

Muslim group in Indonesia challenges reform agenda

by [Jeffrey Hutton](#) in the [April 29, 2015](#) issue

(The Christian Science Monitor) Over the past century, Muhammadiyah, Indonesia's second largest Islamic organization, has risen to prominence by building thousands of schools and hospitals across the vast archipelago. And while it has long wielded political influence, it has in recent years turned to legal activism that puts it on a collision course with the country's reform-minded president.

Muhammadiyah's new strategy, which it terms "constitutional jihad," is intended to wind back a decade of legal reforms that it argues give too much control of Indonesian resources to private companies, especially foreign ones. Its campaign is forcing overseas investors to think twice about committing to multi-billion-dollar infrastructure projects, a top priority of President Joko Widodo.

Muhammadiyah argues that privatization is against Indonesia's 1945 constitution, drafted in the heat of its anticolonial movement against the Netherlands, and threatens to further marginalize the country's poor.

"Muhammadiyah is pushing the government to consider the people first before making new laws about our resources," says Syaiful Bakhri, president of Muhammadiyah University in Jakarta.

But critics say the group's litigious approach impedes development and could strengthen the grip of Indonesian tycoons who have a vested interest in fending off foreign competitors. Indonesia's protectionist policies "inhibit openness to trade and foreign investment with uncertain development payoff," according to a recent report by the Organization for Economic Cooperation and Development.

"It comes down to whether you invest in Indonesia or some other country, and these rulings make the case for Indonesia that much harder," said Arian Ardie, a risk analyst and former governor of the American Chamber of Commerce in Jakarta.

Bakhri is leading Muhammadiyah's charge against privatization at the Constitutional Court. After a string of recent victories—including the overturn of a 2004 statute that allowed the government to sell water rights to private companies—the group is now

turning its attention to its biggest target yet: the 2010 Foreign Investment Law.

President Widodo has used official trips abroad to coax billions of dollars from foreign investors in Japan, China, and South Korea, mostly directed at supporting a much-needed overhaul of infrastructure that could be worth as much as half a trillion dollars over the next five years. This includes contracts for building and operating ports, power plants, and water treatment facilities in the world's fourth most populous country.

But Muhammadiyah argues that handing over control of strategic sectors of the economy to private or foreign investors is unconstitutional. Its legal argument focuses on a constitutional provision that says resources "shall be under the powers of the State and shall be used to the greatest benefit of the people."

In addition to fighting the Foreign Investment Law, Muhammadiyah may also challenge the government's decision in January to slash the \$22 billion annual fuel subsidy that had long kept gas prices at about half the market rate. Widodo has said the resulting savings would help pay for his sweeping infrastructure program.

But in keeping with its populist agenda, Muhammadiyah contends that fuel should be as affordable as possible for all Indonesians. For now, the only thing preventing the organization from filing a court challenge is the low price of crude oil.

"If it appears the government can't control the price of fuel we will fight it," says Bambang Sudibyo, deputy chairman. Founded in 1912, Muhammadiyah has long focused on providing education and health care in rural areas where government services are lacking. It claims to operate three times as many orphanages as the central government and has an estimated membership of 30 million. The group insists that it's apolitical.

Kevin Evans, a Jakarta-based analyst and consultant, said the legal campaign is a natural extension of Muhammadiyah's populist roots and helps keep it politically relevant.

"They are sparking a public policy debate," he said.

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