

The Indonesian Update

Monthly Review on Economic, Legal, Security, Political, and Social Affairs



Main Report : The Problems Created by the Formation of the Joint Secretariat of Party Coalition

The Economics

- Economic Impacts of the Resignation of Sri Mulyani ■
- Greek Debt Crisis Impact ■

Law & Politics

- Enabling the Regulation on Freedom of Information ■
- Bureaucratic Reform After Resignation of Sri Mulyani ■

Social Issues

- Higher Education Tuition Fees in 2010/2011 Academic Year ■
- Four Year of the Sidoarjo Mudflow Tragedy ■

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FOREWORD

The political constellation is changing rapidly after the resignation of Finance Minister Sri Mulyani Indrawati (SMI). A day after President Susilo Bambang Yudhoyono (SBY) accepted SMI's resignation to take up a new job as a Managing Director of the World Bank, the President immediately met with leaders of political parties of the coalition and ministers from the elements of the political parties. The essential agreement of the meeting was to form a joint secretariat.

It is hard not to associate the formation of the joint secretariat with several political events, such as SMI's resignation plans, rampant tax cases and, some legal cases involving some politicians, especially politicians from the Golkar Party, as well as raising the issue of rights that are related to expressing an opinion by the Parliament Century case. At this point, the coalition's presence has sparked controversy and invited suspicion that the occurrence of transactional politics and political cartels.

This edition of the Indonesian Update also raises some important themes from several fields. On the economy and finance, it discusses the global economic conditions in the aftermath of the Greek crisis and the economic impact of the resignation of Sri Mulyani Indrawati. On political affairs, it talks about the passage of Law No. 14/2008 on the Disclosure of Public Information and the bureaucratic reform after the resignation of Sri Mulyani Indrawati. On social affairs, it talks about higher education tuition fees in the 2010/2011 academic year and four years of the Sidoarjo mudflows.

The regular publication of the Indonesian Update with its actual themes is expected to help policy makers in the government and the business sector, academicians, and international think tanks get actual information and contextual analyses on economic, political, social, and cultural developments in Indonesia.

Happy reading!

The Problems Created by the Formation of the Joint Secretariat of Party Coalition

The political constellation is changing rapidly after the resignation of Finance Minister Sri Mulyani Indrawati (SMI). A day after President Susilo Bambang Yudhoyono (SBY) accepted SMI's resignation to take up a new job as a Managing Director of the World Bank, the President immediately met with leaders of political parties of the coalition and ministers from the elements of the political parties. The essential agreement of the meeting was to form a joint secretariat.

The formation of the joint secretariat of party coalition is a new idea that needs to be appreciated. At the very least, there is existence of good faith to strengthen communications and coordination - which had been the weak spot of the coalition. The coalition has also institutionalized and improved the internal management of the coalition. In addition, there is a shift in the orientation (reorientation) of the coalition, from the quantity (percentage) approach to approach that values the quality of solidity of the coalition, as a form of correction in the phenomenon of the government coalition that was divided during the voting of the Century Bank case recommendations. Three coalition partners - Golkar, PKS, and PPP - were practicing a two-legged politics: joining the government coalition, as well as performing the opposition role in the House of Representatives (DPR) by taking a different stance with the government.

However, even though with the formation of the joint secretariat, the coalition still invite some suspicion. If seen from the timing perspective, the realization of this idea was not quite right. The establishment of a container with the party members should have been formed since the beginning of government, or even before the implementation of the president-vice presidential elections.

Therefore, it is hard not to associate the formation of the joint secretariat with several political events, such as SMI's resignation plans, rampant tax cases and, some legal cases involving some politicians, especially politicians from the Golkar Party, as well as raising the issue of rights that are related to expressing an opinion by the Parliament Century case. At this point the coalition's presence has sparked controversy and invited suspicion that the occurrence of transactional politics and political cartels.

Three errors

In addition to bad timing, the formation of the joint secretariat has left some problems. At least, there are three mistakes why the formation of the coalition sekgab has become problematic for the government coalition. *First*, there are errors in the preparation of the management structure of joint secretariat with the appointment of Bakrie (ARB) as a day-to-day leader. This has offended the coalition partners. *Second*, the function and authority of the joint secretariat are very strong, so it would potentially undermine the president's powers in the corridors of presidential systems. *Third*, the joint coalition secretariat is not bound by the clear and concrete rules of the game or a political contract (MoU coalition).

The appointment of ARB as the leader of the joint secretariat has offended other coalition partners. The management structure of the joint secretariat is simply dominated by the leadership of the Democratic Party and the Golkar Party. President Yudhoyono, who is also Chair of the Advisory Board of the Democratic Party, had become the chair of the joint coalition secretariat. Chair of the Golkar Party ARB had been appointed as day-to-day chair, and Syarief Hasan, who is also the Democratic Party DPP Head, had been named as secretary. Meanwhile, the members of the coalition are six parties - the Democratic Party, Golkar Party, PKS, PAN, PPP, and PKB. The other four parties did not get the role in the coalition.

The problem lies in the appointment of ARB as the day-to-day leader. Moreover, the reason for this appointment was that Golkar Party was the second largest vote gatherer, so it is deemed more experienced. Therefore, the choice of an ARB is wrong. The joint secretariat chaired by President SBY is a right move, but the day-to-day leader should also be given to a senior Democratic Party politician. Even it should be given to a politician outside the Democratic Party, ideally Hatta Radjasa should be given the honour as he was the one

who worked hard to to win the pair of SBY-Boediono. SBY's poor political communications can worsen the problem, offending other parties, as ARB's role was less clear in winning SBY-Boediono.

The appointment of ARB as day-to-day leader of the joint secretariat, on the one hand strengthens the communications between the Democratic Party and the Golkar Party. However, on the other hand, it retains potential internal conflict of the coalition, making the coalition fragile. It weakens the bond of communications with parties other than the Golkar Party. The coalition has offended the partners, as Golkar holds a more superior position than those partners. This has made the coalition unbalanced (asymmetric coalition). SBY seemed to have reinforced a "bolt to the coalition", but the main bolt has loosened the other bolts.

The position of the joint secretariat that deviates too strong is also a problem, as it could cause the president's to lose some of his powers in the presidential system. If the statement of the Secretary-General of Golkar Party, Idrus Marham, that ARB can call ministers and all government policies must be discussed through the joint secretariat is correct, then the presence of joint secretariat and position ARB, will reduce the power clearly. This is not in line with the principles of presidential systems. Because of that, many observers believe that ARB position is like a prime minister in the parliamentary system, because he can control the coalition and government policy.

In the presidential system, the power of government is in the hands of the president. President is assisted by vice presidents and ministers. So, the president should always be consulted for any of the coalition policies. There should always be a permission from the President if the joint secretariat want to call ministers. Otherwise, this will further reduce the actual presidential system, which has been undermined by other factors.

The position of the joint secretariat of the coalition has not been bound by clear and concrete rules of the game or a political contract (MoU coalition). This will cause problems. Without a contract, the coalition of parties will be fragile, as it will be too flexible. A political contract should be used as the binding as well as guidance in the coalition. It should not be too normative and general. This has caused the members of the coalition parties to have different interpretations, and each will claim to follow the contract of the coalition. In addition, the coalition is still built on a foundation of pragmatism and interests of power, rather than on ideological closeness or similar political platforms. Therefore, the formation of

the joint secretariat of the coalition has become less meaningful in the spirit of affecting the government coalition. The coalition should revise the contract to become more specific and explicit.

The third mistake - in addition to the appointment of ARB as the day-to-day leader of the joint secretariat, which has given him too much authority in the joint secretariat and the obscurity of the political contract - is that the coalition remains fragile and has not been effective. The latest example of the ineffectiveness of the coalition was coalition's defeat in the voting on the Commission XI of DPR to select BI Deputy Governor. The candidate for deputy governor whom was endorsed by the Democrats lost five votes to the one supported by the PDI- for Struggle. Furthermore, the completion of the Century will be a test case for the effectiveness of the joint secretariat coalition formation.

Recommendations:

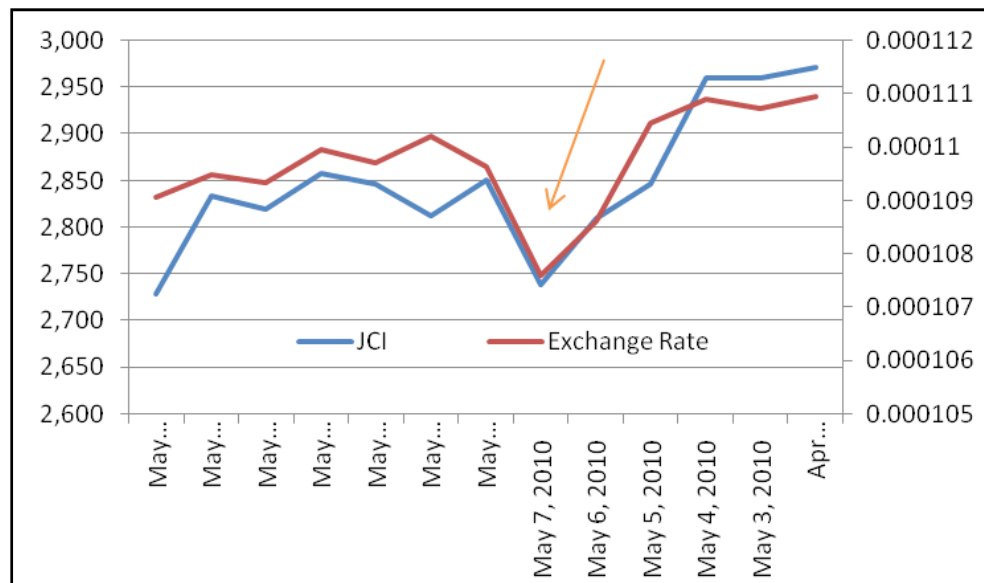
- As a forum for communications and permanent coordination, the joint secretariat is necessary. But, it must be accompanied by a clear coalition contract and more concrete rules of the game. Therefore, the coalition contract (MoU coalition) should be revised to make it more concrete, clear. It should also be accompanied by sanctions.
- The joint secretariat coalition should directly be led by SBY. Meanwhile, the day-to-day leader position should be given to a Democrat politician or it should be given in turn to all members of the coalition parties in order to form a symmetric coalition. This position should not be given to the ARB, as it will offend other parties.
- The position and authority of the joint secretariat should be restricted to coordination and communications amongst the coalition members in the control and coordination over the parliament (management coalition in the parliament). It should not intervene in the process within the cabinet, as it could reduce the presidential powers in the presidential system.
- In the long-term context, the Government and Parliament should rearrange the political system through a revised political package that includes: the electoral system design, the institutional design of parliamentary, presidential and institutional designs in order to strengthen the coalition as well as strengthening the presidential system.

In addition to bad timing, the formation of the joint secretariat of coalition has created several problems: a mistake in appointing Bakrie as the day-to-day leader, the too strong authority of the joint secretariat, and the absence of a clear political contract coalition (MoU coalition).

— Hanta Yuda AR—

Economic Impacts of the Resignation of Sri Mulyani Indrawati

As shown in the chart below, stock prices and the value of the rupiah plunged immediately after knowing that Sri Mulyani Indrawati (SMI) resigned from her position as the Minister of Finance to accept an offer as a Managing Director at the World Bank.



Such market responses - even only for a brief of time - showed that President Susilo Bambang Yudhoyono (SBY) will lose one of his best servants who had been directly involved in the country's economic management.

Moreover, the market believed that SMI is a market-friendly figure, a reformist, and an obviously intelligent person. In short, she was the ideal person for the position of the Minister of Finance. Finding the right replacement will clearly not be an easy task to do.

Neoliberal?

When people found out that SMI had sound personal and professional relationships with the Bank, some economists saw this as a natural fact. They considered that SMI was extension the Bank's arms in conducting neoliberalism agenda in the country. In other words, they assumed that the SMI was a neoliberal-oriented economist.

It's really strange. Why? *First*, neoliberalism has never approved the bail-out policy from the government to save private parties. Neoliberalism, in principle, always upholds the responsibility of individuals. This is obviously very easy to understand. Profits gained by the profit sector from running their businesses will only be solely enjoyed by them.

Thus, when the opposite happens, when they suffer a loss, the loss should not be charged to the public through the state budget. In other words, for a neoliberal economist, a bail-out policy has always been unfair to the whole economy. Furthermore, the bail-out policy always has moral hazard from the businesses of public resources.

Secondly, it is related to a tax issue. In principle, neoliberalism always views that taxes will only provide a disincentive to the business community. Furthermore, higher taxes tend to create opportunities for the abuse of power and at the same time the opportunities for the taxpayers to avoid their obligations. Neoliberalism views that taxation by the government should be as small as possible.

Thus, concluding that SMI is a neoliberal-oriented economist is not correct. First, when she served as the Minister of Finance, SMI in fact disbursed advance funds to the business world. Similarly, in terms of taxation, as in her administration, the Government aggressively increased its tax revenues.

Concluding that SMI is a neoliberal-oriented economist is not correct.

— Nawa Thalo —

Greek Debt Crisis Impact

It is still embedded in the memories of the world community that the global financial crisis had triggered the collapse of the U.S. financial market. Now, the world has returned to another debt crisis triggered by the Greek crisis.

Causes and impacts

The Greek government had financed the country's development by using debt instruments. The country's debts had reached nearly a level of 130 percent of its total gross domestic product (GDP).

The concerns over the Greek debt crisis had actually started in the first week of 2010. Its debts were too large, such that it could potentially create a situation of default.

This was proven as, at the end of April 2010, the Greek government asked for bailout assistance from the European Union (EU) and the International Monetary Fund (IMF) to overcome this problem. As a result, international debt-rating agency Standard and Poor's had thrown the Greek government debt securities into the category of "junk".

In the configuration of the global economy, the Greek itself has a significant role. The end of year 2009 data shows that Greece accounted for 21 percent of the total EU economy. So, it can be imagined that when shocks occur, it could potentially ruin the EU economy.

As any debt crises, when there is a failure to pay, then the price of debt securities issued by the Government of Greece crumbled instantly. On the other hand, the interest rates automatically jumped sharply. For the government, this has clearly put heavy pressure on the fiscal side.

Furthermore, a strong fall of the Greek economy in Europe would drag the others. In the context of the international economy, Greece has strong links with Spain and Portugal. On the other hand, large banks in Germany and France had already invested heavily in debt securities issued by these countries.

German and French are the two economic engines in the EU zone. The destruction of the Greek government bond prices had automatically destroyed the value of banking assets in those two countries.

Even more terrifying, because the interest rates between banks have also automatically increased, the banking sector crippled, unable to provide loans to the real sector. This phenomenon is referred to as the “credit freeze”.

The impact for Indonesia

Indonesia’s economic exposure to the Greek economy was small. However, its indirect impact should not be underestimated.

As the economy has a significant role in the European region, the debt crisis of Greece has sent a negative sentiment towards the United States (US) economy. Moreover, the U.S has a very strong economic linkages to the EU.

In the finance channels, the Greek crisis should be a factor taken into consideration by the Indonesian capital market participants. In the trade sector, the U.S. and EU have been potential markets for Indonesia.

Indonesia’s economic exposure to the Greek economy was small. However, its indirect impact should not be underestimated.

— **Nawa Thalo** —

Enabling the Regulation on Freedom of Information

Regulation No. 14/2008 on Disclosure of Public Information (UU KIP) officially entered into force since May 1, 2010. This law basically requires any public bodies to open access for all applicants that would like to obtain public information, unless for some information that has been prohibited to be disclosed.

The public bodies that are subject to this law are the executive, legislative, judicial, and other government bodies whose functions and tasks are associated with organizing the country (the funding for these bodies come from State Budget) and nongovernmental organizations that are partially funded from the State Budget, public donations, or overseas sources.

This Regulation aims to:

1. Guarantee the rights of citizens to know the public policy planning, public policy programs, and public decision-making process, and the reasons for public decision-making;
2. Encourage community participation in the public policy making process;
3. Increase the active public role in the public policy making and achieve good management of public institutions;
4. Achieve a good state administration, which is transparent, effective and efficient, and accountable;
5. Know the reason for public policies that affect the lives of many people;
6. Develop science and intellectual life of the nation; and/or
7. Improve management and information services at the public agencies to produce quality information services.

Information excluded in the UU KIP Article 17 are:

- Public information that, if opened and given to the public information applicants, may hinder the enforcement of the law;
- Public information that, if opened and given to the public information applicants, may interfere with intellectual property rights protection and protection from unfair business competition;
- Public information that, if opened and given to the applicants of public information, could endanger state security and defense;
- Public information that, if opened and given to the public information applicants, can reveal the natural wealth of Indonesia;
- Public information that, when opened and given to the applicant for public information, can be detrimental to the national economy;
- Public information that, if opened and given to the applicants for public information, can be detrimental to the interests of foreign relations;
- Public information that, if opened, will reveal the contents of authentic private documents or the will of will a person;
- Public information that, if opened and given to the applicants of public information, could reveal personal secrets;
- Memoranda or letters between the public agencies that is confidential by nature, unless proven otherwise by the Information Commission or the courts;
- Information should not be disclosed in accordance to the Law.

The presence of the regulation that guarantees the freedom of people to get access to public information is something to be appreciated. Through access to public information, the public can participate and control the activities of the state administrators and public policy making to correct their mistakes and shortcomings. With the existence of this regulation, all government and public agencies will be directly supervised by the community so that abuses in the government budget can be minimized.

Consequences

In addition to the freedom and transparent information, the application of this UU KIP also has consequences in the form of problems that can arise in the future. Mas Achmad Santosa, a member of the Task Force on Combating the Legal Mafia, has put forward three main issues that need to be addressed urgently in the implementation of UU KIP.

First, there is a lack of clear rules in the UU KIP could have multi-interpretation. *Second*, there are still things that need some implementing arrangements. *Third*, the existence of requirements that potentially limit access, such as the requirements to mention the reasons for the requests for information.

Public awareness to use UU KIP needs to be fully restored as the basis for the fulfillment of their rights in obtaining public information.

Accordingly, Wina Armada, a member of the Press Council, argues that UU KIP should also mention the potential problems that may arise for the press, mainly because of the existence of Article 51 UU KIP that contains a threat to people, when using public information unlawfully. In this case, the term “unlawfully” is not yet clear, so this is a rubber article that can be used to target journalists requesting such information.

Another thing that could be a bottleneck in the implementation of this Act is the culture or customs of the government to cover up information that should actually be communicated to the public. Despite the existence of this UU, with a variety of reasons, the government still can sort out which information that will be given to the public and which will be covered up.

The society itself also still feels awkward to use the freedom of public information. The society has long been repressed by an authoritarian government, so to ask for information that is important will cause them fear.

This should be anticipated by the government, academics, NGOs and the press by providing comprehensive and continuous dissemination of information to the public so that people can take advantage of the presence of this law to exercise their rights in obtaining public information.

— **Benni Inayatullah** —

Bureaucratic Reform After Resignation of Sri Mulyani

The resignation of Sri Mulyani as the Financial Minister of Indonesia has sparked pros and cons amongst political and social analysts. The pros believe that her resignation was a middle way to end the political dispute between the government and the opposition parties. Also, it is a long term investment for Indonesia, as she will help secure our economic interests in global context through the World Bank.

Meanwhile, the cons argue that resignation of Sri Mulyani was a systemic impact of the Century gate. Then, there are worries that this resignation will affect Indonesia's economy and influence significantly the bureaucratic reform.

In addition to the above mentioned opinions, the resignation of Sri Mulyani from the Finance Minister position to take a new role as a Managing Director of the World Bank has also drawn other reactions.

Some political analysts argue that the resignation was a product of practical political interests in the Parliament. Many believe this argument is correct as the government seems to be reluctant to solve the high costs of the Century gate, in which Sri Mulyani was involved in the process.

The meaning of high costs is the wide gap between the government and opposition parties that could result in an open war between the government and the opposition in the Parliament. The government considers that the supporting parties are not solid.

The other high cost is political offers provided by the government as a problem solving method. There is some fear over the unclear limits of the political offers amongst the parties.

If the high costs are executed, it will present bad precedence for the government in order to solve all the problems in the Parliament. So the government's acceptance to the resignation of Sri Mulyani was a turning point of the practical politics in the Parliament.

The worst impact is the decline in the President SBY's image. The Century case process after the bail-out mechanism was rejected by the DPR and the KPK has launched several investigations.

It turns out that the government still allows the KKN amongst its elite officials, even though, the KKN eradication program has been a main icon of the government's program to run bureaucrat reform.

The Century gate should be used as a starting point to improve the negative image of the government on this front. Another point is the government's interests in conducting the bureaucratic reform interest. Based on the bureaucratic reform programs, the Finance Department has offered a separation of authorities in order to increase its officials' professionalism as public servants.

One of the indicators of the bureaucratic reform and legal reform is the reform budget in the amount of Rp 18.07 trillion. This figure consists of the bureaucratic reform (Rp 774 million); legal reform (Rp 216.3 million); democracy enforcement (Rp 223.6 million); and national security (Rp 16.858 trillion) under the 2010 APBN.

In addition to this reform budget, the bureaucratic reform has also offered some supplement tools like a special institution dealing with the bureaucratic reform placed directly under the President. Its member are regarded as government officials, with the rank of ministers.

The bureaucratic reform is aimed at making government officials more professional and nationalistic. This aim means that government officials have to prepare and able to cater the interests of the of general public in all areas in accordance with their specific abilities based on the rules. One example is Sri Mulyani who will be a Managing Director of the World Bank, bringing a good image to Indonesia.

Based on the above contexts, the resignation of Sri Mulyani will not reduce or worsen the bureaucratic reform in governmental institutions. The bureaucrat reform is a systemic process of various related variables and concepts that is not relied solely on policy makers. Bureaucratic reform is a legal mandate that brings back the officials to their original functions as public servants.

The thing that is important to prepare is the control mechanism of policies and programs of the bureaucratic reform that has been executed. Without control mechanisms, the bureaucratic reform will be hard to be implemented.

This mechanism is needed to maintain development programs after the problems in the agreement process of the revised 2010 APBN by the DPR, as the implication of the political disputes between Sri Mulyani and the DPR's members.

Continous development programs are required to keep Indonesia's economy healthy and to maintain development programs implementation in the society.

So, the existence or non-existence of Sri Mulyani as a bureaucratic reform supporter will not significantly affect the bureaucratic reform. Her resignation was merely a replacement from one government official to another.

— Aly Yusuf —

So, the existence or non-existence of Sri Mulyani as a bureaucratic reform supporter will not significantly affect the bureaucratic reform. Her resignation was merely a replacement from one government official to another.

Higher Education Tuition Fees in 2010/2011 Academic Year

Try and get the highest education, the wise man said. But, what could we do, as the fact shows that higher education in Indonesia is still costly, too. Rather than getting good quality education, getting the access to education to school or college has become expensive for the Indonesian society.

The levels of education

The Indonesian education system, in accordance to the Law No. 20/2003 on the National Education System, divides formal education into several levels of formal education. The first is basic education, then secondary education, and the last is higher education.

Primary and secondary education levels are compulsory to be attended by the people. This is called the Nine Year Compulsory Education, which is six years in the elementary school and three years in junior secondary school. National Compulsory Education Program is regulated in Government Regulation No. 47/2008 on Compulsory Education.

Education at the next level, i.e. Senior Secondary School or also known as Senior High School, at its formal juridical level, is not an obligation. That is, people are not required to attend the senior secondary education, and the Government is not obliged to provide the financial budget for it. On the contrary, basic education, according to the 1945 Constitution, is requires to be funded by the Government.

The next level is higher education, which includes colleges that are managed by universities or other higher education institutions. These institutions produce graduates including the holders of diploma, bachelor, master and doctorate degrees.

Formally, higher education is not an obligation to the society. Therefore, higher education is pursued by the public generally because of factors, such as interests, learning needs, learning ability, and financial capabilities.

Costs of Education

At a practical level, educational institutions that provide the primary and secondary levels to higher education services in Indonesia are managed by public and private educational institutions. The difference is that private operators are more independent in their financing.

Meanwhile, the state-owned operators within certain limits receive some subsidies from the Government. The tuition fees in private educational institutions are generally higher than those in the state owned educational institutions.

The financing pattern of education in Indonesia, according to Education Law and Government Regulation on the Financing of Education, can be derived from the government and community participation. These provisions have been criticized by the community, which argues that the Government should allow a greater portion of education funding to the public.

With the existence of the discourse of the Educational Legal Entity (BHP), the state-owned educational institutions were directed to be managed independently, including in the management of the financing. BHP can be more autonomous in raising education funding from the community, which can be done by opening the special enrollment track that gives the opportunities to whom that is able to pay a certain amount to be enrolled at these universities. This tendency is feared to lead to the commercialization of education. BHP Law itself has been cancelled since March 2010 (See Update Indonesia in May 2010 edition).

In the months of June, July, August 2010, this period coincides with the new school year for schools and universities. The public's attention has been drawn into the matter of tuition fees, including school fees and the college fees. The expensive college tuition fees have actually been felt by the public. It has increasingly been recognized now by the public. Previously, the expensive tuition fees are considered as something that should be taken for granted.

New student tuition fees in the 2010/2011 Academic Year

According to some data records from several State-owned Universities (PTNs) and Private Higher Education (PTS) in big cities in Indonesia, in the 2010/2011 Academic Year, the total initial costs to be paid by the new undergraduate (S1) students ranges from IDR 10 millions up to IDR 175 millions. It depends on many factors and conditions, which are set on the details of the new student tuition fees, which vary for each PTN /and PTS.

The entrance fees that reach a hundred million rupiahs or more are generally known for high-cost department (Department of Health and other exact science departments), some favorite departments, and also for students from the acceptance tracks that allow candidates who can afford to pay more.

Generally, the costs of tuition for incoming freshmen are made up of components: (1) “Uang Pangkal” (entrance fee), which should be paid only once when the student is accepted into the PTN/PTS’ (2) Basic Semester Tuition Fee, which will be paid every semester; (3) Tuition per Semester Unit (SKS), which is paid every semester according to the number of credit units of courses that are taken by students; and (4) Other costs, such as lab fees, student activity fees, campus orientation activities, etc. These costs will vary in the amount, depending on departments or individual majors.

According to the existing data, the current components as mentioned above have various terms that are used by any universities and colleges. The amount of other cost components varies, too. This often makes people confused.

Instead of making the public understand about the components of college tuition fees, the people get confused with the type and amount of payments that can be found in a wide range of terms. The amount of fees can be seen in the tables of information for new students and tuition fees at any state universities and private universities.

The challenge for low-cost education for higher education lies on the transparency and efficiency of the education cost components. Challenges shared among government agencies and educational providers are how to pursue the structure of tuition fees that should not burden the the students.

— **Antonius Wiwan Koban** —

The challenge for low-cost education for higher education lies on the transparency and efficiency of the education cost components. Challenges shared among government agencies and educational providers are how to pursue the structure of tuition fees that should not burden the students.

Four Year of the Sidoarjo Mudflow Tragedy

The Sidoarjo mudflows have lasted for four years since the first time the accident occurred at 9:00 am, on Monday, May 29, 2006. Hot mud flowed in rice cultivation areas in the Siring village, Porong District, Sidoarjo Regency, precisely at a point which was approximately 200 meters away from the Banjar Panji I exploration well. Because the exploration well was operated by PT Lapindo Brantas Inc., then the public had named it “Lumpur Lapindo”.

For four years, the hot mudflows have devastated Siring Village and the villages around it, causing more harm and threatening the safety of the people who still live around the location of the bursts. Above the ground, methane gas can penetrate even paved roads. It cannot be imagined if there are sparks of fire around it, as a thrown away lid cigarette butt will do the job. Fire will burst, and this will endanger road users.

Below the surface, empty spaces are created because the muds have been sucked out for years. This could make the region collapse. Porong Highway - the main road connecting Malang-Surabaya - has collapsed about 1.4 meters. In the future, the road would completely collapse, as vehicles are still passing through on it.

Every day, an average of 160 thousand vehicles passes across the region. Provided alternative route cannot accommodate vehicles that pass through, because it is too narrow and is also less attractive. Catastrophe could occur at any time.

Since the beginning, a variety of strategies have been implemented to stop the flows, but they have not been successful. The efforts to give redress to the victims the by PT Lapindo Brantas have not always been in line with what is needed by the victims of mudflows.

Minarak PT Lapindo Jaya (PT MLJ), which is responsible for the payments of compensations to the victims of the mudflows, as the state is unable to pay compensations in the amount of Rp 30

million per month per case based on their promises made in front of President Susilo Bambang Yudhoyono on December 3, 2008, which has also previously been regulated in Presidential Regulation No. 14 Year 2007 on the Sidoarjo Mudflow Disaster Agency. Finally, the company has requested waivers to repay the remaining payments of Rp 15 million per month, starting from March 3, 2009 until December 2009.

This payment mechanism, which tends to provide relief for the PT Lapindo Brantas, is still reluctantly carried out. The reality on the ground is that mudflow victims still suffer. For that reason, Sidoarjo Regent Win Hendrarso has urged PT Lapindo Jaya Minarak to keep its promise to pay some money for the damages that the Lapindo mudflows have created.

The suffering of the victims of the mudflows has reached a climax, as they have not been given enough attention by the government. Rather than “forcing” PT Lapindo Brantas to pay off obligations to the victims of mudflows, President Susilo Bambang Yudhoyono even proposed an idea to make the Porong Region as a geologically tourist attraction.

This offer was clearly not the answer to the substance of the problem, namely, the completion of payment of compensations and the efforts to stop the mudflows as quickly as possible. This idea would also raise another issue, as the region can actually be categorized as an area that is very dangerous for human health.

Cases of oil pollution in the Gulf of Mexico

Similar to what had happened in our country, the Government of the United States is also working hard to control the impact of the oil spills in the waters of the Gulf of Mexico, as they have become worse. Oil has begun to pollute the waters of the bay after an explosion on April 20, 2010 in Deepwater Horizon is an oil drilling rig, 66 miles offshore of Louisiana, USA. This business is owned by Transocean Ltd., but was hired by British Petroleum (BP) PLC, a British oil company.

The explosion occurred right on the wellhead at a depth of 1,500 meters below the sea level. At least 11 workers were killed in the incident. Two days after the explosion, a large part of the rig was collapsed. Since then, bursts of approximately 5,000 barrels of crude oil or 210,000 gallons (795,000 liters) per day are spreading farther

from the center of explosion due to the waves. If the technicians's calculations are correct, it will take about three months to cover the hole with a relief well, as quoted by The Guardian (April 29, 2010). The constant volume of oil that comes out within three months will be around 450, 000 barrels of oil into the Gulf of Mexico waters. This figure is far greater than 258, 000 barrels of crude oil that spilled into the sea at the legendary Exxon Valdez disaster in 1989.

Basically, the cases of the Gulf of Mexico and Sidoarjo have a similar genealogy. The Sidoarjo mudflows had been allegedly triggered by the underground explosion that occurred in the Banjar Panji 1 well. In the case Gulf of Mexico case, although it is still being investigated further, there are experts who claim that it occurred because the underground explosion in the well field and blowout Preventer (BOP) in the Deepwater Horizon rig. Enormous pressure from the drilled rock formations has led to a combustible gas sprayed through the drilling pipe, causing the Deepwater Horizon rig to burn and subsequently sink.

Despite its many similarities, there are very significant differences, namely in the field of a disaster response. A few days after the accident occurred, although the cause of oil leakage was not certain, President Obama has explicitly pointed BP as a responsible party. In fact, he asked the BP to assume all operational costs to clean up the oil.

This is different from the case of mudflows in Sidoarjo. It took four months after the disaster before the government responded by issuing a Presidential Decree Number 13 Year 2006 on the Establishment of the National Team for Mudflows in Sidoarjo. Next, there were three Presidential Regulations issued, i.e. No. 14 Year 2007; No. 48 Year 2008; and No. 40 Year 2009.

From the four regulations issued, it had never explicitly been stated about the status of the Sidoarjo disaster, whether it was a natural disaster or industrial disaster. In fact, in the field, a disaster status is urgently needed because it deals with how people should respond to disasters. Up to now (4 years running) the case of payment of compensation for residents of assets hit by the mudflows has not been completed.

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— Endang Srihadi —

 THE NDONESIAN INSTITUTE
CENTER FOR PUBLIC POLICY RESEARCH

The Indonesian Institute (TII) is a Center for Public Policy Research that was established on 21 October 2004 by a group of young, dynamic activists and intellectuals through the initiative of Jeffrie Geovanie. Its current Executive and Research Director is Anies Baswedan, and the Program Director is Adinda Tenriangke Muchtar.

TII is an independent, non-partisan, non-profit institution, whose main funding stems from grants and contributions from foundations, companies, and individuals.

TII has the aim of becoming a main research centre in Indonesia for public policy matters and has committed to giving contribution to the debates over public policies and to improving the quality of the planning and results of public policy in the new era of democracy in Indonesia.

TII's missions are to conduct reliable research that is independent and non-partisan and to channel the research to the policy-makers, the private sector, and academia in order to improve the quality of Indonesian policy-makers.

TII also assumes the role to disseminate ideas to the society so that they are well informed about the policies that will have a good impact on the people's lives. In other words, TII has a position to support the democratization process and the public policy reform, as it will be involved in the process.

The scope of the research and review on public policies undertaken by TII includes economic, social, and political factors. The main activities have been conducted in order to achieve vision and mission based on research, surveys, training, public discussions, policy brief, and weekly analysis.

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Research on the Business and Economy

Business Analysis

The business sector needs a comprehensive analysis in order to minimize the potential risks, while at the same time increasing the value of its business. Business analysis is a solution in corporate strategic planning to make reliable decisions. The TII Business Policy Research Division is present to provide company leaders with practical recommendations on the decision-making process.

Research that TII offers are: **(1) Company Financial Analysis**, which encompasses financial analysis and financial risk analysis. **(2) Corporate Planning Consultancy**, which includes economic and industrial research, business valuation, and brand valuation. **(3) Strategic Marketing Analysis**, which encompasses strategic marketing and *Corporate Social Responsibility* (CSR) program design.

Research on the Economy

The economy tends to be used as an indicator of the success of the government as a policy-maker. Limited resources have often caused the government to face obstacles in implementing economic policies that will optimally benefit the people. The increase in the quality of the people's critical thinking has forced the government to conduct comprehensive studies in every decision-making process. In fact, the studies will not be stopped when the policy is already in place. Studies will be continued until the policy evaluation process.

The TII Economic Research Division is present for those who are interested in the conditions of the economy. The results of the research are intended to assist policy-makers, regulators, and donor agencies in making decisions. The research that TII offers: **(1) Economic Policy Analysis; (2) Regional and Sectoral Prospects; and (3) Program Evaluation.**

Research on the Social Affairs

Social Research

Social development needs policy foundations that come from independent and accurate research. Social analysis is a need for the government, the businesspeople, academia, professionals, NGOs, and civil society to improve social development. The Social Research Division is present to offer recommendations to produce efficient and effective policies, steps, and programs on education, health, population, environment, women and children.

Social research that TII offers: **(1) Social Policy Analysis; (2) Explorative Research; (3) Mapping & Positioning Research; (4) Need Assessment Research; (5) Program Evaluation Research; and (5) Indicator Survey.**

Political Survey and Training

Direct General Election Survey

One of the activities that TII offers is the pre-direct election surveys. There are sundry reasons why these surveys are important (1) Regional direct elections are democratic processes that can be measured, calculated, and predicted. (2) Surveys are used to measure, calculate, and predict the processes and results of elections and the chances of candidates. (3) It is time to win the elections using strategies based on empirical data.

As one of the important aspects in the strategies to win the elections, surveys can be used to prepare political mapping. Therefore, campaign teams need to conduct surveys: (1) to map the popularity of candidates in the society (2) to map the voters' demands (3) to determine the most effective political machinery that will act as a vote getter; and (4) to find out about the most effective media to do the campaign.

Local Council Training

The roles and functions of local councils in monitoring local governments are very important. They need to make sure that participative and democratic policies will be espoused. Members of provincial and regent local councils are required to have strong capacity to understand democratization matters, regional autonomy, legislative techniques, budgeting, local politics, and political marketing. Thus, it is important to empower members of local councils.

In order for local councils to be able to response every problem that will come out as a result of any policy implemented by the central government or local governments, the Indonesian Institute invites the leaderships and members of local councils to undergo training to improve their capacity.

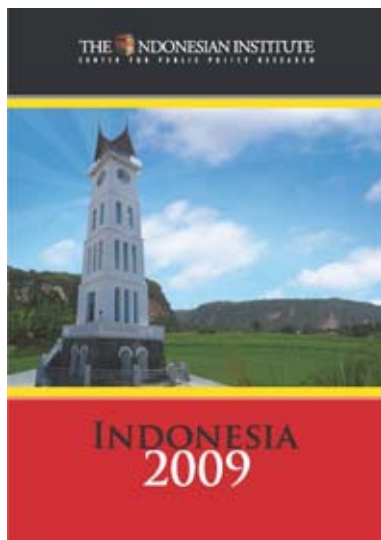
Available now!

The 2009 INDONESIA REPORT

The Indonesian Institute, Center for Public Policy Research (TII) has again published its annual publication, **Indonesia 2009**, after previously producing the report in the years 2005, 2006, 2007, and 2008.

The publication is aimed at presenting clear pictures of economic, legal, social, and political developments and of policies espoused by the Indonesian government. The 2009 Indonesia is published so as to give complete data on Indonesia in 2009. This annual publication is expected to become a basis for predicting Indonesia's short-term and long-term trends.

The publication of a report on Indonesia is also expected to assist policy-makers in the government, the private sector, academia, national and international think tanks in getting actual information and contextual analyses on economic, political, security, and social developments in Indonesia.



Topics that are raised in the 2009 Indonesia:

1. The Year of Economic Recovery
2. Progress of Infrastructure Development
3. Disputes of Three Law Enforcement Institutions
4. The Recycle of Regional Autonomy
5. Indonesian Politics 2009: Political Parties, Elections, Government Coalition and the Prospect of Democracy
6. Portrait and Representation Performance of the New Parliament (2009-2014)
7. Protection of Indonesian Migrant Workers Abroad
8. Gloomy Portrait of Child Protection

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