

VAN ZORGE REPORT

ON INDONESIA

Behind the Headlines

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INTELLIGENCE

A Deal to forget

Prabowo declines offer of cabinet positions

SPECIAL FEATURE

The Second United Indonesia Cabinet: Reformers, or seat-warmers?

The New House of Representatives

INTERVIEW

Umar Juoro, Senior Fellow, Habibie Center

PRESENTATION

Ito Warsito, President Director of the Indonesian Stock Exchange

VZ UPFRONT

Intelligence

* A deal was reached between party leaders from Gerindra, Hanura, and PDI-P in which PDI-P agreed to not pursue investigations into human rights abuses committed in the late 1990s, many of which are linked to Gerindra and Hanura politicians. In exchange for remaining silent, Gerindra and Hanura agreed to vote for Taufik Kiemas for speaker of the People's Consultative Assembly (MPR).

* President Yudhoyono offered Gerindra chairman Prabowo two ministerial positions: minister of agriculture and minister of energy and mineral resources, as well as chairman of Presidential Advisory Council.

Features

* Cabinet

Yudhoyono's second cabinet is composed of some great leaders, and others who can only be viewed as concessions to his political allies. Mass Islamic organizations Muhammadiyah and NU's exclusion from the cabinet may come back to haunt Yudhoyono. PKS fared well; Andi Mallarangeng did not. And finally, expect a cabinet reshuffle in a year.

* *House of Representatives*

The new members of the House of Representatives may be younger and better educated, but since they have not yet undergone any meaningful training, it is likely that they will follow in the footsteps of their predecessors.

The important work done in the House of Representatives is not carried out in plenary sessions but in commissions. Also, when it comes to delays in legislation, the House members are only partly to blame as both the bureaucracy and the executive wield power over the content of legislation.

Interview

* Hatta Rajasa's appointment as coordinating minister for economic affairs is necessary to manage the combination of technocrats and politicians, and Gita Wirjawan is an appropriate choice as chair of the Investment Coordinating Board (BKPM). With Aburizal Bakrie as Golkar's chairman, expect more head-to-heads between him and Finance Minister Sri Mulyani Indrawati.

Presentation

* The Indonesian Stock Exchange (IDX) is poised to double its market capitalization by 2012. The IDX plans to attract domestic investors by capitalizing on internet technologies and introducing education centers. The IDX is also creating a single system platform that will increase transparency, oversight, and risk management.



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