

DECENTRALIZATION IN INDONESIA: IT IS A LONG AND WINDING ROAD TO CONSOLIDATED DEMOCRACY

By

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INTRODUCTION

As agreed by most panel writers of this book, a democratic transition is complete and cristalized into a *consolidated democracy*, if it is at least indicated by four conditions. First, when sufficient agreement has been reached about political procedure an elected government. Second, when a government comes to power that is the direct result of a free and popular vote. Third, when this government *de facto* has the authority to generate new policies. Fourth, when executive, legislative and judicial power generated by new democracy does not have to share power with other bodies *the jure*! Otherwise, the failure to reach such conditions should be considered as signs of a *non-achieving* or *defective democracy*.

In addition, it is also agreed that there are three other conditions which are advocated by Juan Linz and Alfred Stepan apply. Behaviorally, no significant institutions or actors spend significant resources attempting to achieve their objectives by creating non-democratic regime or turning to violence. Attitudinally, a strong majority of public opinions holds the belief the democratic procedures and institutions are "the only game in town" to govern collective life in society. Constitutionally, governmental and non governmental forces alike become subjected and habituated to the resolution of conflict within the specific laws, procedures and institutions sanctioned by the democratic process.²

This article aims to explore the extent to which decentralization in Indonesia, which was implemented in 2001, leads to a consolidated democracy. Given the conditions of consolidated have been spoken about above, it is strongly argued that at this moment decentralization is more like a romantic political myth rather than an exotic social reality. It is a long and winding road to consolidated democracy.

WHAT IS CONSOLIDATED DEMOCRACY FOR?

Do people in Indonesia need consolidated democracy? One of the most justified answers to this question is related the positive correlation between democratic society and its economic welfare. There are some legitimate explanations for high level of community welfare. The materialist explanation, for example, claims that small industrial firms, including those linked within a particular network, are good for the local community. One of the most intriguing, yet unpopular explanation, is the neo-Dhurkheimian explanation. It claims that technical organization, both small and large industries, contributes to the welfare of local community if it is mediated and reinforced by a strong structure local community.

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¹ Juan J.Linz and Alfred Stepan. 1996. *Problem of Democratic Transition and Consolidation: Southern Europe, South America, and Post Communist Europe*. Baltimore and London: John Hopkins University Press, p.6.

² *Ibid.*, pp.5.6.

In order to make such explanation both simple and comparable, Young (1994b, p.81) uses the following notation and models. The two production hypotheses have been formulated as

$$w = f(T*s)$$

in which w stands for local community welfare, T for industrial establishments and s for social structure. An asterisk sign (*) symbolizes the mutual reinforcement between industry and social structure. The uppercase letter in the formulas denotes strong conceptualization of the respective variable, while lowercase indicate ad hoc status.

In contrast, the structural mediation hypothesis may be stated as $w = f(t*S)$. Now transaction organizations, including industrial, are ad hoc, while structure is conceptually central. In more elaborated form, Young's formula can be stated

$$w = f(t*D) + (t*P) + (t*S)$$

in which

D stands for Differentiation represented by various social categories including division of labor

P stands for Pluralism represented mainly by democratic decision making process

S stands for Solidarity respectively.

Using data from 276 districts and municipalities in Indonesia along with 3,642 sub-districts, I examined Young's hypothesis on the test. All told, the results of this analysis have been meager and the chief results must be considered experiential. So far as they go, however, the findings favor the mediation hypothesis. Some interesting findings are confirmed as in the following examples:

- 11 out of 14 regression models consistently show that percent of non-moslem population in the district positively predicts the number of very poor sub-district as an indicator of welfare. This is the case of the outer islands, but in Java as more urbanize region is in the contrary. The presence of either small or big industries in the districts does not make any different.
- 11 out of 14 regression models also consistently show that percent of non-moslem population in the district predicts positively the percent of sickness, in both districts in which small and big industries are present. This is also the case of the outer island and not in Java.
- 3 out of 6 regression model indicates that percent of non-golkar voter in the outer islands predicts positively the percent of very poor sub-districts.

The result of statistical test has to be more precise, however this initial findings sufficient to raise, not only the meaning of consolidated democracy in Indonesian context, but also the value of such concept for the betterment of people conditions.

DECENTRALIZATION IN INDONESIA: A MYTH OR REALITY?

Decentralization in this paper refers to commonly accepted meanings. Those are reversing the concentration of administration at a single center and conferring powers of local government. So, the decentralization can be regarded as a political phenomenon capturing delegation of power to lower level of government³. The demand for decentralization seems to be universal.

Since its independence, Indonesia has been known as one of the largest unitary nation state ruled by highly centralized ways of governance. Despite the fact that such a choice is politically debatable, the country has relatively been doing very well for decades. Until the needs of democratization and reform is currently inevitable and even greater than ever. The challenges come not only from the local people who sought for greater political freedom, but also from international communities who are undeliberately concern with the democratization processes.

³ (Goodmaster and Ray, 2000:1)

In practice, the decentralization shows both positive and negative side. The positive side is commonly related to a wide range of economic, political and social advantages. Economically, it is related to the improvement of locally provided services and public goods provided (Shepard, 1975). Politically, it is related to strengthening accountability, political skill and national integration. It also brings decision-making process closer to the people (Maas, 1959; Hill, 1974). Socially, it is related to strengthen local institutions and identities. Those positive advantages are also expected when the Government of Indonesia exercised the pilot project in 26 kabupaten and kotamadya in 1993, six years before the execution of Law No.22/1999 and the Law No.25/1999.

On January 1, 2001, Indonesian Government officially passed these two laws, but not until five years of implementation the law no.22/1999 was revised by law no 32/2004, and law no.25/1999 by law no.33/2004. Despite the fact that the country has been continually managed in a highly centralized way since resumed its independence in 1945, these two laws introduced the new way of managing the country, both politically and administratively. Politically, the new laws provide ample room for promoting democracy by giving up greater power and control to local governments and communities. Administratively, these two laws aimed to decentralize decision making process, particularly in providing goods and services to local communities. Regardless whether the initial ideas of these two laws, were crystallized from internal political dynamics or adopted from external global demands, there were very sound expectations that these two laws will eventually result in more autonomous local governments and people in promoting better welfare. It was also expected that the existing uneven development among regions, in particular between Java and the outer islands, will be reduced significantly leads to the strengthening the existence of the unitary state of Indonesia.

As far as empirical evidence is concerned, the reality is not always lift up into expectation. *Reformasi* era, as many Indonesian noted, is somewhat paradoxical. On one side, there is so clear and sound demand for democracy, but at the same time most Indonesian are witnessing of brutal anarchism on the other side. Strong need for democracy is stemmed from the voiceless and right less feeling of the general public under previous authoritarian regime. While the almost unmanageable anarchism can be traced back from aggressive expression of the general public facing the norm less anomic conditions. The most critical issue, then, will democracy be crystallized into Indonesian social reality or will it be remained the unreachable political myth?

Comparatively speaking, some empirical experiences show that many democratic regimes started a heroic political movement for democracy, but only a few can stay in power to guard democracy into being. There is no guarantee that the new democratic regime will be politically stable and survive. The fall of political regimes in Nigeria 1983 and Sudan 1989, were the perfect examples. The transition period to democracy ended up with civil war and returned of the authoritarian regime. Democratization is a multistage process in which one nation can fail in any point at a continuum line from authoritarian to democratic condition.⁴ At this point, Indonesia is not the exception to the rule.

From the bright side, so far Indonesia has shown the world its ability to manage the most critical moment of transition by passing through unstable succession process of its regimes from Soeharto to Habibie, Abdurachman Wahid, Megawati and finally to Soesilo Bambang Yudoyono. The later was directly elected by popular vote and have got sound political legitimacy to stay in power. The first move to consolidated democracy is made in a relatively successful way, but it is just the beginning. Indonesia has not passed the other test yet.

⁴ Casper and Taylor, 1996.

Having examining some empirical cases, Casper and Taylor, as also in accordance with Linz and Stepan, argue that to implant democracy into existing political system is just the beginning. There are two other major steps, according to them, should be taken for bringing a nation into a mature democratic one. Firstly, the short-term step, searching relatively acceptable solutions for those who were standing behind the old authoritarian regime. Secondly, the long-term step, focusing on how to consolidate the new democratic elements.⁵

Given the theoretical framework above, the real political challenges for Yudoyono and his regime are, **first of all**, to solve mounted problems related to the old authoritarian political regime. It seems clear that there is no significant political resistant for democratic movement itself, even from the military. It is so much to do with destroying very strong collusiveness and corruption linkages and practices. The real political challenge of Yudoyono's regime is to make them selves clean and relatively independent to other political power. However, it seems too good to be true due to the minority position of his political party in the parliament. It is just politically incorrect and irrational for him and his party for not compromising his political position and agendas with *Golkar* and *PDIP* . If this is the case, the implementation of local autonomy laws, then, just put the country into double jeopardy: spreading the best practices of corruption to the local levels, and at worst it means to maintain political spirit of the previous authoritarian regime.

The second major challenge for current political regime in Indonesia is to consolidate pro-democratic elements both in government and the general public. Again, the main challenge is not so much related to preaching democracy in the class-room or parliament lobby, but rather related to translating democratic way of thinking into political, social and economic reality. Free-fight boxing demonstrated by the members of parliament shown on national television, was regretting exemplary action of democracy. The general public will not learn democracy as it is preached by their political leaders or as it is written in the state constitution, but from their daily experiences and examples shown by the regime through policy making process and its implementations. Democracy is an experiential learning process. The implementation of local autonomy, therefore, will lead to consolidated democracy if only both local governments and people as well, experience more autonomous then before. Otherwise they might see the implementation of local autonomy laws as a political tool to shift financial burdens from Jakarta to the local authority of *kabupaten* and *kotamadya* . The key-issue at this point is how to keep Indonesia as one nation state and the ability of the regime to deal with conflict resolutions and straight forward law enforcement for anarchism.

The third major problem faced by Yudoyono's regime is boosting macro-economy policy which provides sufficiently job opportunities for the public in order to fulfill very basic human needs: food, housing, health and education. Providing sufficient amount of public goods and services at the expected level and quality is also a political key-point to the successful implementation of the respective laws. The fact that both natural and social conditions vary across localities, highly centralized economic policy, including overlapping tax policy, just makes no sense for the local public.

The most provocative sociological argument relevan to current Indonesian macro economy was represented by the economic historian, Karl Polanyi (1944). In his seminal work *The Great Transformation*, he proposed that market processes are embedded in social institutions. His work, which was concerned with the political and economic origin of the decline of nineteenth century civilization, identifies four institutions which he feels were pillars of the nineteenth century civilization: the international balance of power, the gold standard, self regulating markets, and the liberal state. Of these four, the self regulating market was clearly the most important, being not only the "fount" that

⁵ *Ibid.*

gave rise to a particular civilization, but also the institution Polanyi held most responsible for the decline of civilization in his own time, that is, after the first World War.

It was Polanyi's belief that a market economy could not exist for a prolonged period of time without devastating the society around it. This happened not only because economic relations were held to be primary, but also because "the ideal system" of the "new economics" required a "relentless abnegation" of the social status of the human being. The "satanic mills" of capitalism ignored all human needs, as they cruelly ground society into its atomic elements. MacIver underscored this message in Polanyi's work in his introduction to the 1957 version of this book, which read:

"Men failed to realize what the cohesion of society meant. The inner temple of human life was despoiled and violated. The tremendous problem of the social control of a revolutionary change was unappreciated; optimistic philosophies obscured it, shortsighted philanthropies conspired with power interest to conceal it, and the wisdom of time was still unborn."

Polanyi argued that faced with such an atomistic force, society took measures to protect itself, but whatever measures it took destroyed the self-regulation of the market, disorganized industrial life, and finally endangered society itself by disrupting the existing social organization based upon it. The collapse of the international system happened because the balance-of-power could not ensure peace once the world economy on which it rested had failed. The industrial revolution, in his opinion, had miraculously improved the technology of economic production, but it was accompanied by dislocation of lives of the common people. It reduced man to labor and nature to land. In short, he believed that the breakdown of human civilization which he witnessed during the Second World War rested on the market economy. However, Polanyi traced the seeds of this economic failure to the social conditions of Western Europe which themselves gave birth to and became the foundations of the market economy.

Finally, given the real political challenges have been spoken about above, it is hard to be believing that the ongoing political decentralization represented by the implementation of local autonomy laws in Indonesia today, will be cristalized into consolidated democracy in the very short periode of time.

PUBLIC ADMINISTRATION VS POWER ADMINISTRATION

The role of public administration in Insonesia is also highly problematic. Public administration, according to Pfiffner and Presthus⁶, is a discipline concerning means of implementing political values. Their claim is in line with the initial idea of Woodrow Wilson⁷, the founding father of modern Public Administration in the United States of America. He notes that historically public administration was born from further development of political science, however Wilson suggests clear separation between the two which later known as politico-administration dichotomy. According to Wilson, the main concerns of public administration are two-folds:

1. *What government can properly and successfully do?*
2. *How it can do these proper things with the utmost possible efficiency and at the least possible cost either of money or of energy?*

⁶ Pfiffner and Presthus.1967.

⁷ Woodrow Wilson .1887.

The critical question, then, to what extent the implementation of autonomy laws as an administrative reform can be devoted to support democracy local level? Will state bureaucracy, both at the center and local level, be part of the solution instead of problem? Comparatively, positive evidence shows that public administration, of course, can play significant role in both process of democratization. In Taiwan, as in many other countries, government faces the challenge of how to reconcile traditional culture, democracy and industrialization. In order to cope with such challenging problem, public administration experts in Taiwan help decision makers to adopt strategic planning approach.⁸ It is sad to say that the role of administrative body, such as National Planning Bureau (*Bappenas*) and Local Planning Bureau (*Bappeda*), is currently less important than ever before. Revitalizing credible administrative planning bureau at local level, as mentioned above, is one of the very strategic administrative reforms in line with the implementation of local autonomy laws. In the past local planning bureau was sounding Jakarta's will, now they are sounding nobody's will but the donors.

Despite the fact that planning bureau is now less function to support administrative reform, still an optimistic view on the role of public administration in promoting democracy is also claimed by O'toole.⁹ He concludes that current development of public administration is not too hierarchical and parochial, but like a web of network allowing very positive impact on the development of democracy, including responsibility towards public interests, public preferences, political liberation, peace promotion and development of public trust. The web-like public administration, according to O'toole, will effectively support democratic management and strengthen government who rely on democratic values and administrative actions.

In some cases like in Sub-Sahara region, public administration cannot be utilized as catalyst for democracy. When the military came into power, they rule the country with military commands, banded political parties, froze the state constitution, and dysfunction legislation body. They recruited civilian political elites to give necessary input for decision making process. Interestingly the involvement of civilian elites in military regime is a valid predictor that the respective elites will use military commands when they are in power. Within this political climate, public administration will not in support for democracy. Since 1998, Indonesia has eventually moved far forward from such political condition. However, it is difficult to measure the level or at least the influence of militarism in Indonesian society post 1998.

The most notable administrative reform is currently represented by New Public Management (NPM) movement rooted in liberal economic tradition with entrepreneurship and 'reinventing government' as its icons. It is claimed that bureaucratic administrative bodies which strong command and tight control is now becoming obsolete. The entrepreneurial government is now on stage. The problem is *does it works?* Should this model be implanted to Indonesian public administration context? It might not necessary. Reasons are mounted in comparative perspective. Using meta-analysis towards 170 case studies in 104 federal bureaus, Wolf (1997)¹⁰ concludes that the effectiveness of the respective bureaus remain unchanged after reinventing government was promoted in the United States. Reinventing government is more political myth than reality; it is too good to be true as a revolutionary administrative reform. According to Cope,¹¹ in addition, entrepreneurial approach and techniques employed in public administration have some serious negative implications for political responsiveness. In particular, financial system that based on entrepreneurial approach might blow up the income, but reduce political responsiveness. Stressing customer service can be interpreted particular individuals,

⁸ Sun and Gargan. 1996.

⁹ O'toole .1997.

¹⁰ Wolf (1997)

¹¹ Cope (1997),

while public service aims to serve the general public as a whole. Private and public partnership end up with mounted ethical problems. In his study on partnership between county government and local chamber of commerce, Ghere¹² notes the misused of public money in the partnership, both from the perspective of individual moral standard and policy ethic. There is strong indication that public administration ethic was under mind. Would it be working within Indonesian context? So many cases exemplify the failure story than the successful one.

Having such comparative framework, searching for indigenous model for administrative reform for democracy and welfare is not totally impossible. In South Korea, for instance, administrative reform is not the main issue at the beginning.¹³ People are mainly interested in two things: political democracy and direct distribution of public goods and services. However, it is apparent that the successful result is fully supported by administrative reform done by Kim Young-Sam, the civilian leader after 30 years of military regime. Indonesia can learn so many lessons from South Korea as well as from Sweden and other countries in order to build and manage its own administrative reform. The most important thing, however, how does any Indonesian people and political leaders understand themselves and their society. From self understanding, it is possible to formulate the sense of urgency and set the political priority that can be supported by administrative reform. As if Indonesian government, like in South Korea, has set democracy and welfare as the main political agenda, the suitable administrative reform then can be initiated.

As far as mass Indonesian media exposures are concerned, the implementation of Law No. 22/1999 and Law No. 25/1999 as an administrative reform, is highly problematic. Problems, which are identified, are ranged from lacking of sufficient implementation guides, like presidential and ministerial decrees, to the unpreparedness of local government in dealing with local concern. But the most vulnerable part of the game is to treat all interested parties such as central government, local political elites, NGOs and local people, in a proper manner by inviting them in decision making processes. Otherwise, this game will turn into a war game that perpetuates uncontrollable both vertical and horizontal conflicts. This section provides seven identified issues that are potential to generate conflicts in public arena including in West Java. Media exposure on the respective matter on the beginning of implementation are summarized as the following:

3.1. The Problem of Interpretation

In the first place, it is clearly stated, that the execution of law No.22/1999 and law No.25/1999, is to promote greater local autonomy. Article 7 (1) law No.22/1999 provides that *"Kewenangan Daerah mencakup kewenangan dalam seluruh bidang pemerintahan, kecuali kewenangan dalam bidang politik luar negeri, pertahanan dan keamanan, peradilan, moneter dan fiskal, agama serta kewenangan bidang lain."* While Article 7 (2) provides that:

"Kewenangan bidang lain, sebagaimana dimaksud pada ayat (1), meliputi kebijakan tentang perencanaan nasional dan pengendalian pembangunan nasional secara makro, dana perimbangan keuangan, sistem administrasi negara dan lembaga perekonomian negara, pembinaan dan pemberdayaan sumber daya manusia, pendayagunaan sumber daya alam serta teknologi tinggi yang strategis, konservasi dan standarisasi nasional."

¹² Ghere (1997)

¹³ Jung, 1996.

Secondly, it is also clear that the law No.22/1999 promotes greater position, role and authority of Dewan Perwakilan Rakyat Daerah (DPRD). Thirdly, a significant change is also provided by law No.25/1999. It is about shifting the proportion of fiscal between central and local government. However, as far as media exposures are concerned, there are some political controversies and disputes among actors, both regarding the laws as well as its implementation.

Bisnis Indonesia (January 2nd, 2001), in the first place, suspects the decree of People's Consultative Assembly (TAP MPR) stating that strategic decision-making should stop at presidential decree. It means that practical matters, like providing public services should be handled locally. At this point, therefore, the government of Indonesia should assume the minimum standard of services applied in the whole country, which is necessary for the protection of the common public.

Suara Karya (January 2nd 2001) argues that the implementation of local autonomy should not only mean giving-up the job by central to local government, but should primarily mean strengthening local authority and implementing democracy. According to *Suara Karya*, in order to successfully implement local autonomy, the Law No.22 needs 48 implementation guides, while the Law No.25/1999 as many as 26. The lack of such guides might put the central government of Indonesia under accusation that it hesitates to share its power, distribute its income and empowering local and regional administrations. Consequently, it is plausible to suspect that central government reserves its privilege to intervene local administration. The media reminds, that local autonomy should not be regarded as technical administration—merely for the shake of economic reasons—but also as political processes amenable to the tension between central and local governments. It is warned that too much deconcentration as well as too much decentralization will in the same way jeopardized the unity of the nation.

In accordance to the above indications, Megawati Soekarnoputri (former vice Presiden who is currently becoming the President of Indonesia), concerns about the implementation guides and the successfulness of the respective laws. On January 18th 2001, for example, she mentioned that if within 3 to 6 months of the implementation period the government found any kind of unresolved problem, the laws should be amended. She also indicated, that the implementation of the Laws No.22/1999 has eagerly been forced too far by local people and their representatives (DPRD), although local conditions were not ready yet especially with regards to the lack of local administrative capacity, sufficient funding and capable human resources. Illustration shows that 90% of Rp 60,516 trillion of general allocation fund (*Dana Alokasi Umum*) at central government goes to municipal and regional governments. These situations will significantly destabilize fiscal policy held by the central government. She also warned that voluntary migration of potential people to the resourcefull provinces and discriminative fiscal policy promoted by local authority should be considered as potential sources of implementation problems (*Bisnis Indonesia*, January 19th 2001).

On the contrary, Bambang Sudibyo as a former Minister of Finance, stated that the two laws should not be amended at least until 2004. He argues the amendment will reduce the law enforcement of implementation. Meanwhile the IMF suggests that the laws should be immediately revised so that the implementations of these two laws will not jeopardizing financial condition of the central government (*Bisnis Indonesia*, March 3rd 2001). Although at the end, President Abdurrahman Wahid and Provincial Government Association of Indonesia (*Asosiasi Pemerintahan Provinsi Seluruh Indonesia*) agreed upon such amendment, political disputes among actors and stakeholders on the implementation of these two laws seem to be apparently inevitable. Such condition will, in fact, flourish multidimensional conflict among political actors that might generate horizontal conflict among their followers.

3.2. Interregional Competition and Sustained Intervention

Suara Karya (January 2nd 2001) indicates only small number of kabupaten and kotamadya, which are really ready to implement the local autonomy laws. As far as local revenue (PAD) is concerned, there are only 10 % out of 300 kabupaten and kotamadya, were ready for implementing local autonomy. Take Bali Province, for example, 89% of its local revenue comes from three kabupaten/kotamadya only—Kabupaten Badung, Gianyar, and Kota Denpasar—while six other kabupaten—Klungkung, Karangasem, Tabanan, Jembrana, Buleleng and Bangli—only accounted for the rest of 11% (Suara Karya, January 4th 2001).

Another illustration, Kabupaten Lebak in Banten Province that formerly part of West Java, has many undeveloped villages subject to poverty alleviation programme (IDT). Although Lebak has a relatively abundant natural resources, gold mine and tourism, the region is geographically isolated, financially subsidized and suffer from lacking of capable local leaders (Kompas, January 12th 2001).

East Java, as an exemplary province, is considered as the most prepared province in term of many aspects. This province takes some inovative actions responsible for the positive results. Insufficient socialization and lack of implementations guides from central government, for example, trigger some inovative actions. Local government plays active roles in searching for adequate information, initiating seminars for inputs, socializing the matter both to the local representative council (DPRD) and the press (Suara Karya, January 2nd 2001). However, substantial implementation of local autonomy, should not deal with administrative matter only, but moreover include all interrelated matters involving interrelated organization network such as people's representative assembly, professional organizations, NGOs, and businesses. It is possible, at this point, to think a unique locally service provided (Republika, Januari 11th 2001). The main challenge, according to the governor of East Java, is not the autonomy itself, but rather how to bring services closer to the people. It seems that even for the most prepared region like East Java, the implementation of local autonomy is still highly problematic.

Moreover, a research conducted by the Faculty of Social and Political Sciences University of Gajah Mada in cooperation with Home Affairs Department supports the unpreparedness of the implementation above. It is concluded that only 44,6 % out of 100 kabupaten and kotamadya in the country have sufficient capacity to manage their domestic affairs. Unsurprisingly, from that figure 45% has capacity to run local autonomy below 43%. So that in general the capacity of kabupaten and kotamadya is apparently low. Furthermore, it is indicated that main contributing factors to the problem are the low capacity of local government and sectors, especially in dealing with strategic policy formulation, program monitoring and policy evaluation (Suara Karya, January 2nd 2001).

The most possible conflicts generated from the existing problems above are two folds. *First*, the emergence of inter-regional competition that leads to inter-regional conflicts. *Second*, there will be inevitable interventional actions by central government to the unprepared kabupaten and kotamadya leading to a sustained dependency.

3.3. Excessive Taxes and Public Dissatisfaction

Local autonomy, according to Dr. Wijoyo Santoso—a senior economist, should prevent excessive tax collection in order to control inflation. It has to generate local economic by utilizing local resources (Media Indonesia, January 13th 2001). As a result, in order to raise their income, local governments apply various, not to mention excessive, local tax. This is not always benefits local people especially who are poor and it does not necessarily related to a better services. In Palu as an example,

Perda No. 10/2000 tentang Retribusi Kebersihan Kota, provides that each household should pay Rp 2.000—Rp 5.000 for trash retribution that is included in electricity without being served (*Suara Pembaruan*, January, 13th 2001). As political reform introduced, Lampung has introduced not less than 60 new retributions and taxes (*Media Indonesia*, January, 19th 2001).

Imbalance services provided by local government will result in public dissatisfaction leading to public frustration flourishing social unrest as shown in many important cases in West Java and yet theoretically plausible.

3.4. Barriers on Trade and Discriminative Local Policies

It is indicated that the implementation of local autonomy does have significant impacts on economic activities especially trade. Sofyan Wanandi, a prominent business actor, states that investors are now waiting to act until local autonomy has been clearly implemented both by central and local government. Furthermore, he states for business actors, according to him, local autonomy is an X factor, which cannot be economically calculated. It is nothing, but additional cost and taxes (*Bisnis Indonesia*, January 12th 2001). Accordingly, the former minister of industries and trades Luhut B. Panjaitan accused local government who expands taxes to increase their local income as miss-conduct. According to him, it is important for local government to provide attractive economic incentive in a competitive ways. (*Kompas*, January 24th 2001).

Such situation also calls attention of foreign institution like the US-AID who concerns with developing democracy, building strong economic system, and protecting environment in order to promote a sustainable development are become its concerns. The institution warns that the implementation of local autonomy, set new barriers both for within and inter-regional trades resulting in high-cost economy. Given as an example, a truck carrying orange from North Sumatera to Java should pay as much as Rp 100.000 for weight bridges and some other checkpoints. A similar case in South Sulawesi is also shown by Darma (1999). On the other side, IMF worries that the implementation of local autonomy will raise budget of central government (*Business News*, April 6th 2001).

3.5. Environmental Abuse

The implementation of local autonomy opens a greater chance to excessive exploitation of natural resources leading to environmental damage. In early days almost all environmental damages around the country were related to the policy or at least under concert of Jakarta. The implementation of local autonomy, these days, open new canopy of fixing and recovering damages. However, such great chances should be enforced by strong social control and law enforcement. It has to be noted that natural resources should have not subject to business management (*Kompas*, February 6th 2001).

Officially, the former Minister of Environment Sonny Keraf also believes that the implementation of local autonomy provides some chances to fix the situation. He suggested that government should, firstly, include local people in doing environmental impact assessment and, secondly, empowering local people in overcoming environmental problems. He assures that local government should apply *good environmental governance* allow *check and ballance mechanism* (*Kompas*, January 18th 2001). Surprisingly, he also suggests that local government should insist central government to refund reboisation and mine reclamation funds. (*Kompas*, January 13th 2001). On the other side, local autonomy put all local governments under pressure and competition to increase their genuine local income (PAD). Therefore, natural resources are now becoming subject to excessive exploitation as the

means of fulfilling immediate economic aims. It is reminded, in fact, that natural resources should not merely be considered economically, but primarily ecologically (*Kompas*, January 12th 2001).

It is indicated, in fact, that the implementation of the laws was generated competition among those who are involving in forest management. Formerly, Indonesian forest was centrally managed and so its economic benefits. Policies were set up by central government. The role of local governments only as an executor, maintainer dan controller of central guidances. Forest with selective or clear-cut forest system has made a variety of problems. Now, with Law No. 22/1999 article 10, local governments have a right to manage natural resources in their area and have a responsibility to the environmental reservation as the laws ordered. However, the management policies are the central government authority and the local governments act only as a manager or an executor. Actually, there are some misimplementations, such as, Kalimantan local government who gave a forest management rights or forest use rights to several people each with 1000 ha square area that overlap with existed HPH. Therefore, there will be more new players in forest field that intensified a competition. The results of local autonomy and forest business are: (1) Legal phenomenon, the local leaders who interpreted autonomy as absolute rights transfers where local rules are being used aggressively by businessman. (2) Culture phenomenon, a desire to used "forest for people" or "forest belongs to people". There are conflicts among people and businessman, illegal logging, forest destruction, forest burning, business asset destruction and variety of destruction in natural resources. (*Bisnis Indonesia*, January, 12th 2001).

Besides, there is also possibility of local migration. People move from an area with no natural resources to a natural resources surplus area. According to H. Mahmud Hamundu—the Rector of University of Haluoleo, Kendari, North Sulawesi—uneven movement and successful newcomers will cause social conflicts between migrant and local people (*Suara Pembaruan*, January, 11th 2001). It is also a connection of Badan Penyehatan Perbankan Nasional (BPPN) who will sell forest sector assets. There are 128 companies who badly in debts and will be undertaken by BPPN with possibility to be sold. Afterward, actors including foreign actors will have an opportunity to have those strategic assets. (*Suara Pembaruan*, March 14th, 2001). In short, it seems to be a more competitive situation is taking place in Indonesian forest management.

3.6. Foreign Policy

The implementation of local autonomy will also influence in the central government ways of makes and implements foreign policy. Once again, there will be conflicts between central and local government interests. New dimensions that become a focus in central government diplomacy are (1). Local government will become the new focus from local activities scale level—relations between areas and cities—to contact and cooperate in international scale; and (2). There are also already some cooperations of country (donor) with several provinces in Indonesia. Therefore, local autonomy should assume certain level of nationality when it is applied in a global context. The worst possibility of local autonomy and globalization, on other side, is local government who will merely take local interest into their accounts. However, local government should be realized that local autonomy existed within the context of a unitary nation (*Kompas*, February 6th 2001).

CONCLUDING REMARK

Given all the fact and logical interpretation, it seems that Indonesia need to be more patient because the road to consolidated democracy as defined is long and winding. However, there are some plausible steps both politically and administratively.

STEPS OF ACTIONS:

1. Formulating sound and profound political agenda on democracy into legal framework.
2. Translate the respective political agenda into practices, consolidate resources accordingly.
3. Consolidate pro-democratic elements as living agents and the role models of democracy.
4. Consolidate the most efficient economic actors and organizations to generate economic activities.
5. Identify the level of differentiation characterize each local communities.
6. Identify the decision making process within members of communities.
7. Identify the level of community solidarity.
8. Minimize the level of unnecessary intervention.

SOME CONCLUDING NOTES:

1. Public administration is not only regarded as a tool to reach democracy, but ultimately as part of democratization process itself.
2. Administrative reform should begin with reforming governmental agency and other pro-democratic elements, in the sense of :
 - a. Developing administrative culture and ethic supportive to democracy. Gos (1996) after having interviewed 378 career bureaucrats, 46 legislators, and 250 voters in Colorado by phone concludes that what is important to civil servant according to them are the same i.e. trustworthy, capability, and accountability known as bureaucratic attributes. While democratic attributes were lowly ranked by all respondent.
 - b. Developing serving ethic instead of being served. Wittmer and Coursey (1996) concludes that public managers, both by professional and legal standards, are less sensitive to welfare of their staff, instead they are very sensitive to protect their own-interests.
 - c. Shifting from bureaucratic mono-loyalty to professional loyalty based on personal responsibility, social responsibility, professional responsibility and public responsibility as mentioned by (1996).
 - d. Shifting from hierarchical structure to more flat and network structure.
 - e. Developing more participative and democratic strategies in both decision making process and the implementation of other administrative functions.
 - f. Redefining education and training in public administration, by understanding many administrative realities using different paradigm such as "*chaos paradigm*" instead of a conventional "*order paradigm*".

All stages are relevant for Indonesian context, especially in the outer islands where any administrative intervention from Jakarta can be interpreted as a "*Javanese imperialism*."
3. With or without government helps, each local community should develop any kind of production organization stemming from existing natural and social conditions. The map of economic potential is critical to generating welfare.
4. Both local government and people should be able to map the existing social structure, and learn the lessons from the experience. Optimistically develop social engineering to the most possible level, and avoid any un-necessary intervention.
5. Knowledgeable on local uniqueness, both in terms of economic organization and local community structures is central. Systematic and serious study on the respective matters, therefore, is needed and worth investment. This is the very basic ingredients for developing more decentralized public policy in the country.

Given these two models above, it is expected that the implementation of autonomy laws will be closer to consolidated democracy as a reachable reality rather than remains a sacred political myth. *****

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IRU – Indonesia Research Unit
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To:
Dr. Pius Suratman Kartasasmita
Department of International Relations
University of Parahyangan
Bandung 40141 – INDONESIA

2 January 2006

Dear Dr. Kartasasmita,

INVITATION for International Conference

On cooperation with The Fritz-Thyssen Foundation (Germany) and University of Parahyangan (Indonesia), we will convene an International conference on **“Democracy in Indonesia: Challenges of Consolidation”**, at Hotel Malya, Bandung, on **23-25 February 2006**. For that purpose, I would like to invite you to participate by presenting a paper on topic of your own choice at one of the sessions of the conference.

We would be very pleased if you could attend the conference and present you paper on the related subject. I will communicate with you later regarding the conference schedule and programme.

In the meantime, let me thank you in advance for your attention and cooperation, I look forward to meeting you soon.

With Best Wishes,

Dr. Bob Sugeng Hadiwinata
Conference Organizer

International Conference
Democracy in Indonesia: Challenges of Consolidation
Jakarta and Bandung, February 23 - 25, 2006

funded by Fritz-Thyssen-Foundation

Programme

organized by the

Indonesia Research Unit (IRU)

Institute of Political Science, International Relations and Foreign Policy Studies,
Justus-Liebig-University Giessen, Germany

in co-operation with

Parahyangan Catholic University (UNPAR),

Bandung, Indonesia

and

Centre for Strategic and International Studies (CSIS),

Jakarta, Indonesia

Fritz Thyssen Stiftung
FÜR WISSENSCHAFTSFÖRDERUNG

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GIESSEN

Following the resignation of President Suharto in May 1998, Indonesia endured a difficult transition to democracy. Years of authoritarian government, military repression, endemic corruption and shaky economic development which contributed to the economic crash of 1997 and the political turmoil of 1998 left the country fragile and uncertain of its future. The fall of the Suharto regime was seen by most Indonesians as the beginning of a new era of political freedom and openness.

Despite some serious problems and challenges faced by the post-New Order governments, nearly eight years after the demise of the authoritarian regime encouraging signs of democracy must be acknowledged. Institutions and procedures for insuring free and competitive election have been implemented and no significant non-democratic forces are currently attempting to disrupt the electoral process and results. In two democratic elections both legislatures and heads of government have been elected successfully. Moreover, four amendments to the constitution now ensure that checks and balances to the powers of the government are exercised.

In analyzing current developments in Indonesian politics, the prospects of the Indonesian democratization- and consolidation process shall be discussed and evaluated in this conference.

International Conference Democracy in Indonesia: Challenges of Consolidation Jakarta and Bandung, February 23 - 25, 2006

funded by Fritz-Thyssen-Foundation

Programme

- Wednesday, 22 February 2006:** *Arrival in Jakarta*
- Thursday, 23 February 2006:**
- morning Workshop in co-operation with the
Centre of Strategic and International Studies (CSIS), Jakarta
- afternoon Transfer to Bandung
- evening Inauguration of Parahyangan-University's *European Studies Centre (ESC)*,
Ceremony in honor of Prof. Dr. Reimund Seidelmann, IRU, University
Giessen, who was awarded Parahyangan-University's Honorary Professor
(Bandung).
- Friday, 24 February 2006:** *Conference convenes in Bandung*
- 09:00-09:30 **Opening Remarks**
Dr. Pius Kartasasmita, Rector, Parahyangan-University, Bandung
Prof. Dr. Reimund Seidelmann / Dr. Christoph Schuck, IRU, University
Giessen
- 09:30-13:30 **Concepts of a Democratic Society and Transition-Theories**
(Chair: Prof. Dr. Reimund Seidelmann, IRU, University Giessen)
PD Dr. Mark Arenhoavel, St. Kliment-Ochridski-University Sofia/Bulgaria
and IRU, University Giessen, *Between Universalism, Particularism and
Relativism: In Search of a Definition of Democracy*
Prof. Dr. Dieter Eissel, Institute of Political Science, University Giessen,
*The Vertical Dimension of Democracy: Federalism, Regionalism, and Local
Autonomy*
Andreas Vasilache, MA, IRU, University Giessen, *Precarious Statehood, the
Fleeting Boundaries of Sovereignty and the Indonesian Case*
Prof. Dr. Wolfgang Merkel, Social Science Research Center Berlin, *The
State of Transformation Research*
Dr. Christoph Schuck, IRU, University Giessen, *The Indonesian
Democratization Process and its Impact on Transition Theories*

15:00-19:00

Democratization in Indonesia (I): Political System, Culture, and Decentralization (Chair: Prof. Dr. Dieter Eissel, University Giessen)

Prof. Dr. Thomas Meyer, University Dortmund,
Idea and Concept of Social Democracy and the Indonesian Case
Dr. Yulius Hermawan, Parahyangan-University Bandung,
Political Parties and Parliamentarism in Indonesia

Dr. Resy Canonica-Walangiang, RTSI Lugano/Switzerland and IRU,
University Giessen,
'Clean' Governance: The Challenge to Fight Corruption in Indonesia

Prof. Dr. Bernd Nolthofer, University Frankfurt,
*The Role of Cultural Features in the Creation of New Provinces in
Indonesia - the Case of West and Central Java*

Dr. Pius Kartasasmita, Parahyangan-University Bandung,
Decentralization in Indonesia: Problems and Prospect

Dr. Pius S. Prasetyo, Parahyangan-University Bandung and IRU, University
Giessen, *Village Democracy in Indonesia. A Case Study from West Java*

Saturday, 25 February 2006:

09:30-13:30

Democratization in Indonesia (II): Security Sector, Religion, and the "Uncivil" Society (Chair: Prof. Dr. Wolfgang Merkel, Wissenschaftszentrum Berlin)

Dr. Aleksius Jemadu, Parahyangan-University Bandung and IRU, University
Giessen, *Human Rights Promotion in Indonesia: Problems and Prospect*

Esther Heidebuechel, MA, IRU, University Giessen,
Violence and Separatism in West Papua

Dr. Ingo Wandelt, Federal Language Office Huerth and IRU, University
Giessen,
Reforms in the Security Sector in Indonesia: Military or Civil Supremacy?

Prof. Dr. Azyumardi Azra, State Islamic University Jakarta,
Islam and Democracy in Indonesia (to be confirmed)

Prof. Dr. Franz Magnis-Suseno, Philosopher, Jakarta,
The Inter-Faith Dialogue in Contemporary Indonesia

Dr. Bob S. Hadwinata, Parahyangan-University Bandung and IRU,
University Giessen, *Civil or Uncivil Society? The Rise of Islamic Radicalism
and its Impact on Democratization in Indonesia*

15:00-19:00

Foreign Relations of a Democratic Society

(Chair: Dr. Bob S. Hadwinata, Parahyangan-University Bandung and IRU,
University Giessen)

Prof. Dr. Reimund Seidelmann, IRU, University Giessen,
Foreign Policy of a Democratic Society

Winanto Adi, MA, Foreign Ministry of Indonesia and IRU, University
Giessen, *The Security Policy of Indonesia*

Dr. Banyu Perwita, Parahyangan-University Bandung and IRU, University
Giessen, *The Impact of Islam on Indonesia's Foreign Policy*

Dr. Andreas Pereira, Member of the Indonesian Parliament (DPR) and IRU,
University Giessen, *Indonesia and the European Union: The Case of ASEM*

19:00-19:30

Summary and Outlook

Dr. Bob S. Hadwinata, Parahyangan-University Bandung and IRU,
University Giessen

Dr. Christoph Schuck, IRU, University Giessen

Sunday, 26 February 2006:

Departure

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50th

Kepada
Yth. Dr. Pius Suratman Kartasasmita
Di Tempat

Bandung, 8 Pebruari 2006

Perihal: Undangan sebagai pembicara/pemakalah

Dengan hormat,

Sehubungan dengan diadakannya workshop international tentang "*Democratization in Indonesia: Challenges to Consolidation*" di Hotel Malya, Bandung, pada tanggal 24-25 Pebruari 2006. Sebagaimana tercantum dalam daftar acara terlampir, kami mengharapkan Bapak dapat menulis dan mempresentasikan makalah dengan tema pokok "*Decentralization in Indonesia: Problems and Prospects*".

Atas perhatian Bapak, kami mengucapkan terima kasih yang sebesar-besarnya. Partisipasi Bapak akan sangat berarti bagi kami.

Hormat kami,

Bob Sugeng Hadiwinata, Ph.D.

Ketua Panitia Workshop

UNPAR	
No. Agenda :	340
Tanggal :	08 FEB 2006
No. Surat Jawaban :	