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## Indonesia in 2025

*Diarrhea, Democratic Decline, and Dissent*

### ABSTRACT

Indonesia's politics in 2025 were shaped by the Prabowo administration's drive to consolidate authority while containing recurring mass protest. Proposals to revise electoral and party rules, alongside renewed memory politics that rehabilitated elements of the New Order, underscored ongoing democratic erosion. At the same time, student-led mobilization, and the state's alternating use of concessions and coercion, functioned as the main societal check on rapid institutional rollback. Economically, growth remained stable, but fiscal space narrowed as large, visible programs, especially the Free Nutritious Meals initiative, created budgetary and implementation risks and heightened scrutiny of quasi-fiscal governance. Industrial policy and downstreaming continued, yet investment quality and Environmental, Social, and Governance (ESG) constraints became more salient amid a less predictable global trade environment. Internationally, frictions with the United States encouraged diversification efforts, while high-profile initiatives on Gaza highlighted the limits of symbolic diplomacy in delivering economic relief.

**KEYWORDS:** democratic backsliding, Free Nutritious Meals, MBG, Prabowo Subianto, student protest, trade diversification

IN 2024, ELITE MANEUVERING ahead of the elections accelerated dynastic politics and strained *reformasi*-era democratic safeguards, culminating in Prabowo Subianto's controversial electoral victory alongside Vice President Gibran Rakabuming Raka and a renewed debate on democratic backsliding and institutional hollowing (Buehler 2025; Kimura and Anugrah 2024).

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In 2025, these trajectories did not abate. Instead, the first full calendar year of the Prabowo administration saw a shift from campaign-era rhetoric about “expensive” elections and “consensus” politics to concrete efforts to re-engineer the rules of representation, contain dissent, and rehabilitate key elements of the New Order’s political legacy.

The defining feature of Indonesian domestic politics in 2025 was not a single dramatic rupture but a cumulative pattern: incremental, mutually reinforcing moves that narrowed the space for electoral competition and public contestation while strengthening the executive’s leverage over parties, state institutions, and historical narratives. These efforts repeatedly collided with a familiar counterforce in Indonesia’s post-1998 politics, namely student-led protest, which re-emerged as the most credible societal veto player against overt institutional rollback.

## DOMESTIC POLITICS

Indonesia’s domestic politics in 2025 were shaped by the Prabowo administration’s effort to convert a broad governing coalition into a more durable political architecture. The key question was no longer whether the post-reformasi settlement could be bent to elite interests, as this had already become clear during the late Widodo period and the 2024 transition. Rather, the question in 2025 became how far the new president could push formal institutional change without triggering destabilizing backlash, and which mechanisms would prove most effective for doing so.

### Rewriting the Rules of Competition

Early in the year, Indonesia’s Constitutional Court (Mahkamah Konstitusi) eliminated the presidential nomination threshold that required candidate tickets to have the support of a party or a coalition of parties that controlled at least 20% of seats in the national parliament (BBC News Indonesia 2025). This threshold was a long-standing barrier to broader competition that had favored large parties and coalition cartels. In principle, the ruling expanded the field of potential presidential contenders and signaled that some reformist openings remained possible within Indonesia’s legal architecture. In practice, however, the broader political momentum of 2025 ran in the opposite direction: toward tighter elite control over candidacies, sequencing, and accountability.

The most consequential agenda centered on proposals to weaken or eliminate direct elections for subnational executives, including governors, district heads, and mayors, by shifting selection back to local legislatures. In parallel with renewed elite support for returning regional-head elections to local parliaments, electoral experts and a civil-society coalition advanced codification drafts that would replace the current open-list system for parliamentary elections with a combination of single-member districts and closed-list proportional representation. Such a change would shift influence from voters to party leaderships by strengthening leaders' control over candidate ranking.

These proposals were presented in familiar managerial language: elections were framed as fiscally wasteful, socially divisive, and insufficiently “productive” (Dianti 2024). Yet the political logic was straightforward. Indirect executive selection would increase the bargaining power of party elites and coalition brokers, reduce the unpredictability created by popular mobilization, and lower the odds that locally popular outsiders could disrupt patronage alignments. In a system where money politics has long been endemic but not always decisive, tightening nomination and selection procedures can be more effective than simply outspending opponents.

Public opinion data, however, highlighted the risk of overreach. A nationwide poll conducted in early January 2025 reported overwhelming support for direct elections for district heads and governors, and even stronger support for direct presidential elections, with only a small minority favoring a return to the Soeharto-era model of presidential selection through the People's Consultative Assembly (Majelis Permusyawaratan Rakyat, MPR) (Sakti 2025).

This gap between elite ambitions and popular preferences mattered because it signaled that overt rollbacks could become focal points for protest, a pattern that would recur throughout the year.

### **Students Return as the Pivotal Veto Player**

Protest politics resurfaced as the main societal check on institutional rollback. In late March, demonstrations were held in Jakarta in response to revisions to the Military Law and concerns about forthcoming revisions to the Police Law. Beyond sectoral legislation, the protests reflected fears that the administration was normalizing the return of the armed forces and police as

dominant political actors, reversing the post-1998 norm of distancing coercive institutions from day-to-day governance.

The administration's response combined accommodation and coercion. On the one hand, the government framed youth policy as welfare and opportunity, including programs offering internships and skills pathways. On the other hand, the state was tolerating or even encouraging quasi-official auxiliaries for crowd control, including the recruitment of street gangs as voluntary security auxiliaries (*pam swakarsa*) (Jemadu 2025).

By late summer, unrest escalated. Although its drivers included material grievances, the persistence of public anger alongside expanding welfare rhetoric suggested that distributive programs alone would not produce legitimacy. A recurrent theme in 2025 was that “pocketbook” concerns intertwined with perceptions of injustice, especially when elite impunity appeared to coexist with increasingly heavy-handed governance (O'Rourke 2025a).

### **Building a Legal and Institutional Toolkit for Discipline**

Parallel to attempts to rework electoral rules, the Prabowo administration relied on legal mechanisms and coercive institutions to narrow the political field. The politicized Corruption Eradication Commission (Komisi Pemberantasan Korupsi) remained central, with investigations and oversight decisions often read as part of intra-elite bargaining. In March 2025 the commission questioned former West Java governor Ridwan Kamil, a nationally known figure and possible future rival of Prabowo Subianto. In December, the commission's Oversight Board reviewed allegations that two investigators tried to shield North Sumatra governor Bobby Nasution, Joko Widodo's son-in-law, from a corruption probe linked to road projects (Sari and Belarminus 2025). Alongside cases such as that of former trade minister Thomas Lembong, these episodes fed perceptions of selective enforcement.

Overall, “lawfare” functioned as a disciplining tool: in a patronage-driven system, the threat of legal exposure can curb parties and entrepreneurs even without overt repression.

### **Memory Politics and the Rehabilitation of the New Order**

If electoral redesign and legal discipline shaped future competition, memory politics worked to narrow what could be said about the past and, by

extension, what could be contested in the present. In mid-2025, Culture Minister Fadli Zon launched a new national history project and claimed that mass rapes during the May 1998 riots had never been proven, contradicting official fact-finding under President B. J. Habibie and a United Nations rapporteur's report (Coomaraswamy 1999, 25). The episode reflected a broader elite preference for "positive" national narratives that downplay state-linked culpability for past violence. Later in the year, the muted backlash to symbolic rehabilitation, including Soeharto's elevation as a national hero, suggested that once-explosive revisionism now carried lower political costs. This matters because such reframing can reduce the reputational price of institutional rollback: if the New Order is recast as stability rather than authoritarianism, New Order-style governance can be sold as pragmatic, even patriotic, and it may help legitimate renewed discussion of state policy guidelines and constitutional revision.

### **Constitutional Engineering and the Search for a "Consensus" State**

The most far-reaching implications for Indonesia's democratic trajectory emerged from renewed talk of constitutional amendment. In December, President Prabowo met with the speaker of the MPR to discuss amending the constitution. It was unclear exactly what they had discussed. However, during the Widodo presidency, Bambang Soesatyo, then speaker of the MPR, suggested changing the constitution to allow the president to be elected by the legislative MPR instead of directly by the people (Yulisman 2019). Furthermore, a debate from 2019 on reinstating policy guidelines akin to the New Order's Broad State Policy Guidelines (Garis-Garis Besar Haluan Negara) flared up again in late 2025. Under GBHN, the executive appeared to be constrained by a legislature that, in practice, was itself tightly controlled. Reintroducing a similar framework (sometimes called the State Policy Guidelines, Pokok Pokok Haluan Negara, in Indonesia) risks creating an institutional pathway toward weakening direct presidential elections by shifting selection back to the MPR under the banner of "representative democracy."

The political appeal of such arrangements lies in their promise of stability and elite consensus. Yet the Indonesian experience since 1998 suggests that "consensus" often masks cartelization: party leaders and brokers negotiate distribution, while societal demands for accountability are reframed as disruptive or "foreign" in inspiration. Moreover, 2025 showed that overt

attempts to manipulate electoral design can produce precisely the instability they claim to prevent. Earlier in the year, attempts to manipulate the electoral system for regional heads triggered heated student demonstrations, as mentioned. This underscores how institutional engineering can generate backlash even in the absence of a strong parliamentary opposition.

By the end of 2025, therefore, Indonesia's domestic politics were defined by a tension between ambition and constraint. The administration's ambition was to consolidate power in ways that reduce electoral uncertainty and broaden executive control over institutions, narratives, and elite behavior. The constraint remained society's capacity for episodic but consequential mobilization, especially by students, when elites move from quiet manipulation to visible rollback. Whether Indonesia's democratic erosion continues through incremental legal change or accelerates through constitutional revision will hinge on how the administration calibrates this balance in the years ahead.

## ECONOMIC PERFORMANCE

Indonesia's macroeconomic story in 2025 was one of continued resilience, but with a clearer trade-off between stability and the policy choices of President Prabowo Subianto's new administration. After years in which growth around 5% looked almost structural, the first quarter already hinted at a softer cycle: GDP expanded by 4.9% year-on-year (y/y), down from 5.1% in the same period of 2024, with weak public spending a notable drag even as household consumption remained robust (World Bank 2025).

### Fiscal Space Narrows under Populist Program Mix

A central fiscal signal came immediately: a planned increase in the value-added tax rate to 12% was abandoned in January 2025, shrinking the administration's room to maneuver just as it was committing to large, visible programs.

Those constraints became more apparent as the year unfolded. Through the first four months of 2025, government revenues contracted by 12% y/y, with non-tax state revenue down 25% y/y. Despite the weak revenue trajectory, officials and parliament ruled out any revision to the 2025 budget. This pushed adjustment onto spending discipline and off-budget devices rather than a recalibration of targets for the rest of the year (*Business Insight* 2025).

The administration's flagship Free Nutritious Meals (*Makan Bergizi Gratis*) program sharpened the macro-fiscal tension, because it required substantial front-loaded implementation capacity. By mid-March, the National Nutrition Agency (*Badan Gizi Nasional*) had disbursed only Rp 711 billion (about USD 45 million) out of a Rp 171 trillion (about USD 11 billion) allocation for 2025, prompting economists to warn that growth above 5% would be difficult if the spending surge lagged while other ministries faced cuts to finance it (*Polhukam 2025*).

Later in the year, the program also became a reputational liability as repeated mass food-poisoning incidents were reported among schoolchildren in multiple provinces. By October 2025, over 11,000 cases had been officially recorded since the launch of the program (*Sodia, Mustofa, and Saputra 2025*). The government acknowledged that not all catering kitchens had adequate clean-water supplies, prompting hygiene directives and temporary suspensions of kitchens linked to outbreaks. Implementation problems also extended beyond food safety: early rollout relied heavily on small local caterers that reportedly struggled to meet standards at the offered per-meal price; and officials flagged mounting waste from single-use packaging in some pilot sites.

A further fiscal complication was institutional. Throughout 2025 dividend flows from state-owned enterprises increasingly bypassed the Finance Ministry and were routed to Danantara, the new holding structure for state assets established in 2024. Whatever the longer-run merits of consolidating state-owned enterprise governance, the near-term effect was to complicate fiscal transparency and make headline revenue performance harder to interpret, while increasing the political salience of quasi-fiscal choices over credit and investment allocation.

### **Industrial Policy, Deregulation Promises, and Investment Quality**

The Widodo-era strategy of downstreaming and industrial policy remained the backbone of Indonesia's investment pitch, but 2025 underscored how regulatory frictions can offset resource advantages. A high-profile example was the April withdrawal of South Korean electronics giant LG from plans for an electric-vehicle battery project, with officials then pointing to China's Huayou Cobalt as a replacement partner (*Al Hikam 2025*). The episode is emblematic of a broader pattern: ambitious "ecosystem" plans colliding with supply-chain realities, trade protectionism that makes importing inputs arduous, and a pivot

toward partners chosen more for technical and financing capacity than environmental, social, and governance credentials (O'Rourke 2025b).

In parallel, the administration intermittently signaled awareness that Indonesia's dense web of non-tariff measures can suppress manufacturing competitiveness. In April, Prabowo promised a Deregulation Task Force to dismantle import quota schemes, make local content requirements more flexible, and reduce the Industry Ministry's pre-shipment "technical consideration" barriers, which often weigh most heavily on firms integrated into export-oriented supply chains (Sipahutar 2025).

### **Trade: Stronger "Other Exports," but Higher Geopolitical Risk Premia**

On external accounts, 2025 again demonstrated that Indonesia's economy is no longer simply a commodity story. Trade data for the first four months showed total exports up 7% y/y and imports up 6% y/y, with crude palm oil and electronics particularly strong. Coal exports, by contrast, fell sharply (by 18% y/y), underscoring the fiscal exposure that comes with reliance on resource-linked revenue streams. Notably, when coal, palm oil, steel, and oil-and-gas were stripped out, "other exports" grew 12% y/y, including labor-intensive manufacturing categories such as garments, footwear, furniture, and electronics.

At the same time, the external environment became less predictable under intensified US tariff politics. US–Indonesia trade arrangements faced recurrent strain amid US demands over Indonesia's licensing, local-content, and other non-tariff practices (Williams 2025).

In sum, Indonesia's 2025 economic performance combined relatively steady macro fundamentals with rising policy risk. Growth did not collapse, and trade competitiveness in "non-commodity" exports showed genuine momentum. However, the fiscal state's room for maneuver narrowed, transparency became more contested as key flows shifted into new off-budget channels, and currency management relied more heavily on intervention and rules that resemble capital controls.

## **INTERNATIONAL RELATIONS**

Indonesia's bilateral relationship with the United States deteriorated early in 2025 in ways that were both substantive and symbolic. President Donald

Trump accepted the resignation of US Ambassador Kamala Lakhdir after only a year in Jakarta, leaving the post vacant just as Indonesian officials were trying to anticipate looming trade frictions. The recall became part of a broader pattern in which Indonesian policymakers faced a moving target in Washington: negotiations over tariffs and market access spilled into sensitive domestic policy domains (Tanamal 2025).

US pressure accelerated Indonesia's pursuit of trade diversification, especially toward Europe. In September, officials announced the conclusion of the EU–Indonesia Comprehensive Economic Partnership Agreement negotiations at a signing ceremony in Bali, aiming for entry into force in 2027 pending ratification in Indonesia and across the EU. The political-economy rationale was straightforward: with the US imposing sharply higher tariffs on Indonesian exports, the EU stood out as the only comparably large single market that could plausibly absorb more Indonesian manufactures.

If trade negotiations pointed toward diversification, Prabowo's summit diplomacy pointed toward a more expansive, status-seeking profile, doubling down on the leader-centric style already visible in 2024 (Buehler 2025, 270–71). In June, Prabowo traveled to Saint Petersburg to meet Vladimir Putin and sign a strategic partnership agreement, choosing the trip over an invitation to attend the G7 summit in Canada. In July, he attended the BRICS summit in Rio de Janeiro, positioning Indonesia to engage on climate and global health while also pursuing bilateral defense cooperation with Brazil. The tension in Indonesia's 2025 diplomacy was thus sharpened rather than resolved: Jakarta continued to invoke its “free and active” doctrine (*bebas-aktif*) (Myers 2025), yet Prabowo's high-visibility engagements placed more weight on ties with authoritarian leaders and alternative forums, even as Indonesia's export model and investment needs still depended on credible access to developed markets.

Regionally, Indonesia's security posture remained deliberately ambiguous. In November, Prabowo visited Sydney and “substantively” concluded negotiations on a Treaty on Common Security with Australia, with signing deferred to 2026 and details left undisclosed. Yet gestures toward Australia coexisted with overtures to China, reinforcing doubts about strategic consistency and follow-through. ASEAN remained an obligatory reference point but not the centerpiece of Prabowo's external messaging. His major annual speeches gave it only passing mention while emphasizing sovereignty, resilience, and colonial legacies in border frictions (Reuters 2025).

The most consequential foreign policy initiative of 2025 concerned Gaza. At the UN General Assembly in September, Prabowo centered his address on Gaza, called for a Palestinian state, and offered to send 20,000 Indonesian peacekeepers.

In sum, Indonesia's international relations in 2025 were marked by intensified hedging and leader-centric diplomacy. US trade coercion pushed Jakarta toward Europe, while Prabowo pursued symbolic status in BRICS and strategic warmth with Russia. Gaza diplomacy most clearly fused external ambition with domestic coalition management. Overall, Prabowo's administration raised Indonesia's profile but also increased the risks of backlash at home if symbolic alignment failed to yield tangible economic relief.

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