



## TALKING POINTS

Asan Plenum 2013: “New World Disorder”  
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**Panel:** The Impact of Crisis on Asian Capitalism (Grand Ballroom I )

**Date/Time:** Tuesday, April 30, 2013 / 12:30-13:45

**Talking Points for:** Natalia Soebagjo, Executive Director, UI Center for the Study of Governance

The Impact of Crisis in Asian Capitalism: The Indonesian Perspective

Indonesia was very badly hurt by the 1997/98 Asian Financial Crisis leading to the fall of the Suharto regime. Ten years later it faced another crisis, the Global Economic Crisis, but this time it weathered the 2008 crisis rather well and relatively unscathed. Growth has been at 6% per annum and the country has enjoyed political macro-economic stability.

McKinsey – like many others – emphasizes Indonesia’s enormous growth potential, predicting that by 2030 it will be the world’s 7th biggest economy from being today’s 16th-largest economy. True, over the past few years, Indonesia has been attractive to investors for its cheap labour, growing middle class and abundant natural resources. Can Indonesia, however, live up to the high expectations? Is Indonesia’s success sustainable?

During the Soeharto regime, like China, Indonesia used formal planning to create environments conducive to rapid growth and poverty alleviation but instead of strengthening the developmental role of the state, Indonesia declined into a ‘predatory’ state. Now that Soeharto has fallen and “Reformasi” underway since 1998, business-political relations have changed but the predatory state has expanded within a democratic environment, becoming more complicated and unclear. Will the next crisis come from within is a question that is on everybody’s mind, particularly with elections coming up in 2014.

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\* The views expressed herein do not necessarily reflect the views of the Asan Institute for Policy Studies.