

## **The Future Of Decentralization Politics In Indonesia**

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### **Abstrak**

*Tanpa banyak persiapan, Indonesia pada tahun 2000 sistem baru menggantikan sistem pemerintahan terpusat sebelumnya dan perencanaan pembangunan dengan berbagai program desentralisasi. Reformasi memberikan kewenangan yang lebih besar, kekuatan politik, dan sumber daya keuangan langsung ke kabupaten dan kota, melewati provinsi. Kekuatan yang ditransfer termasuk mereka yang melaksanakan berbagai tanggung jawab di bidang kesehatan, pendidikan dasar dan menengah, pekerjaan umum, lingkungan, komunikasi, transportasi, pertanian, manufaktur, dan sektor ekonomi lainnya. Pada saat yang sama, pemerintah menggantikan sistem keuangan publik berbasis uang tunai, sistem keuangan masuk tunggal dengan sistem akuntansi double-entry modern yang menggunakan satu rekening treasury; berdasarkan kinerja; dan memiliki manajemen kas publik yang transparan, pengeluaran yang ketat dan kontrol keuangan dengan indikator kinerja, pelaporan terkomputerisasi, dan sistem audit yang dijadwal ketat.*

**Kata Kunci: Desentralisasi, Politik Desentralisasi, Indonesia.**

### **Abstract**

*Without much preparation, Indonesia in 2000 the new system replaced the previous centralized governance system and development planning with various decentralization programs. The reforms gave greater authority, political power, and financial resources directly to districts and cities, through the provinces. Strengths transferred include those who carry out various responsibilities in the fields of health, primary and secondary education, public works, environment, communication, transportation, agriculture, manufacturing, and other economic sectors. At the same time, the government replaced the cash-based public finance system, a single-entry financial system with a modern double-entry accounting system that uses one treasury account; based on performance; and has transparent public cash management, strict expenditure and financial controls with performance indicators, computerized reporting, and a tightly scheduled audit system.*

**Keywords: Decentralization, Politics of Decentralization, Indonesia.**

## **Introduction**

Empirical studies conducted by the World Bank and the IMF show that the success of decentralization has increased the efficiency and effectiveness of public sector services, and has successfully accommodated the pressure of political forces. In contrast, the failure of decentralization has threatened economic and political stability and disrupted the provision of public services (Jaya, 2010: 3). A number of studies in developed and developing countries, including Indonesia, show that the enactment of the decentralization law has pushed for horizontal accountability, but also has become an opportunity for new channels to occur in the practice of abuse of power such as corruption, money politics, lobbying, even thuggery (Seymour & Turner, 2002; Hidayat, 2009; Jaya, 2010). In addition, one of the risks of a decentralized system is the possibility of full control by regional elites (Robison & Hadiz, 2004), because one of them is by institutional design that is made inefficient (Jaya, 2010).

In a seminar organized by the LIPI's "8th Year Decentralization and Regional Autonomy" in Jakarta on 29 April 2010, there were several important points about the reality of Indonesia's

decentralization. First, decentralization tends to create a distribution of opportunities for corruption; second, that Indonesia as a unitary state must not only be read as a proposal for the unity of Indonesia, but also as a good intention to restore the dominance of the central government; third, the moratorium policy for regional expansion is inconsistent and tends to become "politics as usual"; Finally, that the main idea behind decentralization and regional autonomy policies is to improve public services and democratization at the local level, but apparently not in accordance with the reality.

This indicates that since the fall of the New Order regime with a centralized design of government, so much hope for decentralization has not yet shown concrete evidence. Product reform with Law No. 22 of 1999 concerning regional government which was later replaced by Law No. 32 of 2004 only reaps a variety of problems. Among them, the effort of Law No. 32 of 2004 to restore vertical accountability was not successful, horizontal accountability between the legislature and executives at the district level, even became paralyzed (Buehler, 2009: 102). In short, the design of policies that should be able to prosper

the people in the regions, have experienced many irregularities in the two decades post-reform.

This fact implies a big question for all of us. Is decentralization not really compatible in Indonesia? Or, by considering the theoretical concept that decentralization is still and continues to look for forms, in line with the balancing of power process that is most suitable to be applied between the central government and regional governments, and in accordance with the overall socio-political structure of Indonesian society.

For this reason, this paper identifies several key issues regarding decentralization in Indonesia. First, we present theoretical reflections in understanding decentralization. Second, we describe historically the development and background of Indonesia's decentralization. Third, outlines the reality and practice of Indonesia's decentralization in various regions. Finally, we conclude what the future of Indonesia's decentralization looks like.

### **Definition Of Decentralization**

Broadly speaking, there are two models in the state formation, namely the federal state model and the unitary state model. The federal state model

departs from a basic assumption that it is formed by a number of independent countries or regions, which from the beginning had sovereignty or some kind of sovereignty in their respective countries. The countries or regions then agreed to form a federal. The state or territory of the founding federation then changes its status to a state or administrative area with a certain name in the federal environment (Sholikin, 2018a).

While the unitary state model, according to Ryaas Rasyid and Andi Mallarengeng, is that the basic assumptions are different from federal states. The formation of a unitary state was declared at the time of independence by the founders of the country by claiming all of its territory as part of one country. There is no agreement between the regional authorities, let alone countries, because it is assumed that all regions included in it are not independent parts of the territory. On that basis, the state forms regions or regions which are then given power or authority by the central government to take care of the interests of the people. Here it is assumed that the state is the source of power. Regional power is basically a decentralized central power,

and then autonomous regions are formed. (1999: 18).

By looking at these two definitions, for the Indonesian context, in general the rejection of federalism was caused by two factors: first, federalism was contrary to the 1945 Constitution and the spirit of the founding fathers to deny the soul of the proclamation. Second, ignorance or at least confusion over the concept of federalism. In addition, the extent to which the Indonesian people agreed to accept the demands of the federation, which would almost certainly make a gap between regions rich in poor regions. Rich regions will have the opportunity to benefit from federalism, while the poor will suffer because the central authority to develop economic and financial policies that are cross subsidized will be more limited (Sholikin, 2018a).

Decentralization is an old phenomenon that re-arises from the need to overcome increased administration, financial complexity and democratization in certain political jurisdictions. Decentralization is intended to improve the welfare development of a country. However, different political and economic influences, allow various countries to

face different realities, different forms of speech, or degrees in the devolution of different authorities. The World Bank notes that decentralization usually occurs during periods of political and economic upheaval, such as euphoria at the fall of an authoritarian regime, economic crisis, and the struggle for power of new interest groups (Asia Research Center, 2001).

Decentralization can be defined as the transfer of responsibility for planning, management and management of resources and allocations from the central government and its institutions to: (a) field units of central government ministries, (b) units under the central government or government level, (c) semi-autonomous or corporate public authorities, (d) regions, regional or functional authorities, or (e) private or non-government organizations (NGOs) (Rondinelli et.al, 1983: 13).

### **Decentralization Model**

There are four forms of decentralization that can be distinguished by the level of authority and power, or the scope of their functions. The first form is deconcentration, which is the delegation of responsibility of the central government to the regions.

Deconcentration involves the transfer of functions in the central government hierarchy through shifting workloads from the central department to field officers, or shifting responsibilities to local administrative units that are part of the central government structure (Rondinelli, 1983: 189). This can operate on different scales and different degrees. For example, deconcentration might not really increase local input in decision making because it only allows for administrative processes to be carried out at the local level (Seymour & Turner, 2002: 33-34).

The second form of decentralization is delegation, involving delegation to semi-autonomous organizations. Delegates involve delegation of authority to regions or functional institutions, parastatal organizations (for example: banks, airlines, trains, television stations, and telephone services) or special project implementing units that often operate freely from central government regulations regarding recruitment of personnel, contracts, budgeting, procurement, and other matters, and acting as agents for the state in carrying out the functions determined with the main responsibility remaining to the

central government (Rondinelli, 1983: 189). In short, this form is a delegation of decision making and management authority for special functions for organizations that are not under the direct control of the central government department. This authority organization can be delegated to public companies or certain project implementing units (Sholikin, 2018b).

Third, devolution, involves the transfer of functions or decision-making authority to the regional government incorporated legally, such as the state, province, district or city (Rondinelli, 1983: 189). Devolution is the creation or strengthening of financial or legally-local government, activities that are substantially outside the direct control of the central government. In devolution, local government units are autonomous and independent and their legal status makes regional governments separate or different from the central government. Usually, local governments have clear and legally recognized geographical boundaries in which they exercise exclusive authority to carry out explicit functions that have been given or provided. Local governments have management authority or laws to

increase income and make regional spending (Rondinelli et.al, 1983: 24-25).

Finally, the transfer to non-government institutions or privatization, is a shift of responsibility for activities from the public sector to private or quasi-public organizations that are not part of the government structure (Rondinelli, 1983: 189). Organizations are given responsibility for licensing, regulating, or overseeing the community that is a member, where previously the function was carried out or regulated by the government. In some cases, the government can decentralize by shifting the responsibility for producing goods and providing services previously carried out by state-owned or public companies to be owned or controlled by private companies. The government can also transfer responsibilities to organizations that represent various interests in the community and those that are established and operated by members of their organization. Such as farmer cooperatives, credit associations, village development organizations, trade unions, or women's organizations and youth organizations (Rondinelli et.al, 1983: 28).

What are the main points from the description above? According to

Rondinelli, Nellis and Cheema (Rondinelli et al., 1983: 9-10), decentralization is an expectation that will reduce overload and administrative and communication bottlenecks in government. The design of decentralization is expected to improve the government's response to the community and increase the quantity and quality of services provided. Decentralization is often justified as a way to manage national economic development more effectively and efficiently. Decentralization is often seen as a way to improve the ability of central government officials to get better information about local or regional conditions, to plan local programs that are more responsive and react more quickly to problems. In theory, decentralization must allow government programs to be completed more quickly, by giving greater authority to local governments in decision making, thus enabling them to cut out slow procedures that are often associated with centralized administration.

In addition, according to Rondinelli and Cheema (in Seymour & Turner, 2002: 34), decentralization can be a positive route for developing countries. Decentralization also allows for greater representation of different

political, religious, ethnic and ethnic groups in the decision-making process. So that it can cause even distribution of resources and government funding. Decentralization can also increase political stability and national unity by allowing different populations to take part more freely in decision making, thereby increasing "shares" in the political system.

There are many expert opinions about the need for decentralization. One of them is what was stated by The Liang Gie (1968), according to him decentralization is very necessary for the following reasons:

1. Viewed from a political point of view as a game of power, decentralization is intended to prevent the accumulation of power on one side which ultimately can lead to tyranny.
2. In the political field, the implementation of decentralization is considered as a democratization measure, to attract people to participate in government and train themselves in using democratic rights.
3. From the point of view of governmental technicalities, the reason for establishing regional government (decentralization) is

solely to achieve an efficient government. What is considered more important to be managed by the local government, the management is handed over to the regions. The things that are right in the hands of the center are still managed by the central government.

4. From a cultural point of view, decentralization needs to be held so that attention can be fully shed on the specificity of a region, such as geography, the state of the population, economic activities, cultural character or historical background.
5. From the point of view of economic development interests, decentralization is needed because the government can more and directly assist in the development.

However, decentralization is also a debate, when in reality, (Solikhin, 2017) decentralization is only a certain pragmatic need. Seymour and Turner (2002: 34-35) summarize this reality from the various results of studies of several scientists in various countries. The decentralization policy that is being implemented because some state politicians believe their short-term decline in power can increase their long-term popularity. Second, they were

forced to do so, as happened in Brazil where, in 1980, governors who controlled the career path of national politicians, used their influence, demanding that the government be more decentralized. In addition, the decision to decentralize is related to various forms of pressure, including pressure from international lenders, such as the World Bank and the International Monetary Fund (IMF). Both institutions strongly support decentralization efforts, and believe it to be a central part of the democratization process and are useful in facilitating the Western-style capitalist market economy. Domestic pressure also comes from a variety of different actors and stakeholders. For example, regime change has created a power vacuum that allows local politicians and groups to force greater autonomy. The elite's aim is only to fill the vacuum of public positions in the region.

The debate continues even between neo-Marxist and neo-liberal theories (Slater, 1990; Rondinelli, 1990). However, despite different theoretical points of view, most authors agree that decentralization, as experienced in developing countries to date, does not necessarily facilitate "development" or produce democracy. In fact, some of the

literature evaluating decentralization shows that real success stories are quite rare. Several studies have shown that decentralization has actually reduced service quality in some cases, created disparities between regions, and could increase corruption (Seymour & Turner, 2002: 35). A study conducted by Blair (in Seymour & Turner, 2002) in six countries (Bolivia, Honduras, India, Mali, Philippines and Ukraine) found that even though large autonomy was owned by local governments, however, it failed to help alleviate poverty. This is because local elites who gain power (through decentralization), direct benefits for themselves.

### **The Future Of Decentralization In Indonesia**

The concepts that have been described before, become our point of view in looking at the reality of decentralization in Indonesia. In this section, we describe the results of studies and information from the media related to the reality of decentralization. We recognize the need for a comprehensive and comprehensive analysis before drawing conclusions about the future of Indonesia's decentralization. However, various constraints and time constraints make this paper only focus on a number



of aspects. For this reason, we describe a number of cases that are considered important related to decentralization, namely post-conflict local election, corruption, conflict, and institutional design.

How about Indonesia? In practice, decentralization and post-conflict local election have been accompanied by the emergence of gangsters (gangsters), the spread of money politics and corruption in the regions (Hadiz, 2005; Hidayat, 2009). Competition, quarrels, and fights to control decentralized power and resources have taken place. Sometimes it causes compromises where elites share "a piece of cake" together. On the other hand, others see that decentralization and post-conflict local elections have enabled the development of local civil society and the emergence of old local elites such as past bureaucrats, ethnic leaders and nobles in the area (Dwipayana, 2004; Nordholt & van Klinken 2007; Buehler, 2009 )

The implementation of a decentralized system raises strong regional people. Popularized by Joe. Migdal which named Local Strongman. According to Migdal, the presence of strongmen in the third world is a reflection of the strength of its pluralistic

society and the weakness of the state (2001: 85). Each group in society has its own leader and this leader is relatively autonomous towards the state. Because of its economy, the sustainability of strongmen depends on the "social capacity" of the country. What Migdal means about the concept of "social capacity" is the ability of the state to make its citizens comply with the "rules of the game" in society. It also includes the ability to provide resources to achieve its core goals and regulate everyday people's behavior. In third world countries, these capabilities are weak and this is what causes the proliferation of local strongmans.

Migdal stated that strongmen can survive because of the collaboration with the state and political parties. This gave birth to the formation of a "triangle of accommodation", ironically this triangle allows state resources to strengthen local strongmen and their organizations that regulate the game conflict. Migdal further stated that the sustainability of strongmen locality also depends on the state's power to regulate their control; they learn to accommodate populist leaders to 'capture' state organizations at a lower level (1988: 256).

Decentralization and democratization in Indonesia have created a competitive movement between communal coalitions in areas dominated by shadow state activities. It was triggered by the historical process and modern politics, especially urbanization, state formation, developmentalism, and clientelism. The presence of decentralization is not political dissatisfaction (van Klinken, 2007: 12-13). Institutional design in Indonesia also encourages de-democratization which will result in an ineffective and corrupt government. The results of the report on the progress of local government financial statements (Pemda) by the Financial Audit Agency (BPK) in 2010 show that in 2009, of 435 local governments in Indonesia only 4% had received a Fair Without Exception (WTP) opinion, and 72% of local governments obtained Fair with Exceptions (WDP) while the remaining 24% of local governments obtain an opinion that does not provide an opinion (TMP) or disclaimer.

According to the BPK the main problems are low budget discipline, low absorption, low accountability for activities, deviations from the management of regional revenues and

expenditures and low accountability for financial accountability (BPK, 2010). Data from Indonesia Corruption Watch (ICW) shows that regional finance contributes to state financial losses due to corruption that occurred in the first semester of 2010 (ICW, 2010). From the ICW report, it turns out that individuals in the parliament (DPRD) and regional heads are still the highest ranking in carrying out acts related to corruption in the regional government.

More macro, democracy, welfare and a better service system failed to be fulfilled by the regions. Some regions actually get a number of chronic pathologies. A number of recent research clearly shows that the pathological phenomena of government management continue to survive and expand in areas in this era of autonomy. Robison and Hadiz (2003), for example, concluded that decentralization had become a new land of power for dirty political practices and political thuggery that had taken root long ago. An anti-democratic phenomenon that has been identified by authors in a book edited by Aspinall and Faley (2002) which reveals that, even though local politicians and ruling bureaucrats must make radical adjustments in the era of



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