

# DIGITAL DEVELOPMENT DEBATES

## Media's Capacity for Safeguarding Economic Reforms An Indonesian Experience Riyadi Suparno (The Jakarta Post)

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**When a dictator steps down or a regime change occurs, political reforms roll in quickly while economic reforms do not. Political reforms proceed according to the timetable demanded by the people, but the economy often grinds to a standstill during a transition. At least, that's been the experience of Indonesia, and to some extent it's also true of Egypt and Tunisia where the revolutions of the Arab Spring originated.**

Amid such hectic, chaotic and massive political changes, people in the media are often overwhelmed by so many political events and eventualities that they overlook economic reforms, which normally come a bit later and proceed in relative obscurity. Economic reforms occur later since the media and the people in general do not consider them urgent. They proceed relatively unnoticed because – unlike political reforms – they are initiated by technocrats, and sometimes pushed through by outside powers such as the International Monetary Fund. The majority of the people are uninformed because such economic reforms are highly technical in nature. That's what we in the Indonesian media learned during the transition period from autocracy to democracy in the late 1990s.

The state of the Indonesian media during the period of transition was both a positive and negative force behind change. Its effect was positive because the majority of media companies in the country were privately owned, and the majority of these – with the exception of television stations – were independent from political and business interests. Therefore, when the reform movement swept the country, these media outlets easily shifted their focus from government-centric to people-centric reporting.

The manpower, that is to say the journalists, proved to be the downside of the media, however. Journalists had not been trained to work in a free press environment and investigative journalism was a rare commodity. Reporters did not know how to do in-depth reporting and confined themselves to what media people call “talking” news, which refers to news relayed through media conferences, press statements and the like. As a result, the media failed to play a watchdog role in some areas of the economic reforms, especially in those of which few people have technical knowledge, such as financial reforms and fire-sales of assets taken over by the government.

Considering its contradictory positive and negative influence, the media in Indonesia made an overall positive contribution to the country's reform movement, especially by pushing for continued political and economic reforms and the reallocation of resources. It is therefore fitting that we explore where the Indonesian media has succeeded and failed in guarding the country's reform movement.

### **Where the media has succeeded**

To some extent, the Indonesian media played its role quite successfully as the fourth estate of democracy. It became a medium for people to exchange views on how the reform movement should proceed. The media helped deepen inclusion in the reform movement, promote participation by the people and expand opportunities.

The media played its role in safeguarding the transition of power from military to civilian rule, promoting and educating the public about the direct elections of the president, governors, regents and mayors. During the Soeharto era, only military personnel or police officers were appointed to such

positions by Soeharto himself. Now they are all filled by popular vote and very few military and police officers win local elections. The role of the media in promoting a civil society cannot be underestimated in this development.

As part of the political reforms, Indonesia has moved from a very centralized government to one of the most decentralized in the world. The media has closely followed this transition. Local media – print, radio and television – have flourished in step with the decentralization of power. This new emergence of local media provides a mechanism of checks and balances for local governments. No corruption cases, for example, are left unreported by local media. In general, the media has done its job well, successfully safeguarding decentralization.

The media is also at the forefront of the push for economic reforms. Working together with like-minded people and experts, the media has consistently pushed for the liberalization of Indonesia's international trade, domestic trade, the independence of the central bank and the liberalization of the financial sector. It can safely be said that because of media campaigns, the Indonesian public is receptive to foreign investment in almost all economic sectors, which is playing an important part in the recovery of the Indonesian economy. Now, the Indonesian economy is in good shape, and its financial sector is healthy and has managed to weather the recent global financial crisis.

But this success in the economic front has not been entirely untarnished. The privatization of Indonesian state companies and the fire sales of Indonesian assets did attract foreign investors, but at a price. Now the Indonesian economy is dominated by foreign players. The banking sector, the lifeblood of Indonesia's economy, for example, is controlled by foreign investors. More than 50 percent of Indonesia's US\$300 billion bank assets are in foreign hands. Whether it is good or bad for the country remains to be seen. But there are already indications of public backlash. The media has played a role here too. Now, let's explore in more detail where media has failed.

### **Where the media has failed**

One of the negative implications of political reforms in Indonesia is the emergence of Islamic radicalism. Soon after the reform movement began, a series of bombings hit Indonesia, mostly targeting Western or Christian interests such as churches. Most of the perpetrators belonged to radical Muslim groups with various interests ranging from avenging America's invasion of Iraq and Afghanistan to converting Indonesia to an Islamic state. The media, in one way or another, has failed to prevent the spread of radicalism. Some mainstream media even promote radicalism by giving voice to radical groups. And the free press allows these radical groups to establish their own media outlets to promote their causes. The emergence of radicalism in the early years of reform cost the country dearly. Investors shunned Indonesia, and those already in Indonesia even took their money and fled, depriving the country of the financial resources badly needed to jump-start the economy. Now the dust has settled and the media in general has recognized the danger of radicalism. It has managed to build public awareness of the need to fight this anti-development movement.

On the economic front, the biggest failure of the media had been in safeguarding the redistribution of assets. When the dictator Soeharto, who ruled Indonesia for 32 years, stepped down from power in 1998 at the height of the Asian financial crisis, there was a great opportunity for the redistribution of assets held mostly by Soeharto's cronies. Most of them went bankrupt and could not repay their debts to banks. The banks eventually collapsed, forcing the new government to take over almost all banks and the assets of bankrupt companies owned by Soeharto's cohorts. Problems abounded, ranging from difficulties valuing the then US\$60 billion worth of assets, in managing the assets, and finally trouble selling the assets. There were alliances and a collusion of interests, which prevented redistribution of the assets.

The media simply failed to safeguard the redistribution of assets. The people in the media did not know the financial details, and they were ill equipped to do any in-depth reporting on the matter.

Worse still, there were no experts who knew all the details and could help the media understand the real problems until it was too late. Now, most of these assets are back in the hands of the original owners, others are held by cronies of the new rulers. So Indonesia missed out on a golden opportunity to correctly redistribute assets.

### **Lessons learned**

The experience of Indonesia demonstrates that a free press helps economic reform choose the right track and stay on it. It's not because people in the media know a great deal about overseeing economic development, but rather that the media serves as a medium for the exchange of views, for debates among experts and for passing on knowledge so that people can choose the best path of reform. This exchange of opinions sharpens development goals. This bodes well for the main purpose of providing citizens with the information they need to be free and self-governing.

In situations of chaos, such as those in the Middle Eastern countries currently in transition, the media should serve as a voice of reason and a safeguard for the reform movement. The current situation in Egypt and Tunisia provides great momentum; it is a window of opportunity during which many important things can be accomplished. Here the media play a key role in safeguarding the reform movement, ensuring it chooses and stays on the right track and is not hijacked by interest groups, including radical groups, sustains momentum and accelerates progress

Democracy means good governance, it means checks and balances, and without a free press, without the presence of independent media and capable journalists, democracy and good governance do not work properly. This is why development aid should also target media and people working in the media. Projects such as enhancing the skills and knowledge of journalists will help the media function well as the fourth estate of democracy. Only then will the media play a positive role in reforms and development that promote inclusion, widen participation and expand opportunities.