Final Report Submitted to the IDRC
Canada and the World – Standard Research Grant Award
SSHRC/IDRC Joint Initiative – "Globalization and Social Cohesion Project"
Dossier 100402-99909000-005
September 8, 2004

(I) Preamble

Under the Globalization and Local Social Cohesion Project, led by Pitman Potter and undertaken by the Institute of Asian Research at The University of British Columbia, Sri Lanka and Indonesia were given particular focus as two countries that offered comparative perspectives and contrasting lessons about the social impacts of globalization in the region of Southeast Asia. Funding received from the Joint SSHRC-IDRC Initiative enabled our Canadian scholars to work with a small group of key leading researchers from those respective countries who together undertook thorough empirical research and conducted a variety of field studies as well as policy workshops – ultimately culminating in the publication of two books, one volume each on Sri Lanka and Indonesia. Field work was conducted in both Sri Lanka and Indonesia. Policy workshops took place in Canada to which representations of researchers as well as members of foreign missions, cultural and trade attachés attended.

The volumes under publication are (1) "Indonesia Drama: Democratization or Fragmentation in a Globalizing World", Geoffrey Hainsworth and Bakti Setiawan, editors and (2) " Sri Lankan Society in an Era of Globalization: Struggling to Create a New Social Order", S.H. Hasbullah and Barrie M. Morrison, editors.

A wide range of important issues were studied, ranging from revisiting the democratization process, to detailing the divergent yet still interconnect realities of urban versus rural development, to illustrating the re-emergence of civil organizations in a post war rebuilding environment – as is the arguable case in Sri Lanka.

For this final report, the country research leaders, Geoffrey Hainsworth and Barrie Morrison have provided the main text in reflecting on the research outcome, in describing the general developmental context observed in the region and in putting forward some thoughts on issues for further collaborative effort by Canadian knowledge-based cooperation.

(II) Indonesia

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a.   The Indonesian Case

In May 1998, President Suharto was forced to resign by public demonstrations led by university students. This ended three decades of authoritarian rule, and ushered in a euphoric but chaotic phase in Indonesia's transition to a more open, democratic and reformist society. After two Presidential successors Habibe and Wahid, each remaining in office for only a year, President Megawati Sukarnoputri managed to restore some semblance of stability after three years in office, and in September 2004 is seeking re-election for another four years. Electoral reform, along with freedom of the press, assembly, and ability to form new political parties, has been very impressive, and the 2004 elections, that for the first time included the direct election of the President, were peaceful, well-organized, and have been judged to be fair, transparent, and democratic by a wide consensus of national international observers.

However, during the six years since the overthrow of Suharto, Indonesia has been wracked by a widespread and bloody sequence of violent incidents, including inter-ethnic, inter-religious, and other inter-sectoral vendettas in many regions of the country, bombings and arson attacks on religious and public buildings in Jakarta and other cities, a surge of street crime and other criminal activity, vigilante and other extra-legal reactions to the inadequate and corrupt judicial system, and ultimately the Al-Queda-related terrorist bombings in Bali and Jakarta, 2002 and 2003. Social cohesion that long had held local communities and the nation together appeared to be disintegrating as the initial wave of *reformasi* enthusiasm was replaced by disenchantment with the slow pace of genuinel reform, the continuation and even apparent spread of corruption, and the political bickering and self-serving manoeuvres of the political establishment in Jakarta, that bred cynicism and sapped public 'faith in the system'.

In addition, there was a series of direct threats to national unity, as long-repressed local grievances exploded in a surge of secessionist movements in East Timor, Aceh, and West Irian (now called Papua), culminating in the East Timor actually separating from Indonesia and a series of military skirmishes and pitched battles in Aceh and Papua whose eventual status still has not been finally resolved. Other local alienation and secessionist sentiments surfaced in Riau province, Sulawaesi, Kalimantan, the Moluccas, and elsewhere, and demands for Local Autonomy throughout the nation resulted in a new Law being passed in 1999 that engineered a major decentralization of authority for financial and local resource management from the

central government to local (sub-provincial) regencies, with new executive and legislative assemblies being elected to enhance local participatory democracy. These arrangements are still very much in a transition phase, and in some cases have intensified local inter-group rivalries in competing for power and control over financial and other economic resources.

A third dimension of Indonesia's disruption and reformulation of its political-social-economic arrangements is the total rethinking and debate over what should be its appropriate development strategy, including its involvement in and responses to globalization. The Suharto regime of 'crony capitalism' is seen to have been largely supported and encouraged by World Bank and IMF advice and financial assistance, by immense borrowing from international banks, and by heavy reliance on corporate foreign direct investment. One of the motivations behind election of Megawati Sukarnoputri in 1999 was nostalgia for the charismatic and intensely nationalistic leadership of her father, Indonesia's founding President who preceded Suharto and who was very suspicious of and confrontational to what he saw as 'neo-colonial' globalization. Indonesia's heavy indebtedness, vulnerability to currency speculation, and reliance on foreign investment under Suharto are widely blamed for the 1997 Asian economic crisis and why Indonesia was impacted more seriously than its Asian neighbours, and continues to be more economically depressed and socially dislocated.

In short, Indonesia presents a fascinating (or mesmerizing) case study of the interaction of Globalization and Social Cohesion. Indonesia is geographically the most fragmented country on earth (with over 17,000 islands, of which 9,000 are inhabited year-round). It is the third largest nation in terms of population, and the largest Muslim society, and has over 300 ethnic groups. Fear of fragmentation has always been a dominant concern of its political leadership, seeking to maintain 'Unity in Diversity' -- the official national motto. The challenge of holding it all together has never been more daunting – or so exhilarating – as it struggles to find its way in a new era of reform, local autonomy, democratization, and personal freedom.

b.   **Project Output and Activities.**

The principal product of the Indonesian section of the SSHRC/IDRC project, is a manuscript entitled: ***Indonesian Drama: Democratization or Fragmentation in a Globalizing World?*** It is intended to publish the book in both English and Bahasa Indonesia, and the manuscript has been accepted for publication by Gadjah Mada University Press, Yogyakarta, Indonesia and is under review by the Institute of Southeast Asian Studies, Singapore. The Gadjah Mada Press volume is currently in pre-press status, and we have reason to be hopeful that ISEAS will do likewise for the English volume. A Table of Contents is attached listing the book's 22 chapters, which were written by 13 Indonesian, 5 Canadian and 4 Australian authors.

In identifying appropriate authors, and to coordinate and define the research coverage on their respective topics, two workshops involving the Indonesian authors were held at Gadjah Mada University (April 26-28, 2001, and August 10-11, 2001). Four

of the Indonesian authors and the Canadian editor also presented preliminary findings at a workshop at the Shanghai Academy of Social Sciences (November 26-27, 2001), where representatives of the four other project teams (working on China, Japan, Korea, and Sri Lanka) also made presentations, and participated in a comparison of methodologies and preliminary findings. The Canadian editors of all five Country Studies also participated in three workshops organized in Vancouver (March 11, 2001), Montreal (April 19, 2002), and Ottawa (March 26, 2003), to discuss the international relations implications and policy issues relevant to Canada that were emerging from the research.

The Indonesia project team also maintained continual e-mail correspondence, and exchanged work-in-progress manuscripts among each other, and these went through several iterations as the volatile and erratic political, social, and economic situation in Indonesia underwent dramatic changes. It was eventually decided to postpone publication until after the run-off Presidential elections (September 20, 2004) to take the implications of this into account in additions and amendments to the final sections of several of the chapters.

The collaborative research effort was initially built upon long-established ties between colleagues at the Centre for Southeast Asia Research at UBC and associates at Gadjah Mada University (several of whom had undertaken graduate studies at UBC). The cordial and productive experience is expected to strengthen the foundation for several future academic exchange and research collaborations. The network was also extended by identifying Indonesians who had authored insightful publications on key topics, and also non-Indonesians similarly well-informed both in Canada and among eminent scholars in Australia where the largest concentration of expatriate Indonesian specialists is to be found. Given the relatively large number of authors and chapters, their contributions are generally compact and thorough in coverage of the respective topics.

INDONESIAN DRAMA:

Democratization or Fragmentation in a Globalizing World?

Edited by Geoffrey Hainsworth and Bakti Setiawan

Preface: Social Cohesion and Globalization in Five Asian Countries, Pitman Potter

Prologue: A Diagnosis of Our Time in Historical Perspective, Sartono Kartodirdjo

Ch. 1. Indonesian Nationalism, Localism, Globalism, and the Fear of Fragmentation, Geoffrey Hainsworth

Ch. 2. Indonesia's Experience with Export-led Growth, and International Finance, Geoffrey Hainsworth

Ch. 3. Social Fragmentation and National Identity: Questioning Indonesia's Future,

Sudharto Hadi and Bakti Setiawan

Ch. 21. Requirements for Harmonious and Sustainable Development in Indonesia,
Emil Salim

Ch. 22. The 2004 Elections: Indonesia's Perils and Prospects under the 'New Democracy',
Chris Dagg

(III) Sri Lanka

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The participants in the study agreed with the original premise that complex societies are not a naturally occurring phenomenon but are dynamic social arrangements which require constant re-thinking and redefinition combined with renewed cooperation in order to flourish. We all knew that Sri Lanka has suffered from decades of ethnic strife which have left in its wake a failure of governing arrangements, skewed distribution of economic benefits, and a vitiated atmosphere wherein cultural traditions are invoked to divide people. Hence, the participants argued that the time is now ripe for the people of Sri Lanka to consciously take up the task of building a new society.

At the same time, we knew there was no readymade model that can be applied to Sri Lanka. The earlier rapid population growth with its unprecedented burden of young dependents, the existing skewed control of productive resources, and the political frame established by cultural ideologues which gave primacy to the Sinhalese speaking Buddhists, all combined to produce a unique set of conditions out of which a new society would have to be created. The difficulties of creating a modern and just society would have to be faced with Sri Lankans own understanding and creativity.

The contributors to the study identified three general elements which are crucial to the process of social reconstruction: the problems, the principles and the procedures. In this framework, the first essays discuss some of the central problems of building a new social order including the absence of a political commitment to creating an inclusive nation-state, and the mutual exclusiveness of the two major communities exacerbated by their internal divisions.

Other contributors drew attention to the practical principles for building a new society found in detailed case studies. Among the examples discussed are:

- The basis for social cohesion and cooperation in a Tamil working-class urban neighbourhood
- The transformations in Sri Lanka's economy and society brought about by industrial change
- The significant contribution made by NGOs with a specific study of one which encouraged cooperation among poor Tamils and Sinhalese
- The protection of property rights and "the right of return" for Muslims displaced by the ethnic violence
- The impact of the out-migration of Sri Lankan men and women on family relations, community sustainability and cultural values
- The need to include the increasingly educated but persistently marginalized estate workers in a fairer society.

And it was argued that the principal procedure would have to be the encouragement of a society open to criticism and compromise. In its political form this involves the recognition that political criticism is a positive and legitimate activity and that electoral competition has to be insulated from violence and thuggery.

These contributions were brought together in a preliminary form at a workshop at the Shanghai Academy of Social Sciences and were then subsequently expanded and added to in a book recently published by Sage India under the title of "Sri Lankan Society in an Era of Globalization: Struggling to Create a New Social Order." The book was edited and partially written by Dr.S.H.Hasbullah, Department of Geography, University of Peradeniya and Prof. Barrie M.Morrison, Institute of Asian Research, University of British Columbia.

SRI LANKAN SOCIETY IN AN ERA OF GLOBALIZATION:
Struggling to Create a New Social Order
Edited by S. H. Hasbullah and Barrie M. Morrison

Ch. 1. Overwhelming Change and Faltering Institutions, 1948-2002
        (Barrie M. Morrison)

Ch. 2. Religious and Ideological Intransigience among the Sinalhese
        (Bruce Matthews)

Ch. 3. Religious Ideology among the Tamils
        (Dagmar Hellmann-Rajanayagam)

Ch. 4. Tightening Social Cohesion and Excluding "Others" among the
        Sinalhese (Bruce Matthews)

Ch. 5. From Differences to Ethnic Solidarity among the Tamils
  (Dagmar Hellmann-Rajanayagam)

Ch. 6. The Rise of Militant Tamil Nationalism, Its Assumptions and the
  Cultural Production of Tamil Women (Sivamohan Sumathy)

Ch. 7. Struggling to Creat Self-Help Organization in an Urban Slum:
  Mahaiyawa (Sri Ranjith)

Ch. 8. Expanding World Demand for Gems: The Old Poor and the New Rich
  in Ratnapura (Karunatissa Atukorala)

Ch. 9. Bonded Tea Estate Workers: Still Waiting at the Gates
  (M. Sinnathamby)

Ch. 10. Satyodaya, NGOs and Civil Society: Mobilizing across Class and
  Community in a Globalizing Economy (Paul Caspersz)

Ch. 11. Justice for the Dispossessed: The Case of a Forgotten Minority in Sri
  Lanka's Ethnic Conflict (S.H. Hasbullah)

Ch. 12. Who Will Care for Those Left at Home? The Effect of New
  Opportunities for Work on Families in Sri Lanka
  (Nancy Waxler-Morrison)

Ch. 13. Damming the Flood of Violence and Shoring Up Civil Society in an
  Era of Globalization (Sisira Pinnawala)

(IV) Potential opportunities for the Centre

While the research project covered a range of specific issues under the rubric of social cohesion, some key issues were recurring themes in the research. These issues deserve new or continued research and collaboration support. For both Indonesia and Sri Lanka, comparable important issues for continued further study and action include:

- Governance, equity and health,
- Peace-building and post conflict resolution organization and structures (for environmental, resource management, and for civil society organizations)
- Media, information and the democratization process
- National identity, local autonomy and the process of inclusion in a multi-ethnic society

In order to address any of these issues social cohesion (through policy, organizational / political restructuring, funding, education or other remedies,) there is a need for deeper understanding, and more deliberate and locally contextualized information gathering. Although "globalizataion" in its very word and nature is a sweeping force, the impacts are locally expressed and so should some of the developmental remedies be. In this perspective, many of these key issues might fit very well into the Centre's Research on Knowledge Systems (RoKS) program initiative, for example.

(V) Opportunities for other forms of Canadian cooperation

Aside from knowledge gathering and analysis, there are also opportunities (areas of need) in Indonesia and Sri Lanka for Canadian cooperation. Parallel to Canada's core cooperation competencies, initiatives in these areas would be appropriate:

- Continued and perhaps expanded technical cooperation through training, joint curriculum / program development (education)
- Continued training and local exchanges on governance and capacity building in health and environmental services
- Disaster preparedness and mitigation planning
- Urban / rural reconstruction planning
- Conflict resolution training and development of mechanisms for mediation (ethnic conflicts, territorial, equity conflicts)

Funding from the Joint SSHRC-IDRC Initiative has enabled this group of Canadian researches and policy advisors to interact with well-informed scholars and specialists in their fields (sociologists, poverty advocates, NGO workers, journalists and writers). This kind of local knowledge and the considered integration of local information and understanding should be given continued support and Canadian cooperation agencies are well-placed and have the experience to do so.