Indonesia’s Decentralization

The Rise of Local Identities and the Survival of the Nation-State

Indonesia Update Conference, 20 September 2013
Marcus Mietzner, ANU
Structure of the Presentation

1. Decentralization and the Indonesian Nation-State
2. Messy but Popular: Decentralization in Opinion Polls
3. The Non-Violent Renaissance of Local Identities
4. Decentralization and the Expansion of the State
5. Local Elections, Cross-Constituency Cooperation and Alternative Leadership
6. Conclusions: The Survival of the Indonesian Nation-State
Decentralization and the Indonesian Nation-State

- Across the world, decentralization launched for a variety of reasons
- Economic modernization (China, Vietnam)
- Post-authoritarian transition (Brazil, South Africa, Mexico)
- Post-conflict healing (Cambodia, Rwanda, Uganda)
- But few states launch decentralization initiatives to prevent the disintegration of the state in the middle of a severe crisis; Indonesia did
Decentralization and the Indonesian Nation-State

- Concerns both in Indonesia and abroad that it could become the next Yugoslavia or Soviet Union
- Decentralization designed as policy response to this threat
- That was done despite well-known risks inherent in decentralization
- 1. “Mixed at best in terms of realizing many of the stated objectives of reform” (Eaton, Kaiser, Smoke)
- 2. Increasing regional inequality (Prud’homme)
- 3. Wasteful spending, benefitting the elite rather than the poor (Mawhood)
- 4. Local democracy empowers the already powerful (Asante and Ayee)
- 5. Decentralization of corruption
Indonesia has experienced most, if not all these phenomena.

But despite these shortcomings, Indonesian centre-periphery relations are arguably more stable today than ever before.

What accounts for this apparent paradox?

Aspinall: elite interests have been effectively accommodated.

Four additional factors: strong public satisfaction with decentralization; flourishing of local identities; increased level of state penetration; careful electoral engineering.
Support for decentralization

Mendukung atau Menolak Otonomi Daerah (%)

- Mendukung: 73%
- Menolak: 27%
Chart 1: Net Satisfaction with Political Administrations and Institutions, 2008

Note: data based on Democracy International (2008); net satisfaction is calculated by subtracting the percentage of respondents dissatisfied with a particular administration or institution from the percentage of satisfied respondents.
What, then, explains the discrepancy between scholarly assessments of decentralization and the high level of public satisfaction?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NTB</td>
<td>56.7</td>
<td>54.2</td>
<td>57.8</td>
<td>60.6</td>
<td>62.4</td>
<td>63.0</td>
<td>63.7</td>
<td>64.1</td>
<td>64.6</td>
</tr>
<tr>
<td>W. Kalimantan</td>
<td>63.6</td>
<td>60.6</td>
<td>62.9</td>
<td>65.4</td>
<td>66.2</td>
<td>67.1</td>
<td>67.5</td>
<td>68.2</td>
<td>68.8</td>
</tr>
<tr>
<td>W. Sulawesi</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>64.4</td>
<td>65.2</td>
<td>67.1</td>
<td>67.7</td>
<td>68.6</td>
<td>69.2</td>
</tr>
<tr>
<td>Gorontalo</td>
<td>--</td>
<td>--</td>
<td>64.1</td>
<td>65.4</td>
<td>67.5</td>
<td>68.0</td>
<td>68.8</td>
<td>69.3</td>
<td>69.8</td>
</tr>
<tr>
<td>Jakarta</td>
<td>76.1</td>
<td>72.5</td>
<td>75.6</td>
<td>75.8</td>
<td>76.1</td>
<td>76.3</td>
<td>76.6</td>
<td>77.0</td>
<td>77.4</td>
</tr>
<tr>
<td>National</td>
<td>67.7</td>
<td>64.3</td>
<td>65.8</td>
<td>68.7</td>
<td>69.6</td>
<td>70.1</td>
<td>70.6</td>
<td>71.2</td>
<td>71.8</td>
</tr>
</tbody>
</table>

Note: Based on Badan Pusat Statistik (2010); these numbers differ slightly from the HDI index calculated by the United Nations.
But beyond economic statistics, there are other factors that underpin the popularity of decentralization. One of these factors is the renaissance of local identities. The popularity of this renaissance can only be fully appreciated by contrasting it with the uniformization policies of the New Order. Laws 5/1974 and 5/1979 had standardized local government. Javanese and Sundanese officials ruled a large number of districts and provinces. 73 percent of all provinces were run by Javanese or Sundanese bureaucrats for at least one term; 50 percent for at least ten years.
Electoral decentralization and democratization has fundamentally changed the face of local Indonesia.

Highly fragmented map of political affiliations and loyalties.

By 2013, only one Javanese governor outside of Java.

Citizens can elect personnel for 11 political institutions in up to 7 different polls during a 5-year cycle.

Long-suppressed local identities re-emerged.
The Renaissance of Local Identities

- The appeal to specific local identities and traditions is now a prerequisite for political leaders to compete in local elections.
- Without being deeply rooted in a locality, politicians stand little chance of winning.
- Outsiders who simply rely on money politics often fail.
- But not only have pre-existing identities been strengthened; the dynamics of *pemekaran* have created new identities, adding new layers of complexity to the identity politics of decentralized Indonesia.
Chart 2: Communal Violence in Indonesia, 1990-2003

Source: Varshney, Tadjoeddin and Panggabean (2010: 35)
Undoubtedly, the revitalization of local identities has led to ethnic and religious exclusivism in some areas, but its net effect on centre-periphery relations has been a stabilizing one. Three main correctives were built into the decentralization:

First, powers and resources were delegated to the district and municipality level, not to the provinces; this pre-empted the emergence of large administrative units big enough to stake a claim on nationhood.

Second, the system of DAU payments mitigated the regional inequalities inherent in decentralization.

Third, the electoral framework adopted in 1999 maintained national parties as the key political actors of post-Suharto Indonesia;
Another main factor behind the consolidation of centre-periphery relations is the strengthening – rather than erosion – of the state.

Many observers had feared that decentralization would create a power vacuum.

But the state expanded at the local level and entrenched itself in an unprecedented manner.

Ironically, the main driver of this process has been the much-criticized pemekaran.

The creation of new districts, sub-districts and villages brought administrative structures into remote areas of the Outer Islands.

95 percent of new districts created in the Outer Islands.
Table 3: Number of Provinces, Districts, Municipalities, Sub-districts and Villages, 1998-2010

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provinces</td>
<td>27</td>
<td>30</td>
<td>31</td>
<td>33</td>
<td>33</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Districts</td>
<td>249</td>
<td>268</td>
<td>302</td>
<td>349</td>
<td>349</td>
<td>370</td>
<td>399</td>
</tr>
<tr>
<td>Municipalities</td>
<td>65</td>
<td>73</td>
<td>89</td>
<td>91</td>
<td>91</td>
<td>95</td>
<td>98</td>
</tr>
<tr>
<td>Sub-Districts</td>
<td>4,028</td>
<td>4,049</td>
<td>4,918</td>
<td>5,277</td>
<td>5,656</td>
<td>6,425</td>
<td>6,699</td>
</tr>
<tr>
<td>Villages/Kelurahan</td>
<td>67,925</td>
<td>69,050</td>
<td>70,460</td>
<td>69,858</td>
<td>71,563</td>
<td>75,410</td>
<td>77,548</td>
</tr>
</tbody>
</table>

Source: Badan Pusat Statistik (2010)
Decentralization and the Expansion of the State

- Side effect of this expansion of local state institutions has been the “civilianization” of Indonesian politics in the regions
- Patrick Walters in 1999: “military remains the only truly institution in Indonesia with a cohesive and disciplined network that stretches down to the village level”
- A decade later, civilian bureaucrats have replaced military officers as the strongest political forces at their various levels
- Territorial command structure plays second fiddle to civilian authorities
- Local elections have further reduced (rather than strengthened) the role of military
- Percentage of governors with a military background has fallen from 80 percent in the early 1970s and 40 percent at the end of the New Order to now 6 percent
Local Elections, Cross-Constituency Cooperation and Alternative Leadership

- The dynamics of the direct local elections constitute the fourth and final factor in the stabilization of centre-periphery relations.
- Quite unusually, in Indonesia political decentralization followed administrative and fiscal decentralization.
- But despite a myriad of problems (dominance of oligarchic and bureaucratic elements, money politics, logistical obstacles, frequent legal challenges), the elections have been popular with the citizenry.
- Popularity of the elections became clear when national elites tried to abolish them.
Chart 3: Popular Support for Direct Gubernatorial Elections, 2010

Source: Data provided by Lingkaran Survei Indonesia, 24 November 2011.
Local Elections and Inter-Ethnic Cooperation

- But the elections have not only had a consolidating effect on local affairs because they integrated voters into a mostly elite-driven decentralization process.
- The elections have also fostered cross-ethnic and inter-religious cooperation through sensible electoral engineering.
- The stipulation that forced candidates to form a joint ticket made cross-communal alliances not only practical, but a precondition for electoral success.
Local Elections and Inter-Ethnic Cooperation

- Incentive for coalition-building between communities also reflected in the constellation of the party alliances that nominated candidates
- Exclusivist Islamic coalitions were only behind 4 percent of all nominations

*Chart 4: Coalition-Building Between Parties in Local Elections, 2005-2007*

Source: Data provided by Jeremy Gross, then at The Asia Foundation Jakarta, June 2007.
Conclusions: The Survival of the Indonesian Nation-State

- Indonesia’s decentralization process has been marred by a wide variety of problems
- But given Indonesia’s political history and level economic development, that should not come as a surprise
- The more surprising thing is that centre-periphery relations are now more stable than at any other point in Indonesia’s history
- The last major decentralization project in Indonesia (in 1956) had been followed by two years of regional rebellions, the collapse of democracy and forty years of military-backed authoritarianism, which managed centre-periphery relations through force and centrally managed development programs
Conclusions: The Survival of the Indonesian Nation-State

- From a historical perspective, post-Suharto decentralization achieved its goals
- It was not primarily about bringing good governance to a deeply patrimonial and patronage-driven polity
- It was, more fundamentally, about securing the survival of the nation-state by reconciling the regions with a centre that had systematically undermined their local identities since the 1950s
- Concessions given to regions sufficient for them to settle into a stable working relationship with Jakarta
- Given Indonesia’s own history, and the tense centre-periphery relations in states such as the now former Sudan, Nigeria, Burma, Ukraine and even Belgium, this should not be taken for granted
Conclusions: The Survival of the Indonesian Nation-State

- Decentralization has worked because it has been supported by both the local elite and the broader citizenry.
- The importance of elite accommodation should not be underestimated – it was a crucial precondition for decentralization to be successful.
- Separatist groups are rarely grassroots movements for clean governance – they are elite groups marginalized from resource distribution processes.
- Thus, addressing their concerns and demands may be disturbing to proponents of good governance, but it has effectively mitigated centrifugal tendencies.
- Popular support for decentralization was equally important.
- Crucially, Indonesians do not assess the success or failure of decentralization based on economic indicators alone; they appreciate the opportunities for greater political participation and expression of local identities.
Conclusions: The Survival of the Indonesian Nation-State

- Hence, while erring on many details in the decentralization process, Indonesia got the fundamentals right.
- The decision to delegate power to the districts was essential, as was the design of the DAU system and the crafting of the electoral framework.
- Similarly, Indonesia made correct calls in terms of the sequencing of decentralization: Falleti has shown that if administrative decentralization is launched without adequate fiscal decentralization, the entire decentralization effort can collapse.
- Most importantly, as Miodownik and Cartrite have argued, wrongly sequenced or incomplete decentralization can further aggravate the discontent of regions.
- These dissatisfied elites then often initiate the “most extreme ethno-political mobilization.”
- That Indonesia has avoided this scenario is, in essence, more remarkable than any of the shortcomings that continue to plague its decentralization process.