled the parliament. In this problem, Gie asked Megawati whether she would be shrinking the role of BAPPENAS he led or not. Megawati confirmed that she would not do it. The stern political attitude of Megawati could be interpreted as maintaining the strong role of BAPPENAS. As a President and the leader of the Political Party, Megawati required a great political performance at the end of her leadership. Hence, Megawati, a president who led PDIP, needed to make populist policies.

She had to avoid the IMF pressure by making controversial policies to achieve this goal. The strategy used was to maintain the role of BAPPENAS. From this institution then began the new episode of government relations with IMF. Two important problems had been the driving forces of policy reform. *Firstly*, Gie stated that the government did not have currency to finance economic development, so when the time to return the debts, the government was forced to pay the former debts with the money obtained from new debts. In such critical financial conditions, the government had to liquidate 16 banks. The other banks had to be maintained by injecting them with government obligations of which the sum equal to IDR 1300 trillion. If the money could not be returned in time to pay government debts, the amount of money would increase as much as 7000 trillion rupiahs. The IMF stated that the government had to pay the cash (Gie, 2006). Gie confirmed that if the Megawati government had to pay a great amount of money, the Indonesian economy would collapse (Gie, 2006). *Secondly*, agricultural liberalization in Indonesia could not give the rural peasant producers good incentives. They had to be protected from liberalization (Gie, 2006).

The two reasons had triggered Megawati to stop the government relations with IMF. The process of the refusal of IMF intervention began at the meeting held by the Central Leadership Council (DPP) of PDIP. Gie had initiated to stop the government relations with IMF propped up by DPP PDIP and approved by Vice President Hamzah Haz and the leader of MPR Amien Rais. Most Peasant Organizations and NGOs regarded PDIP as a power having the capacity to oppose liberalization. Megawati terminated the government relations with IMF in the mid of 2003 by issuing the Presidential Instruction No.5/2003. Megawati began to introduce pro-poor policies in corrupt bureaucratic institutions. In her last office, Megawati decided to deliver an extremely protective policy, the ban on rice import (Kompas, 2006).

The Return of the Old Oligarchy and the Diversion of Political Support of Reformist Political Parties

Following the public election in 2004, a new political evolution occurred. Vote support for PDIP is decreasing, so the number of PDIP legislative members is decreasing. As a result Megawati-Muzadi loses to SBY-Kalla. After winning the election, SBY-Kalla gained political support from the pragmatic political parties joining the cabinet of SBY-Kalla. The pragmatic political parties were initially regarded as reformists but had changed into pragmatic political parties.

In the era of Gus Dur and Megawati, the new political parties were still relatively strong because all of them had been supporting the government. Though the old political oligarchy had successfully preserved its political position, the new political oligarchy comprising new political parties had been politically solid in attempting to balance the domination of the old oligarchy. However, following the public election, the structure of the political coalition changed. Unlike the government of Gus Dur and Megawati, most new political parties had been diverting their political support to the Democratic and Golkar Party political coalition's irritating check and balances mechanism. PDIP, as the loser political party, had decided to be away from the new government and preferred to be an opposition party.

The entering of the new political parties built after the political reform into the Democrat and Golkar Party coalition had strengthened the political coalition of the old oligarchy. PDIP had been the only political party opposing the newly elected government. The new political climate determined the political path of the government. SBY tended to prefer conducting a liberal rice policy. The only reformist political party that decided to defend ideologist commitment was PDIP. Although most of the new political parties decided to choose pragmatic political commitment, PDIP had consistently defended ideologist political commitment. Various critics have launched the political pressure of PDIP against the Yudhoyono government. Peasant civil organizations and NGOs had backed the political attitude of PDIP.

Though Megawati Government had stipulated a rice import ban in 2004, the Yudhoyono government revised it. PDIP and PKS attempted to break rice import but failed. At the legislative level, the new political parties that were incorporated into Yudhoyono's cabinet (such as PAN, PKB, and PPP) were politically co-opted by the Democratic Party and the Golkar Party. So that the political claim of delaying rice imports was defeated, although at first, the parties refused to approve the plan for rice imports to be carried out in 2005 and 2006.

The joint of the pragmatic political parties in the government of Yudhoyono significantly impacted the rice sector's policy-making process. PAN, PKB, and PPP political parties tended to follow the interests of the relics of the patrimonial oligarchy of the New-Order regime. Politicians in the parliament initially opposed the rice import policy. Still, they then diverted their political support to the old oligarchy by agreeing to the plan to import rice because their party leaders had forced them to join the Yudhoyono cabinet. In addition, Golkar and the Democratic political party had successfully co-opted them to support rice import.

Though the newcomers' political parties initially wanted to abolish the Corruption Collusion and Nepotism (*KKN*) practices, they had to convert their ideologist political commitment into pragmatism. As small and low-income political parties, they had to do fundraising practices by exploiting the government resources. Unable to raise funds through regular means, parties often engaged in illegal fundraising activities (often within the bureaucracy), such as extracting rents from contracts and procurement processes to supplement party funds and improve their financial situations. Closely related to this was the commercialization of electoral politics, linked to the introduction of direct elections and the personalization of politics. The need to mobilize massive amounts of money to run for members of parliament diverted parties attention further away from policy solutions to attracting support from private entrepreneurs (Ufen, 2011).

The quality of democracy under the Yudhoyono administration was regarded as a period of stagnation because of his reluctance to introduce radical reforms undermining the process of wealth accumulation by oligarchs (Fukuoka & Djani, 2016:27; Aspinall, Edward, 2015:2). Yudhoyono made concessions to the political elites by forming a grand coalition that included his supporters and some of his competitors and gave cabinet positions to parties competing against him (Anugrah, 2020:4).

E. CONCLUSION

Since 1995 food security in Indonesia has dropped, and the dependence on imports rose. Paddy producers had been suffering from the downturn in rice price because distributors, traders, and Rice Milling Units had been able to augment the rice price. The strong market players had been able to push down the weak players (Arifin, 2007: 67). Paasch, Garbers, & Hirsch (2007) and Arifin (2007), only explained that the miserable fate of peasant producers was due to the IMF liberalization policy. The following survey was conducted by Robinson and Hadiz, applying the Neo-Marxist approach. They argued that the power relationship in Indonesia was merely re-organized and did not change.

Webber challenged the argument. He stated that the everlasting patrimonial political oligarchy needed political competition only restricted by competition among the elite and political pressure directed at civil society (Webber, 2005: 20). Aspinall and Rosser backed this argument. Apart from the fact that the old political elite had been able to exploit political institutions in the era of political reform, the post-Suharto regime had been signalled by the emergence of stronger civil society organizations (Aspinall, 2002). The Indonesian political system in the era of political reform was getting more inclusive. The democratic consolidation eliminated political constraints for civil society organizations because the civil society had built new organizations. For that reason, they would have the capacity to launch collective actions claiming policy changes (Rosser, Roesad, & Edwin, 2004: 227).

We agreed with Robinson and Hadiz's thesis, which stated that though there had been a shift from a solid and single pattern of centralism to the diffusion of "centres of power" in the era of political reform, the power relationships in Indonesia did not change. So political pressures claiming for policy changes would be useless. It was evidenced by the persistence of the liberalization policy in Indonesia under the auspices of the IMF. However, the weakness of the Neo-Marxist approach was that it could not identify the behaviours of the old and new political actors, individuals, and organizations as rational actors because this approach was restricted to structural and macro analysis. The alternative approaches used in this survey are Public Choice, Modern Political Economy and Pluralism. They explained that the democratization process adopting the Multi-Member District representation system tended to create pragmatic political parties and attempted to get constituent support through political mobilization. Not only old and new political oligarchy but also individuals and organizations

as rational actors could be identified through this approach. The policy-making process rewarding the collective interests was difficult to achieve because it was always confronted the complex constraints due to the inconsistency of reformist political parties' commitment to ideology. Though the PDIP, as the core political power of the new oligarchy, had won the legislative and executive election recently, it could not be guaranteed that the new political oligarchy managed to overcome the political constraints. Jokowi was confronted with the vested interests in parliament, his coalitions, and the government apparatus (Mietzner, 2015:XIII). The shift of authority to parliament was not followed by the empowerment *check and balance* system because the surveillance system to parliament and political parties was fragile, allowing the emergence of political oligarchy (Liddle et al., 2012:47). Jokowi had been forced to seek compromises with corrupt politicians, intolerant religious leaders, and former generals with little commitment to democratic principles. For that reason, the future of democracy remains uncertain (Bland, 2019; Aspinall & Mietzner, 2017). Informal politics and personal exchange relationships shaped virtually every aspect of the state's operations (Aspinall, Edward & Benshoft, 2020:257).

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