



The Demand for and the Puzzle of Indonesian Decentralization Policy Reform

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This paper attempts to review the concept, policies, and some studies concerning the nature of decentralization in Indonesia. The aims are to cast light on the issues of why Indonesians think that decentralization is necessary, and to identify how the controversy between ideological vs. technical orientation has emerged since the independence. It is believed that the introduction of decentralization and regional autonomy policies in the post-Suharto's period reduced the regional government dissatisfaction with the central government. It has also opened the political space for citizen participation in the policymaking process, and in governing their communities. Indonesian must put decentralization on the right track to prevent the desire of central government "to bring the centralized power back in".

Key words: *Indonesia, Decentralization, Regional Autonomy, Policy Reform*

Introduction

On 1 January 2001, perhaps the most radical decentralization policies of the last fifty years were set in Indonesia. The authority over all government services, excluding religious affairs and the "federal four" (finances, foreign affairs, defence, and justice), were transferred to cities and districts, providing far-reaching regional autonomy. This occurred just two years after the first democratic president for forty years was elected, and after more than three decades of highly centralized and authoritarian rule. It was a period of deep economic crisis (the rupiah had devaluated by 400 percent), political uncertainties (the first president Abdurrahman Wahid was forced to resign after less than two years, replaced by President Megawati Soekarno Putri), widespread corruption (according to recent studies, Indonesia is the most corrupt country in Asia), and ethnic and religious violence (East Timor, Maluku, Papua, Aceh, to name the most well-known). Therefore, decentralization was a substantial ongoing experiment like few others.

In this paper, the author tries to put the decentralization process in its political and legal context and discuss some of the problems of implementing such a massive policy. In doing so, the discussion begins with reviewing the nature of decentralization during Indonesia's Old Order, and then proceeding to an outline of the same issue during Suharto's New Order government.

The latest debates concerning the concept and the practice of decentralization and regional autonomy in contemporary Indonesia will be delineated in the last section of this paper.

Literature Review

One of the foremost observers who explored the nature of the central-local government relationship in Indonesia after its independence was J.D. Legge (1963). Legge argues that the core problems of regionalism in Indonesia are the contradiction between the need to satisfy the region and the need to establish a stable and reliable government. In practice, the need to fulfil the region is countered by the need for a strong and stable government from the top (Legge, 1963:3).

Overall, there are at least three significant points from Legge's analysis. First, Legge demonstrates that, to some degree, the problem of establishing an adequate local government in Indonesia is related to the form of the state itself (unitary state). In this sense, it is unlikely for Indonesia to achieve an extensive regional autonomy system within the framework of a unitary state, because there is a great diversity among the regions in Indonesia, either in the form of ethnicity, religions, culture, or economic resources (Legge, 1963:17).

Second, the controversy is apparent between the need to transfer power to local governments and the need to extend a strong control, which has emerged since the provision period. There are several methods that have been implemented by the central government to restrict the authority of local government, such as the placement of its officers in regional areas (*pamong praja*), the appointment the head of local government, “spied” the role of Local Representatives (DPRD), and the establishment of direct control over some particular policy implementation (Legge, 1963:20-61).

The third significant point from Legge's study is that, even though the intervention of central government over the regions remains dominant, to some extent, the pressure from local government has been taken into consideration by the central administration. This phenomenon can be illustrated, for instance, when the Djuanda's government (April 1957) had to give a response to the local demand for 70% of the foreign exchange that they had earned. Another instance was in the case of a local complaint concerning access to foreign exchange. To respond to this complaint, the central government established a foreign exchange bureau (*BDP- Biro Devisa Perdagangan*) in certain areas that enabled the local government to acquire import licenses without going to Jakarta (Legge, 1963:236-245).

Another scholar who explored further the nature of decentralization in Indonesia during the period of the 1950s was Gerald S. Maryanov (1959). One of the significant points that can be

underlined from his work is the reason why Indonesian thinks that decentralization is necessary to be implemented. According to Maryanov, the main reason for the demand for devolution in Indonesia is attached to the idea of democracy. Specifically, Maryanov (1959:197) contends that:

“The notion of the democratic political system has led to the expectation that democracy must be the characteristic of the regional government, and that regional government is part of the democratizing process. The organization must be extended to the regions, but it must be democratic, accommodating the principles of popular participation and popular representation.”

Further exploration shows that the nature of decentralization within the framework of a unitary state of Indonesia, Maryanov offers a distinctive approach. Maryanov sees the essence of devolution by linking this issue to the characteristics of the political life of society. In this sense, Maryanov determines the nature of political life as how communication about political matters is formulated (1959: 340). Based on this determination, Maryanov suggests that there are three characteristics of national political life in Indonesia. These characteristics are: Expectation vs. Reality, Ideological vs. Technical Orientation and finally the Monopoly of Leadership by the Government (1959:341-349).

These characteristics of national political life, according to Maryanov, address the implementation of decentralization policy in Indonesia. In the course of *Expectation vs. Reality*, for instance, it is expressed by the high expectation to embody an image of a unitary state with stable and functioning units of local government exercising their autonomy. However, these expectations are never satisfactorily achieved. Part of the failure has been due to unsuitable conditions at the local level (1959:343).

The *Ideological vs. Technical Orientation* has had a significant impact on the implementation of decentralization. In this aspect, Maryanov argues that ideological orientation involves values that are stated theoretically, and the use of abstract ideas, such as ‘democracy.’ On the other hand, technical direction is more concerned with the implementation of policies rather than with the abstract goals. In respect to the issue of decentralization, ‘ideological orientation vs. technical orientation’ is expressed by the controversy between the central and local government over the notion of extending regional autonomy. Ideological orientation is represented by the regional spokesmen who demanded more independence because it is what the people want. The technical orientation responses (most often from the central government) stressed the shortage of local governments’ capacity and offered control (1959:349).

The third characteristic of public political life is *Government and the Monopoly of Political leadership*. It is asserted by Maryanov that the most notable characteristic of the government in Indonesia is marked by the dominant role of the central government in determining the

development of its society. This characteristic has coloured the nature of decentralization. In this sense, the central government claims itself as the actor for determining the problem and formulating the solution. It is for the central government to decide which regions should be granted autonomy, and the degree of authority that must be surrendered (Maryanov, 1959:352).

What are the features of Indonesian decentralization and regional autonomy policy during the Suharto's New Order regime? One of the scholars who had explored this issue based on a political and economic perspective is Dorodjatun Kuntjara Jakti (1981). The root of his argument is that the application of decentralization in Indonesia during the New Order period deteriorated because of the problem of regional imbalance. The New Order, according to Kuntjara Jakti, introduces a combination of overwhelming control over the military and bureaucracy, as well as the growing resource base. Through this strategy, the New Order overcomes the problem of regional imbalance and to eliminate the politically sensitive issue of regional autonomy (1981:133).

In the locus of his analysis, Kuntjara Jakti agrees with the idea that the implementation of decentralization during the New Order is influenced by the problem of controversy between Ideological and Technical Orientation (citing Maryanov's term). Ideologically, the notion of devolution was needed to channel the development program to the local level and to elicit political support, either from people or from international communities. However, technically, the idea of decentralization appeared to be undesirable because it increased the tension of political instability.

Like Legge (1963) and Maryanov (1959), Kuntjara Jakti also suggests that the decentralization policy during the New Order period has swung from one extreme of a decentralized and democratic system to another of a highly centralized and autocratic one. According to Kuntjara Jakti, there are at least two crucial reasons for why the New Order inclines to centralize the political power in its hands. Politically, it has a close relationship with the issue of 'national resilience' (*ketahanan nasional*). Economically, it has attached to the neo-Keynesian model that is used by technocrats to map out the economic development. This technocratic model, thus, eventually leads to the requirement of a centralized system (Kuntjara Jakti, 1981:143-144).

There were several methods that were implemented by the New Order to exercise its centralization of power. In terms of controlling local governments, for instance, Kuntjara Jakti (1981:145) outlines:

“In many cases, the New Order was able to achieve this power (a centralized power) vis-à-vis the regions primarily by continuing the policies of Guided Democracy. With respect to regional leadership, for instance, the regime maintained the 'Panca Tunggal' system (five leaderships at the local level which consists of the regional head, military



commander, police chief, prosecutor, and local council chairman) which it now renamed MUSPIDA (*Musyawah Pimpinan Daerah* or Council of Regional Leadership). For Regional Council (DPRD), it maintained the system of appointment and screening and selected candidates from non-government parties.”

The ability of the military to create the command system from regional levels down to the lowest village units, and to penetrate all branches and levels of government under the umbrella of a 'dual function' (*Dwi Fungsi*) doctrine, gave the central regime power unequalled in Indonesia's political history (1981:145). Kuntjara Jakti states that a growing allocation of resources is also another method that is employed by the New Order to maintain its centralization system. This method was performed by introducing a central budget allocation to regional areas. The strategy began with introducing the ADO scheme in 1967 (ADO means *Alokasi Devisa Otomatis* or automatic foreign exchange allocation). Later, in the early part of 1969, ADO was replaced by SPP-ADO (*Sumbangan Pemerintah Pengganti ADO*). Finally, since the middle of 1974, the New Order had introduced a subsidy policy as the new form of national budget allocation to the local level. Paralleling this subsidy policy, the New Order had created another type of centralized regional redistribution scheme that was called *Inpres Programm* (*Instruksi Presiden* or the President Instruction Programme).

Overall, Kuntjara Jakti argues that this circumstance has resulted in strengthening the local dependency on the central government. The *Inpres Program*, to some extent, had functioned as a means of by-passing the legislature's decision-making process, and as a means of undercutting the powers remaining to the regional government over the lower units (1981:152). The New Order's attempt to centralize the economic policy became more evident since it was translated into a new formal structure in the early part of 1974. This phenomenon can be viewed through the establishment of the IRJENBANG (*Inspectorate General for Development*), BKPMMD (*Badan Koordinasi Penanaman Modal Daerah*, Coordinating Body for Regional Investment), and the Bappeda (*Badan Perencanaan Pembangunan Daerah*, Regional Development Planning Board).

Kuntjara Jakti's study has contributed a great deal to decentralization studies in Indonesia because he is one of the scholars who has seen the implementation of decentralization in Indonesia from a political-economic perspective. Concerning the core of his analysis, no one could deny that the issue of regional imbalance has encouraged the central government to strengthen its control over local governments. The regional imbalance issue may also lead the central government to have some difficulties in monopolizing political power, which eventually allows decentralization to be more flexible in practice.



Discussion and Analysis

The New Order authoritarian government lasted for 32 years before Suharto was forced to resign in May 1998, after 12 months of political and economic turbulence, with intense regional conflicts and demands for a revised balance of power between centre and regions. The wave of “political reform” following the step-down of Suharto appeared to pull Indonesia’s political history towards a more democratic political system. Moreover, the central government’s effort to reform Local Government Law (*Undang-Undang No. 5 Tahun 1974*) to *Undang-Undang No. 22 Tahun 1999* seemed to be promising. However, it was also possible to conceive some factors that could, directly or indirectly, threaten the attainment of the expectations. One argument was related to the practice of KKN (Corruption, Collusion, and Nepotism) at the local level.

There are several reasons why Indonesia eventually decided to reform its decentralization and regional autonomy policies. *The first* was for democracy. The government recognized that national democratization could not be sustained any longer without considering the similar need at the local level. *The second* was to make service delivery more efficient by de-bureaucratizing and giving direct authority to the agency’s providers. *The third*, decentralization was expected to build trust in the government and to establish a government that was more direct, immediate, and productive. Decentralization encouraged people to become more involved in the political priorities, to stimulate greater accountability, and to ask for more efficient public service.

On the other hand, the fact that the central government’s financial capacity decreased dramatically, following the economic crisis since late 1997, seemed to have been undeniable. It is, indeed, another factor for the central government to reform the decentralization and regional autonomy policies. The post-Suharto’s New Order government recognized that the central government could no longer employ the national budget allocation as a “political tool” to silence regional dissatisfactions. It was, perhaps, in this context, the wave for decentralization policy reform introduced by the Post-Suharto government also brought in the central government’s hidden agenda, that was to transfer its financial burdens to the regions.

Law No. 22 and 25 of 1999 were introduced to replace the previous New Order’s local government law No. 5 of 1974. Conceptually, one could point to those newly established laws as a “big-bang” for political reform taken by Indonesia to rearrange the nature of central-local governments relationship. Law No. 22 of 1999 endeavoured to break through the long tradition of centralized power in the centre towards more decentralized authority to the regions. Meanwhile, Law No. 25 of 1999 brought a new formula for a balanced fund between central and local governments. This unique formula was called *Dana Perimbangan Pusat-Daerah* (Central-Local Government Balance Fund).

To point out a view examples, Law No. 22 of 1999's desire to swing the pendulum of centralization towards more decentralization was indicated by the concept of central-local government's power relationship. Briefly, it is stated that "*local governments' authorities cover all of the governmental bodies, unless that of the authorities in foreign politic, defend and security, judiciary, fiscal and monetary, religious affairs, and other authorities*" (see article 7.1.). The point which should be emphasized here is the fact that at the conceptual level, Law No. 22 of 1999 limited central government's power only to that of five authorities (foreign politics, defence and security, judiciary, fiscal and monetary, and religious affairs).

Another distinctive feature of Law No. 22 of 1999 was that it attempted to create more balance of power between *Pemerintah Daerah* (Local Executive Body) and *Dewan Perwakilan Rakyat Daerah* (Local Representative Body, *DPRD*). While in the previous Law (Law No. 5 of 1974), *DPRD* was given the status as part of the regional government. It was by Law No. 22 of 1999, the *DPRD* was separated from the regional government and was formally assigned the status as the local legislative body. To clarify the function of the *DPRD*, Article 18 went further. This article outlined several tasks the authorities assigned to this institution, which were to elect the local government heads (Governor and Vice Governor; District Head and Vice District Head; Mayor and Vice Mayor). Some of these tasks included the ability to initiate the draft for local regulations, to approve all local laws, to assess and to approve the local annual budget proposed by the local executive body, and to undertake supervision over the local administrative body in exercising day-to-day government.

Lastly, the important feature of Law No. 22 of 1999 was that it attempted to shift the dominant role of provincial government over the district and municipality governments by defining the territorial status of each as a fully autonomous region. A phrase to strengthen the position of district and municipality governments vis-à-vis provincial government was asserted in Article 4 (2) of Law No. 22 of 1999. This article states that provincial government (on the one hand), and district and municipality governments (on the other hand) were self-governed, which did not have a hierarchical relation to each other.

While Law No. 22 of 1999 dealt more in outlining the concept of central-local government's power relationship, Law No. 25 of 1999 devoted more in sketching the idea of central-local government's financial relationship. As mentioned by Hidayat (2000), the gist of Law No. 25 of 1999, when compared to the previous laws, is that it brings a new formula for local government revenue, the so-called *Dana Perimbangan Pusat-Daerah* (Central-Local Government Balance Fund).

Explicitly, it was stated in Article 3 of Law No. 25 of 1999 that "*the sources of local government revenue are Pendapatan Asli Daerah, PAD* (Local Government Own Income),



Dana Perimbangan (Central-Local Government Balance Fund), *Pinjaman Daerah* (Local Loan), and *Lain-Lain Penerimaan yang sah* (Other legal revenues)". The local income (PAD) consists of local taxes, user charges, revenue from local government's own companies (*Badan Usaha Milik Daerah, BUMD*), and other legal local revenues (see Article 4). While the central-local balance fund consists of revenues from land and constructional taxes, revenue sharing from natural resources, general allocation fund (*Dana Alokasi Umum, DAU*), and specific allocation fund (*Dana Alokasi Khusus, DAK*) (see Article 6).

One of the dangers with the practice of regional autonomy in early stage of Indonesian post-New Order decentralization policy reform was that local governments seem to have excessively exercised their decentralized authorities. In Indonesian terms, this tendency has been called as *Otonomi Kebablasan* (excessive autonomy). Those who subscribe to this perspective usually point to the fact that regional autonomy has, in many cases, been translated by local governments as the freedom to conduct whatever they wish to do. Among the evidence mentioned to prove this phenomenon was the overwhelming manner of the DPRD in performing its supervision authority, and the mushrooming of local regulations (*Peraturan Daerah/Perda*) for revenue raising.

The DPRD was assigned a number of authorities. One of these was the authority to supervise the *regional government* in conducting a day-to-day government activities. It is, indeed, a new authority given to the DPRD, as it was never apparent in the previous laws, especially in Law No. 5 of 1974. By equipping the DPRD with that of supervision authority, it was expected that there would be a check and balances of power between the local executive and legislative bodies. However, in practical terms, the DPRD seemed to over-react in exercising its supervision authority. This institution not only limited itself in supervising how policy was performed by the local executive body, but also went further to investigate technical matters. This included questioning the type of wood used for a building, the price of air conditioning, and so forth.

Additionally, Hidayat's study (2002) in Riau province indicates that the DPRD has employed its supervision authority as a 'weapon' for pushing through its annual budget vis-à-vis the local executive body. Amongst the raising argument asserted to justify this phenomenon is due to an unclear "rules of the game." Law No. 22 of 1999 brings the notion to empower the DPRD by giving this institution three major functions, including: the legislature function, the budgetary function, and the supervising function. However, the assignment of these functions has not been supported by clear-cut guidance that determines specifically both the forms and the scope of each function. This situation was worsened by the fact that many members of the DPRD were newcomers who did not have much governance skills.

Elsewhere, from the local executive camp, amongst the evidence quoted to show the practice of excessive autonomy was the mushrooming of local regulations (*Peraturan Daerah*) introduced by the *regional government* for revenue-raising. This was in the form of either local taxes (*Pejak Daerah*), or in the form of user charges (*Retribusi Daerah*). Those who were skeptical of this tendency often use the terms “autonomy is auto-money” to label the behaviour of a *regional government* in implementing its decentralised authorities. Hari Susanto’s study (2002), for instance, proves the above proposition. It is asserted that most local officials who were interviewed in the research site (East Kalimantan), have a feeling that the regional autonomy means the freedom assumed by local governments in both making and implementing decisions. This includes the freedom to decide and to enact such *peraturan daerah* for raising revenues. As a result, it was not surprising that one of the district governments in East Kalimantan province introduced numerous local government regulations, and most of these newly created regulations were directed to generate local revenues. *The regulations* were users charge for using a road, fish production tax, timber production tax, vehicle tax, and so forth.

Indeed, one should not be surprised by the practice of *Otonomi Kebablasan* since, as asserted by Hidayat (1999), the feature of Indonesian decentralization policy on its day-to-day basis is far more complicated than the scholarly literature on the subject suggests. It involves more bargaining and coalition-building among both state and society actors at the local level. The tightening grip of the central government’s control over the region did not necessarily limit the opportunity for the local state’s elites to enjoy more autonomy in determining their interests.

To understand this phenomenon, Hidayat’s (1999) argument lies in the ‘relative capacity’ of local state elites to make autonomous choices. The factors that explain the capacity of the local state’s elites to exercise the autonomous choices are their access to accumulated political resources. Amongst other things are their skill in re-interpreting central government policies, knowledge of the local problems, alliances with particular societal groups, and individual connection with central state elites. The argument makes sense. It is now clear enough that the conflicting nature of central government policies and the dominance of Indonesian bureaucratic patrimonialism has partly contributed to the shaping of the capacity of local state’s elites to exercise that of autonomous choices.

Hidayat’s study (2001) was conducted in three provinces (West Java, South Sulawesi, and East Kalimantan) and supports the previous findings as delineated above. The research indicated that the practice of local state elites’ free choices in both making and implementing local policies remained to exist, and even becomes worse. In other words, the enactment of Law No. 22 and 25 of 1999 widened the room for local state’s elites to pursue both public and their own individual goals. Within this condition, the implementation of decentralization has been characterized more by bargaining and coalition-building among local state elites. It is

undeniable that the decision-making processes also tend to be concentrated in the hand of a few people, especially those who assume the power, *the executive*, and the DPRD.

Since mid-2002 (approximately a year after the implementation of Law no.22 of 1999), the discussion concerning decentralization and regional autonomy policies began to focus on contesting the reality of “excessive autonomy” and “half-hearted autonomy”. The polemics then started to narrow in early 2003, due to a common ground of understanding between the parties involved about the need to revise the Law No. 22 of 1999 as soon as possible. In other words, the revision of Law. No 22 of 1999 was articulated as the most efficient therapy to end the practice of “excessive” and “half-hearted autonomy.”

Ironically, most scholars agreed and lost their academic sensitivity in scrutinizing the implied meaning and the implicit goals behind “excessive” and “half-hearted” autonomy terminologies. However, they did not pay attention on more fundamental issues, such as the appropriateness of the decentralization policy in Indonesia (including policies set out in the Law No.22 of 1999).

In early 2004, the debate on the revision of LawNo.22 of 1999, in particular, subsided, or even nearly disappeared from public attention. This was due to people paying more attention to the first direct presidential election. Following the election of SBY-Kalla (Susilo Bambang Yudoyono-Yusuf Kalla) of President and Vice-President, however, in October 2004, the central government with the House of Representatives (DPR) approved the new local government laws (No. 32 and 33 of 2004) that subsequently replaced the law No.22 and 25 of 1999.

The presence of the new law had attracted a lot of criticism from observers. The timing of the approval of Law 32 and 33 of 2004 was deemed to be a part of a political effort to maximize the remainder of Mega-Hamzah leadership at the office. The habit of stealing time is not a unique matter in day-to-day politics, following the essence of the political practice of *how to get, to use, and to sustain the power*. The next discussion would no longer focus on questioning the political rationality of the endorsement of Law 32 and 33 of 2004 but instead examining the substance of the law and their consequences.

Substantially, one of the most significant changes of the Law no.32 of 2004 was the introduction of a direct election of local government heads (*Pemilihan Kepala Daerah Secara Langsung/Pilkada Langsung*). To make it a reality, the central government implemented direct elections which started in mid-2005. It is very understandable that this decision encouraged the appearance of controversial response.

Many people positively valued the government's decision to accelerate the process of democratization at the local level which created an independent regional government. There are few people, however, who were skeptical with the readiness of the institutional and local communities to exercise direct elections.

The question is whether the arrangement of power relations between central and local governments in the Law No.32 of 2004 pushed the decentralization or re-centralization process. In short, one might notice that the spirit of re-centralization dominated the arrangement of central-local governments power relationship, as stated in Articles 10 to 14. Furthermore, the "political trap" to limit the authority of local governments affirmed in Article 11, paragraph 4, which states that the local government's compulsory powers are assigned in the basis of a gradual process and determined by the central government. Meanwhile, the "optional authorities" were assigned to local governments (provincial and district/city) based on which authorities that were significantly needed to increase social welfare, by considering the characteristics and the potency of each local government.

The question was whether the decentralization policy reform in the post-Suharto's New Order period could be regarded as a part of the characteristic of a political system in the transition period towards democracy? The discussion to construct an appropriate answer should include a broader context. Without any intention to conduct an academic simplification, the above data and information outline are representative enough to cast light on the features of contemporary Indonesia's decentralization policy reform.

Theoretically, the main features of a transitional politics from an authoritarian system to a democratic one is the remaining dominant role of the state actors and more chances for social participation in the process of policy-making and policy implementation. Based on this theoretical understanding, I would propose three main characteristics of decentralization in the transition to a democratic political system (Hidayat, 2003: 56-59).

The first was the role of the decreased central government in determining the decentralization policy. The central government played a dominant role in determining the process of policy-making in the authoritarian regime. The role of the central government decreases because the demands from local governments and their community must be considered in the process of policy making (Hidayat, 2003: 56). The decreasing role of the central government here was evident in the quantitative dimensions. It is implied that, qualitatively speaking, the central government was still able to push through its interests, although this was done through a democratic mechanism. Conflict of power was usually caused by power division between the central and local governments. The central government was reluctant to lose its control despite the requirement of the political reform to disperse the power and authority to local governments. In contemporary Indonesia, this phenomenon was called "half-hearted regional

autonomy”. The central government used *resource base allocation*, such as the distribution of the central government’s funds and other subsidies to the local governments, to remedy regional dissatisfaction.

The second characteristic of the decentralization and regional autonomy is the shift to the approach of policy implementation (Hidayat, 2003: 58). The “old approach”, which was based on a *monolithic* perspective and the *top-down* spirit, shifted to a “new approach” that based on a *holistic* view, which characterized by the spirit of *bottom-up*. Theoretically, the policy implementation of the change led to two conflicting consequences. On the one hand, the local governments assumed more autonomy in the making and the implementation of their decisions, as long as they did not go beyond the scope of their decentralized authorities, and the national interests. It must also be considered that it led to an *ambivalent orientation* to the policy itself when the shift was not followed by changes in the direction and the attitude of the local state’s elites.

In Indonesia, the emergence of the excessive regional autonomy phenomenon might be seen as one logical consequence of the ambivalent orientation of the implementation of decentralization policy. At the practical level, the local state elites’ uncertain orientation was reflected by the attitude of local government officials who put the central government as the primary source of both political and economic energy. On the other hand, they resisted or even refused, the central government’s interventions to the authority of the local government. It was the reason why there were many “miss-introduced Local Government Regulations” in Indonesia.

The third characteristic of the decentralization and regional autonomy policy’s implementation in the transition period to democracy is the inclusion of the society in both policy-making and implementation at the local government level (Hidayat, 2003: 59). However, the involvement of society was represented by only a few elites who usually acted on behalf of civil society and claim themselves as the representation of social interests. In more specific terms, the inclusion of the community was not yet in the form of “popular participation.” It was more likely in the form of social elites’ participation. It meant the pattern of state-society relationship was more of the interaction between the local state elites and social elites. The collusion and bargaining of interest among prevailed in the policy-making process and policy implementation at the local government level.



Conclusion

Local government has the potency to practice democracy because the decentralization process allows more responsiveness, representativeness, and accountability. Decentralization must strengthen local capacity and build responsive governance systems. In other words, it does not only empower local governments but also ensures that they are held accountable to deliver social services. However, the democratic potential of the decentralization is usually the greatest when it is linked with the institutionalization of any local popular and community participation. In the absence of the connection, the decentralized authority may be hijacked by local elites to benefit themselves and their clients.

Antlöv (2002) puts his view in some more details that popular participation involves the systematic involvement in the formulation of the decision by groups of citizens, who have developed participatory methods for consultation, planning, and monitoring the new governance agenda. The involvement of the citizens is driven by those who demand their voices to be heard. It could be used by state agencies as ways to overcome the distrust in government and to empower local communities.

Overall, the decentralization is a necessity to the meaningful local democracy. It must relate to the institutionalization of local popular and community participation. Otherwise, the decentralized authority will be hijacked by local elites to benefit themselves and their clients. In Indonesia, decentralization policies do not promote good governance, as the above stories, about mis-management and power abuse, attest to. It meant that Indonesia's efforts to put effective and more democratic state management requires better day-to-day governance practices, at the local level to encourage more citizen's participation.

Finally, it is believed that the introduction of decentralization and regional autonomy policies in the post-Suharto's period has reduced the regional government dissatisfaction with the central government. It also has opened up the political space for citizen participation in the policymaking process, and in governing their communities. What the Indonesian must do shortly is to put decentralization on the right track and to prevent the desire of central government "to bring the centralized power back in."



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