6 From Democracy to Authoritarianism: Tendencies and Transformations

THE PARTING OF WAYS

In the last chapter, it was established that the emergence of democracy in the Malaysian and Indonesian states out of the experience of colonialism had different bases. In Malaysia the strength of the state was based on a coalition of ethnic parties, especially that of the MCA (Malaysian Chinese Association) and the UMNO (United Malays National Organization). This was an alliance between capital and the old elite which had been transformed for the most part into a class of salaried officials under the colonial administration and so were severed from the ownership of the means of production. The compliance of the British in this alliance must, of course, be remembered. The political elite, mainly Malay in composition, and Chinese capitalists agreed on a formula that granted privileges to the Malays, relative freedom to pursue their economic activities as they always had for the Chinese, and parliamentary democracy. The latter was achieved because the Malayan elite were educated and nurtured in this tradition and they faced no opposition in establishing it. In a sense, the Malay-dominated state was the representative of the capitalist class although it did see itself as the upholder of the rights of Malay society as a whole.

The case of the Indonesian state was very different. The basis of democracy there had some similarities with the Malaysian case in the sense that nationalist leaders were educated in the colonial tradition and imbibed democratic values as a result. A major difference was the role of mass movements during and after the process of decolonization. Furthermore, the class basis of the Indonesian state was quite unlike that of Malaysia. The Indonesian state was composed of members of the old elite as well as of the merchant class and belonged to different political parties with divergent views as to what the direction of the political economy should be. The state was not dominated by any
particular group or class and was not the representative of any class. Therefore, from their inception there was more potential for consensus within the regime in Malaysia than in Indonesia. It was in this political context that economic factors, including those pertaining to participation in the capitalist world economy, took their toll on democracy in these two new states. The story of democracy in Malaysia and Indonesia is the story of the failure of private and then state-sponsored capital to solve economic and political problems that had beset these countries even before independence, and it is in this context that the question of elite cohesion and democratic stability will be discussed.

Malaysia and Indonesia were to pass through a number of crises that eventually led to the temporary suspension of parliamentary democracy in the former and its demise in the latter. What I attempt to show in this chapter is how and why Malaysia and Indonesia took divergent paths in state forms after both obtained formal independence as democratic states. This amounts to showing that the third condition of democratic stability, that is elite cohesion, that obtained in Malaysia around the time of independence continued to exert itself till the present while this condition in Indonesia during independence no longer did. The ethnic alliance at the level of the dominant classes persisted in Malaysia and was not seriously challenged from below. In Indonesia, the coalition of parties that reflected the alliance between elite nationalists, communists and merchant-based Muslim parties crumbled under the pressure of economic problems and left a vacuum for the army to step into and exert its influence. The periods that we are concerned with here are the following: in Malaysia parliamentary democracy was suspended in 1969 and was not reinstated until 1971. In Indonesia parliamentary democracy was replaced by what was euphemistically known as Guided Democracy in 1958, but which was really authoritarian in nature. With the overthrow of Sukarno in 1965 began the next period of authoritarian rule that continues to the present. In what follows, the failures of private and state capital in the context of international political economy to solve economic and political problems and, therefore, generate authoritarian tendencies and transformations will be discussed.

THE FAILURE OF PRIVATE CAPITAL

Following formal independence, the Malaysian and Indonesian governments sought to expand the role of private capital. In Indonesia this