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Introduction

Renegotiating boundaries

After the monetary and political crisis of 1997 and 1998, which was followed by a period labelled 'Reformasi', many observers said Indonesia had entered a transitional phase from authoritarian rule towards a new democratic system of government in which civil society played a more prominent role.¹ The transition was, moreover, accompanied by a process of decentralization, bringing regional autonomy and democracy while making government more transparent.

Others contested this optimistic perception and sketched a negative transition from 'order to disorder'. After decades of authoritarian centralist governance, attempts to introduce political and economic change seemed doomed, in the face of bureaucratic sabotage, corrupt power politics, short-term opportunism, and the absence of a widely shared vision of the future. In the light of outbursts of ethnic and religious violence in various regions of the archipelago, regional resistance movements, the inability to restructure both the army and the economy and to curb collusion, nepotism and corruption, pessimists were inclined to classify Indonesia in the category of 'failing' or 'messy' states. In short, they predicted further disintegration, which could eventually lead to the breaking up of the nation-state.

Recently the process of decentralization in Indonesia was equated with a process of democratization and the rise of civil society.² These are, however, three very different processes. A shift from centralized to a decentralized government is not synonymous with a shift from authoritarian to democratic rule nor does it automatically imply a shift from a strong state towards a strong civil society. The weakening of the central state does not automatically result in more local democracy. On the contrary, decentralization can under certain conditions be accompanied by new forms of authoritarian rule.

Although the term 'transition' can also be used to indicate the transfer

¹ Parts of this introduction draw on Schulte Nordholt 2003.

² Antlöv 2003; Aspinall and Fealy 2003; Shaikhu Usman 2002.

from one authoritarian system to another, it does not capture the complexity of the historical processes that are creating contemporary Indonesia, nor does it offer the opportunity to trace 'changing continuities' in Indonesian politics. Given that a 'new Indonesia' still seems out of reach and that the present period is marked by a certain amount of stagnation, it seems, for the time being, wiser to use the more neutral term 'post-Suharto Indonesia'.

This book is the latest in a growing series of studies providing 'snapshots' of Indonesia after the resignation of President Suharto. Some of these have focused mainly on the democratization.³ Others dealt more with the dynamics of decentralization.⁴ The present volume belongs to this second category. Like its predecessors it takes up questions that range from the political, such as democratization versus 'elite capture' of local state institutions, to the cultural, especially ethnic identities that emerge along with regional autonomy.⁵ However, coming in behind the front-runners has permitted us to be a little more ambitious. Firstly because almost all the contributors have conducted in-depth field studies for their chapter. A new research agenda that takes local dynamics seriously is beginning to bear fruit. And secondly, the longer view has allowed us to realize that what we are observing is not exclusively the result of the decentralization agenda. Often these are patterns of politics that may be new to observers from outside the region, but have been practised for decades in the provinces. Decentralization comes into this world not as a *deus ex machina* but as a rearrangement of existing force fields. This view from below gains credibility by the biographical interest of some contributions in this book.

This book aims to explore new approaches to local politics in post-Suharto Indonesia. In order to understand the dynamics of these politics we propose to investigate the nature and role of regional elites, particularly in the fields of bureaucratic, economic and identity politics. First, we will focus on the role of regional bureaucratic elites in the huge increase in the number of administrative districts, from 300 in 1999 to 440 in 2004. This process is aptly called *pemekaran*, or 'blossoming'. As we will demonstrate, this 'administrative involution' was driven by the interests of particular bureaucratic and political elites who often mobilized ethnic sentiments to achieve their goals. In the second place, we will concentrate on the economic policies of certain bureaucratic and political interest groups. Here we will introduce the concept of the 'shadow state',

³ Aspinall 2000; Arief Budiman et al. 1999; Emmerson 1999; Kingsbury and Arief Budiman 2001; Liddle 2001; Manning and Diermen 2000.

⁴ Aspinall and Fealy 2003; Erb et al. 2005; Kingsbury and Aveling 2003; Sakai 2002.

⁵ A separate but related literature has focused on the violence that surrounded the end of the New Order in some places: Anderson 2001; Bertrand 2004; Colombijn and Lindblad 2002; Van Klinken 2007; Törnquist 2000; and Wessel and Wimböfer 2001.

which is used in Indian and African settings in order to indicate the vital connections between formal and informal arrangements that characterize the regional economy. Related to these themes are questions regarding an economy of violence and the relative weakness of civil society. Finally, we focus on aspects of regional identity politics as they are manifested in terms of ethnicity, religion, and/or region. We take a particular interest in the role played by provincial urban middle class intellectuals. Taken together, the reorganization of power relationships at the regional level implies a fundamental renegotiation of boundaries in terms of bureaucratic competences, political power, economic arrangements and the (re-)definition of group identities. Throughout this book we aim to identify the major actors in these fields in order to understand the nature of (old and new) regional elites and the role they play.

Before we introduce these themes in more detail, we will briefly review the dominant approaches to Indonesian politics during the New Order and discuss some of the implications of the recent focus on regional dynamics. The sudden demise of the strong New Order state in 1998 came as a surprise to many professional Indonesia watchers. What seemed to be a solid and invincible regime turned out to be a fragile state, in which regional, religious, and ethnic identity politics became more dominant.⁶ The collapse of Suharto's regime in 1998 invites us to abandon the concept of the strong centralized state in favour of a model that offers room for a more fragmented polity. It is in this respect not only necessary to find new concepts to describe the present situation in Indonesia, but it is also imperative to rethink established views on the New Order.

The appearance of order

When after 1966 the New Order gradually took shape, the focus of academic research shifted away from the tensions between processes of nation-building and primordial attachments – which emphasized the importance of local attachments expressed in terms of kinship, religious community, language or customs (Geertz 1963) – and concentrated to a large extent on the nature of the state.⁷ In an influential essay, Harry Benda had characterized the late

⁶ But see the last chapter of Michael Vatikiotis' book, titled 'The fragile state' (Vatikiotis 1993:206-19).

⁷ Geertz (1963) borrowed Edward Shils' notion of 'primordial sentiments' and argued that they formed an obstacle to the civil politics of the new nation-states. It required an 'integrative revolution' to adjust old societies to the needs of the new states. Today we would label these primordial attachments 'ethnic' (see for example Liddle 1970), but we would no longer apply the evolutionary transition from traditional/local/primordial attitudes to the modernization process of nation-building.

colonial state as a *beamtenstaat* (Benda 1966). Framed in a Weberian model this state was seen as an apolitical administrative polity that was staffed by Dutch and 'native' officials – but with the Dutch firmly in control – for whom sound and centralized administration mattered most. It was a state that emphasized modern, efficient developmental governance.

Due to the rise of the strong New Order state, large groups in society were soon excluded from the political domain, which was restricted to competing factions within a small political elite. Harold Crouch (1979) argued that the New Order should be seen as a patrimonial cum military regime in which patron-client ties kept the state together. He also perceived a gradual process towards rational policy-making. There was considerable consensus among scholars about the patrimonial nature of the state.

Modifying the (neo-)patrimonial approach, Dwight King (1982) launched the concept of a bureaucratic authoritarian regime that is characterized by a high degree of corporatism. Instead of individual patron-client ties, various groups within the state as well as in society were collectively tied to the leaders of the state. Apart from the disciplining effects of the incorporation of these groups, there was, according to King, also a modest possibility for upward interest representation.

The New Order was, of course, not a static phenomenon, but evolved gradually into a relatively hegemonic regime (Mackie and MacIntyre 1994). Apart from the broad consensus about the (neo-)patrimonial cum corporatist nature of the New Order, scholars also agreed on the strength of the state and its autonomy vis-à-vis society.

Ruth McVey and Benedict Anderson introduced in this respect a comparative historical perspective. McVey (1982) took Benda's idea of the *beamtenstaat* as her point of departure when she compared the late colonial state with the New Order. Although the colonial state was basically run by civil servants and the New Order by the military, the similarities were compelling because both regimes were ultimately based on force, political demobilization, and a technocratic approach towards the modernization of society.

The continuity from the late colonial state to the New Order regime was further elaborated in a paradigmatic article by Benedict Anderson (1983). Referring to the book *Old societies and new states* edited by Geertz in 1963, Anderson gave his article the reversed title 'Old state, new society' because he located the origins of the New Order in the late colonial state. It was no longer society, but the state that had the most solid foundations.

By emphasizing the autonomy of the state qua state, Anderson took issue with Marxist interpretations of the state as a tool of international capital and the ruling bourgeoisie. Both McVey and Anderson reinforced a tendency among Indonesia watchers to conceptualize the state as disconnected from society. And since the state was growing stronger and did achieve economic

growth, studies of Indonesia were primarily focused on the New Order regime and its centre, Jakarta.

Criticizing the scholars who studied Indonesian politics from a strict Weberian perspective, Richard Robison initiated an alternative political economy approach in the 1980s. Indonesia was now situated within a broader context of international flows of capital, but the strength and relative autonomy of the state could not be ignored. Due to the absence of a strong indigenous bourgeoisie, Robison (1986) located the origins of the new capitalism within the bureaucracy, which was financed by oil income and international aid, while a small and dependent class of capitalists operated outside the state. The concept of authoritarian-bureaucratic capitalism was born in which the state figured prominently.

Meanwhile, however, economic growth had facilitated capitalist bureaucrats to become more independent of the state, and it accelerated the formation of a domestic capitalist class primarily of Chinese-Indonesian descent. Paradoxically the fall of oil prices in the 1980s undermined the monopolistic position of the state and necessitated a diversification of the economy, which opened possibilities for new groups to enter the market (Robison 1988). Whereas Jeffrey Winters (1988) had questioned the actual size of the new capitalist class, Andrew MacIntyre (1991) argued that fundamental changes were indeed taking place in the Indonesian economy. Elaborating both the corporatist nature of the regime suggested by King, and the political economy approach, MacIntyre demonstrated that from the late 1980s onwards a substantial group of indigenous entrepreneurs had been established that operated outside the state on a relatively autonomous basis.

Acknowledging its economic success, most authors now labelled the New Order an authoritarian interventionist developmental state. As long as Suharto managed to maintain a balance between various competing groups, favouring the spendthrift 'high tech' people in affluent times, and pushing the cautious technocrats centre stage in times of crisis, the Indonesian economy and its regime performed well in terms of growth, crisis management and stability. A good illustration of the widespread confidence in the Indonesian economy and the quality of the regime is Hal Hill's book from 1996. After a thorough analysis of developments since the 1960s, he was optimistic about the capacity of the government to handle the conditioning factors that shape the future (Hill 1996).

Blinded by its economic success, many observers tended to conceptualize the New Order in terms of a rather well-integrated set of institutions that operated apart from society and facilitated the gradual growth of a relatively free market economy. More than ever Jakarta was the place to be for anyone interested in the impressive success story of Suharto's regime. Under his paternal rule an expanding and affluent middle class inhabited the new sub-

urbs, shopping malls and traffic jams of the capital, where they consumed new air-conditioned life-styles and where during the mid-1990s 70% of all the money in the Indonesian economy circulated.

A backstage perspective

Just as Indonesia's international respectability grew during the 1980s, cracks began to appear in the decent image of the New Order. In East Timor (1975-1999), Tanjung Priok (1984) and Lampung (1989) the regime showed its ruthless face, while the so-called Petrus murders (1983) and brutal military actions in Papua and Aceh showed how the regime manifested itself as a boss among other criminals.

As long as the Cold War was not over, the international community noticed these violent practices but tolerated them. After the fall of the Berlin Wall however, Suharto faced serious problems in defending the legitimacy of his aging regime. Video footage of the Santa Cruz massacre in East Timor in November 1991 was broadcast all over the world, while in 1996 the headquarters of the relatively small opposition party PDI was attacked by a government-sponsored mob. The 1990s witnessed an increase in political violence and criminality as protest movements faced repression and militias were engaged in intimidating campaigns and political gang wars. At the same time the presidential family was increasingly portrayed as being at the centre of unprecedented corruption, damaging Jakarta's image as a booming metropolis of modern business. It seemed that the future of the nation-state was no longer threatened by 'primordialism from below', but by 'criminality from above'.

With the wisdom of hindsight one may wonder how strong the New Order actually was in institutional terms. Adrian Vickers (2001) has argued that the New Order was a regime that mainly kept itself busy keeping up appearances. While the bureaucracy produced the appearance of rational administration, it consisted of inefficient clusters of largely incompetent institutions with overlapping responsibilities, overstaffed with underpaid employees. The state produced an appearance of order, expressed primarily in elaborate ceremonies. The New Order even tried to keep up the appearance of democracy by staging elections every five years. As John Pemberton (1986) showed, it was not the results that mattered but the campaigning that preceded the elections, which could easily turn into violence and disorder. If the government was able to maintain order during that period it had demonstrated its legitimacy.

The regime also tried to keep up the appearance of orderly capitalism operating in a free market. But rent or crony capitalism and patrimonial hierarchies reinforced each other in such a way that nobody could escape

the structure of corruption controlled from the centre. Estimates indicate that over a period of 30 years of New Order rule 30% of the 30 billion US dollars of foreign aid disappeared into private pockets. Apart from routine corruption – paying for access, protection, loyalty, and licenses – the system also allowed for large scale plunder of natural resources.

When the Asian monetary crisis hit Jakarta in August 1997 the regime collapsed within nine months. John Sidel (1998) has shown how the financial and political crisis of 1997-1998 can be conceptualized as a *macet total*, or a total traffic jam of the patrimonial networks leading to the centre of the regime. Various groups, from old aristocracies, Christians, and socialists, to modernist Muslims, who had initially supported the New Order, had been gradually marginalized and lost their access to the sources of wealth at the centre. A similar thing happened to high ranking military officers who had enjoyed the spoils of power at the centre while on active duty but fell by the wayside upon retirement, and Chinese entrepreneurs who lost their privileged position through miscalculation. Many people thus removed from the network felt betrayed, while others were dissatisfied with the ‘traffic jam’, which increased dramatically because of the monetary crisis. When the money flow from the centre stagnated, large groups of people lost their loyalty to the president. The collapse of the patrimonial regime soon followed.

Towards the end of the New Order and especially during its demise, it became clear that a sharp analytical distinction between state and society was no longer valid, and it probably never had been. The security state had blurred the boundaries between (legitimate) state violence and (illegal) criminality, and between formal institutions and semi-informal criminal gangs. Problems were ultimately not solved by the rule of law or bureaucratic procedures but by violent means.

Rethinking analytical categories

It seems that the image of the bureaucratic interventionist developmental state, heir of the colonial *beamtenstaat*, has now changed into that of a messy, criminal crony state. Does this imply that we need a fundamental shift of paradigm in order to understand why the New Order state so suddenly ‘failed’? Do we perhaps need new ways of looking at ‘the state’ in order to incorporate various arrangements that link formal institutions with informal networks, which help to undermine artificial distinctions between ‘state’, ‘society’ and ‘market’?

Particularly relevant here is the continuity of patrimonial patterns during the colonial and post-colonial period. The New Order regime distributed large amounts of so-called INPRES (*Instruksi Presiden*) funds, in such a way

as to suggest that the president himself had personally paid for specific projects. Meanwhile a substantial amount of state income was generated by informal means, underlining once more the patrimonial character of the system. The armed forces rely only for 30% on state revenues and depend for the remaining 70% on their own sources of income. The army has therefore been characterized not as a hierarchically integrated organization, but instead as an archipelago of semi-independent 'warlords'. In terms of violence there are also continuities from the colonial into the post-colonial period (Schulte Nordholt 2002), and protection against intimidation and violence involves the payment of informal taxes. Old notions of invulnerability are in this respect still relevant, but they do not in the first place refer to efforts by potential victims to protect themselves against violence and corruption, but to perpetrators who are allowed to act above and beyond the law.

A comparable system of informal taxation and 'bottom up' distribution of income characterized and still characterizes the Indonesian bureaucracy as well. Underpaid bureaucrats supplement their salaries with informal sources of income by selling licenses and levying personalized forms of taxation. The sheer lack of independent state institutions reinforces the reproduction of these patrimonial hierarchies.

The New Order was also part of a wider set of capitalist structures, which should be taken into account in order to understand how capital, production, labour and markets were controlled. The patron-client nature of patrimonial networks helped to obscure and deny issues of class. But New Order Indonesia did of course produce rather clear-cut class divisions.

In many respects post-Suharto Indonesia shows continuities with the previous period, albeit the central leadership of the old regime has been weakened, making way for a considerable degree of 'factionalization' and decentralization of power. It is therefore misleading to see the New Order too much as an integrated set of institutions operating primarily apart from society, and having its origins in the late colonial *beamtenstaat*. Artificial distinctions between 'state' and 'society', 'state' and 'market', and 'formal' and 'informal' relationships need to be critically reviewed.

It is even too simplistic to conclude that the state in Indonesia has weakened since 1998. This is perhaps true if we look in a restricted and purely institutional way at the central state. But if we look at power structures throughout the country, which include both formal institutions and informal networks, a very different picture emerges. Here a comparison can be made with provincial Thailand, where the formal domains of politics and economics are interwoven with illegal economic activities and criminality, in which bureaucrats, politicians, military, police, businessmen and criminals maintain intimate relationships, while distinctions between their respective professions are often blurred (McVey 2000; Phongpaichit et al. 1998).

Apart from historical continuities, changes in global political and economic arrangements had an impact on Indonesia as well. Since the 1980s a world-wide neo-liberal revolution has gained ground. Neo-liberalism attacked the belief in the regulating role of the state in the field of social and economic policies. The Western welfare state was downsized while the fall of the Berlin Wall signalled the failure of the socialist model. The end of the Cold War also marked the end of many authoritarian regimes in the Third World. Neo-liberalism needed open markets and advocated less state in exchange for more democracy. It was argued that a small and non-political administration would increase good governance, while a strong civil society would reinforce a democratic system that guaranteed transparency and accountability. The only concession in this respect was motivated by the war on terror after '9/11', which necessitated the strengthening of the security sector of the state. Summarized in ideological terms, decentralization would thus result in less state and more democracy. Taken together this would result in open markets, economic growth and higher standards of living. This optimistic scenario was based on the belief that markets and governance could be separated from political interests and conflicts. However, Robison and Hadiz (2004) have pointed out the illusory character of this neo-liberalist view, and demonstrated the resilience of political and economic oligarchies in Indonesia. It is against the backdrop of this fractured structure of patrimonial relationships that recent developments in the regions should be understood.

Bringing the regions back in

Decentralization is not a new phenomenon in Indonesia. The first legislation dates back more than a century. In 1903 the urban European elites were allowed a limited measure of self-government. The law offered, however, next to nothing in terms of autonomy (Benda 1966:241). While the first colonial measures were primarily aimed at urban areas, the following decades saw a transfer of a range of administrative functions to provinces and large districts. The decentralization law of 1922 created new provinces, which had a fair degree of administrative autonomy. Apart from these new macro administrative units, in Java the so-called Ethical Policy of *ontvoogding*, or 'de-tutelization', resulted at the district level in the establishments of councils in which the local elites were represented. Most of these councils were conservative and functioned as bastions against nationalism (Sutherland 1979). Under colonial rule, decentralization had nothing to do with democratization and very little with the strengthening of civil society.

The reforms of the 1920s caused, nevertheless, a blurring of the lines of

responsibility between European and indigenous administrators, which led to confusion and irritation. Eventually the communist uprisings of the mid-1920s in West Java and West Sumatra reinforced a conservative turn among the European rulers, and from 1931 onwards colonial rule was re-centralized.

By and large, the colonial system was characterized by indirect rule, in which the conservative European administrative elite controlled a subordinate body of indigenous administrators. Moreover, European law was restricted to the European elite (and to some extent the Chinese), whereas the indigenous population was ruled according to 'their own' customary, or *adat* law. Moreover, the appointment of descendants of old dynasties as representatives of colonial rule reinforced the conservative character of indirect rule in the Outer Islands. This system was primarily intended to isolate the small nationalist movement within urban sectors by keeping the countryside and the areas outside Java under control through colonized traditional rule.

During the Indonesian Revolution, the Dutch tried to revive pre-war plans for a federation of Indonesian states along provincial lines in order to isolate the Republican forces. The Dutch also stimulated the establishment of regional rule by local aristocracies, also in order to counteract revolutionary nationalists. This strategy failed. In 1950 Indonesia chose for a unitary nation-state, and the concept of federation became strictly taboo.

In reality, however, regional governments and military commands had a high degree of autonomy, since the centre lacked the means to exert strict control. Due to pressure from the regions and especially the political parties who wanted to dismantle the monopoly of the post-colonial bureaucracy, far-reaching reforms were formulated in Law no. 1/1957 regarding the decentralization of provincial and regional government (Legge 1961; Malley 1999). The law entitled provincial and district parliaments to appoint their own governor and district head, or *bupati*. For the first time power was transferred from appointed administrators to elected politicians and this measure invited the nation to participate in the state (Anderson 1983). An important side effect was an increase in the number of provinces from 12 in 1950 to 20 in 1958.⁸ However, the fiscal side of the decentralization measures was highly centralist in character as a result of which many regions remained dependent on the centre.

Decentralization did not get a chance to take root, because of regional rebellions in Sumatra and Sulawesi against Jakarta, and the subsequent proclamation of martial law, increased military power and, in 1959, the rise of authoritarian rule aborted this brief experiment. Law no. 1/1957 was abolished by Presidential Decree no. 6/1959 (Magenda 1989:18).

At the end of the turbulent years between 1959-1974, during which the

⁸ Or more precisely: ten provinces plus two special regions in 1950; see Legge 1961:62-83.

central state regained its dominant position, Law no. 5/1974 formalized the supremacy of the centre over the regions. Although the law defined provinces and districts as 'autonomous' levels and elected councils were established in order to generate a bottom-up representation, regional government consisted in practice of the top-down execution of developmental interventions initiated by the state, accompanied by strict surveillance. Although provincial and district councils were entitled to nominate candidates for the position of governor and district head, they were actually appointed by the President and the Home Minister. These regional administrators were in fact agents of the centre. Law no. 5/1974 was accompanied by Law no. 5/1979 on village government, which made village administration uniform throughout Indonesia, and reinforced the grip of the centre on local politics.

The appearance of development and order, and strict obedience to protocol, were as important as the channelling of large sums of routine and development funds from the centre to the regions, which made the system work. Due to an abundance of central resources – originating from oil exports and aid imports, later supplemented by foreign investments – the regions depended heavily on the centre. The flows of money entering the regions resulted in the formation and reinforcement of state agencies, which penetrated deeply into local society (Schiller 1996). Parallel to a tight centralization, there was a de-concentration of authority, which implied that central Ministries, like Agriculture, Public Works, and Religion, had their own representatives in the regions executing central policies at the regional level.

An even more powerful parallel state structure was formed by the military presence running from the centre, through the province, district, and sub-district down to the village level. Moreover, the military had entered the civilian bureaucracy as well. At the high point in 1970, 20 out of the 26 provincial governors were recruited from the military, while in 1997 they still formed a majority: 14 out of 27 (Malley 1999; Jaya and Dick 2001).

Despite their dependency on the central government, regional governments were relatively powerful in terms of local administration because they also offered employment and channelled government funds. This facilitated the reproduction of patrimonial patterns of rule at the local level, while informal networks connected the interests of both local businessmen and bureaucrats.

The agony of decentralization: 1999 and after

As indicated above, neo-liberalism over the last several decades has been accompanied around the world by a huge wave of decentralization in Latin America, Africa, Eastern Europe and Asia. Powerful organizations like the

World Bank embraced the neo-liberal idea that decentralization would stimulate both the economy and democracy. When neo-liberalism met Reformasi in Indonesia at the turn of the present century, this resulted in an unprecedented measure of decentralization.

Decentralization can be interpreted in three different ways (Dormeier-Freire and Maurer 2002): 1. as the delegation of specific tasks while the centre retains its overall responsibility, which is comparable with the law of 1974; 2. deconcentration, which refers to a relocation of decision-making within a centralized state, which is reflected in the law of 1957; and 3. devolution, which concerns the actual transfer of power to lower levels of government, and this was implemented in 2001.⁹

Looking back at the period 1998-2004 one may conclude that the most important reform measures were taken by the Habibie presidency (May 1998-October 1999). Apart from press freedom, the freedom to establish political parties, free elections, and the granting of a referendum in East Timor, the Habibie government also pushed two important laws through parliament in great haste, which set in motion a process of administrative decentralization.

The laws were primarily designed by a small group of bureaucrats, without any feedback from the regions (Malley 2004; Turner et al. 2003). Known as the Team of Seven, the core individuals were American-trained academics-cum-bureaucrats who maintained close links with overseas agencies ideologically committed to decentralization. The same team had earlier designed the new electoral laws. However, amid the excitement of democratizing reforms, the decentralizing initiative attracted little metropolitan public debate. One month before the general elections in June 1999, the national parliament – whose members ironically still belonged to the New Order era – agreed without much debate to implement Laws no. 22 and 25, which provided the administrative and fiscal framework for a process that seemed to change the very foundation of the unitary nation-state.

One of the main reasons why the government wanted to accelerate this process was to accommodate the anti-Jakarta sentiments in many regions outside Java while the still-ruling Golkar party, which was on Java under political fire, tried to maintain its power bases in the outer islands by supporting regional autonomy. The sense of panic about their own future led policy-makers to take drastic action.

The proposed two-year period of transition and implementation was even shortened by six months, which meant that the biggest administrative reorganization in the history of the Indonesian state had to be completed by

⁹ The most far-reaching form of decentralization is, of course, privatization (Frerks and Otto 1996).

1 January 2001.¹⁰ A period of eighteen months was too short to get things done properly, and this was a major reason why the responsible deputy minister Ryaas Rashid resigned.¹¹ Moreover there were considerable differences between various ministries and levels of government about the desirability of the decentralization moves. Many within the Interior Ministry (and later in the presidential palace under Megawati) feared that, far from taming disintegrative dynamics, decentralization might unleash even more dangerous localist sentiments. Officials in the regions, meanwhile, often supported decentralization but for the wrong reasons – they wanted not less but more government.

In a sense the laws of 1999 revived the process of decentralization that was stopped in the late 1950s, but they went much further. Because the new autonomy was located at the level of districts and municipalities, the power of the provinces was dismantled, while a process of political fragmentation was stimulated. Seen from this perspective, decentralization was a divide-and-rule strategy from the centre, aimed at permitting administrative fragmentation while maintaining fiscal control at the centre.

Law no. 22 was written by the Home Ministry with the stated intention of achieving a substantial devolution of power in order to bring government closer to the people and to offer more transparency. Similar to Law no. 1/1957, governors, district administrators and mayors were no longer appointed by the centre but elected by regional parliaments. This brought regional political leaders back onto the stage.¹² The chapter by M. Isa Sulaiman in this collection explains the electoral rules at this time, and how they shaped local politics in one province.

At first sight the role of the central government seemed to resemble the so-called night watch state. The few remaining responsibilities included national defence and security, foreign policy, fiscal and monetary matters, macro-economic planning, natural resources, justice and religion. Regions have autonomy with regard to public works, education and culture, health care, agriculture, transport, industry, trade, investments, environmental issues, cooperations, labour, and land (Ray and Goodpaster 2003). But in order to assess the nature of this decentralization effort it is important to look at the fiscal arrangements as well. Whereas Law no. 22 facilitated devolution of power, Law no. 25, made by the Ministry of Finances, was centralist

¹⁰ At least in theory more than a thousand government regulations and presidential decrees and instructions had to be revoked (Amzulian Rifai 2002:33; see also Turner et al. 2003).

¹¹ Actually the department he headed was only in operation as a relatively independent unit during a limited period, from April till August 2000 (World Bank 2003).

¹² Part of the operation was a massive transfer of 2.1 million state employees – 50% of whom were schoolteachers – to the regions. Since it concerned primarily a financial operation it did not imply actual mass migrations (Rohdewohld 2003).

in character. This implied that the central government maintains its grip on the main sources of revenue of the regions, namely 80% of the income tax, value added tax, import duties and export taxes, and foreign aid, while it still controls a sizable number of government enterprises. What we actually witnessed in Indonesia was a decentralization of administrative power that was heavily subsidized by the central government.¹³ No less important is the way competition for power was organized at the regional level. The new law on political parties (No. 2/1999, written by the same Team of Seven) did not permit the establishment of regional parties – in contrast with the 1950s when they were allowed. Parties remained centralized in the hands of Jakarta party bosses, allowing little room for manoeuvre at the local level. This led to considerable friction between local branches and central headquarters, and even to local efforts to subvert the party system by forming cross-party alliances based on ethnicity or district of origin.

By the time Megawati Sukarnoputri became president in July 2001, the earliest, breathless phase of reforms had passed. Problems with the decentralization process were now regularly aired in the media, including ‘money politics’ among district parliamentarians electing new district heads and municipal mayors, the allegedly excessive power of district parliaments to dismiss heads annually, and the corruption of the now much more autonomous heads. Clearly some of these concerns were fanned by interests within the central government that had long regarded decentralization as dangerous. In the dying days of Megawati’s presidency two new laws were passed to deal with them. Technically, Law no. 32/2004 on Regional Government and Law no. 33/2004 on Fiscal Balance between the Central Government and Regional Governments did not merely amend the previous laws but replaced them altogether (Malley 2004). Once again, the two laws passed with almost no public debate. The fiscal law did not much alter the power balance between the centre and the regions. But the law on regional government did substantially cut back on the powers previously given to heads and parliaments. Local parliaments now cannot remove heads, while the central

¹³ The central government keeps 75% of all these revenues, and distributes 25% to the regions in the form of a general grant (DAU, Dana Alokasi Umum), 90% of which goes to the autonomous regions while the provinces receive 10%. In 2001 in total Rp 60.5 trillion, or US\$ 6.1 billion flowed from Jakarta to the regions. The criteria for the distribution of funds among the variety of districts are complex, depending on the relative size of the population, the poverty rate, geographical conditions and price indices.

The contentious provinces Papua and Aceh received special autonomy (respectively Laws no. 18 and 21/2001), granting Aceh 80% of the oil and gas revenues, and Papua 80% of its mining revenues and 70% of the revenues from oil and gas. It is ironic that in the case of both Aceh and Papua autonomy was granted to the province instead of the districts. One might expect this could favour separatist sentiment in the rebellious provinces. However, both provincial administrations are still dominated by old Golkar elites and the army, who control the flows of money.

government can unilaterally suspend them for corruption or if they 'threaten security'. Also, heads (called mayors if they head towns) are now elected directly by the voters, in a process that mirrors the direct presidential election introduced in that same year. Thus in one stroke the district parliament was taken out of the most crucial parts of the power circuit – election and dismissal of the executive. Moreover the election of heads is supervised by regional electoral commissions following national government guidelines, rather than by the national electoral commission, raising fears of government interference. As a result the position of the regional administrators has on the one hand become more dependent on the central state, but on the other hand more powerful vis-à-vis the local parliaments since they can make use of their popular mandate.¹⁴

Nevertheless, the changes have so far not led to protests. The first direct district head elections passed smoothly in dozens of districts in June 2005. People voted for candidates they knew and trusted, rather than for party symbols as in the past. Democratically contested elections had become a routine affair in Indonesia, and participation rates were high.¹⁵

Professional optimism versus realistic pessimism

Differences of opinion concerning the effects of decentralization can be found among various groups, depending on the extent to which they are involved in the process. Professional optimism can be found among organizations with an institutional interest in decentralization. NGOs like SMERU, and donor organizations like Support for Decentralization Measures (SfDM), Ford Foundation, Asia Foundation and financial giants like the World Bank and the Asian Development Bank actively support decentralization and proclaim a firm ideological belief in its success. In the SMERU report, decentralization is basically seen as a big administrative operation in which possible weaknesses can be improved (Syaikhu Usman 2002). The World Bank sees it as a huge financial operation – with the ominous title 'Big Bang' – which can be successfully managed (Hofman and Kaiser 2002; World Bank 2003). And in a publication sponsored by the Asian Development Bank it is said that 'The great achievement of decentralization in Indonesia is that it took place, and on schedule' (Turner et al. 2003:136). Such a technocratic approach erases

¹⁴ Law no. 32/2004 seems to offer more possibilities for provinces to strengthen their position vis-à-vis districts and autonomous towns. Personal communication Gustaaf Reerink.

¹⁵ Since our research focused on the early days of decentralization, the effects of direct elections of mayors and district heads, which started in 2005, are not included in this volume, but will be discussed in future publications by some of the members of our research group.

questions referring to power struggles among competing interests groups (Hadiz 2003b).

Decentralization is supported by a coalition of financial institutions and organizations like the Asia Foundation and the Ford Foundation, which support it because it is supposed to strengthen democracy and civil society. Between the lines, however, one can find carefully phrased doubts and concerns about the outcome of the 'transition'.¹⁶

Critical publications by authors without direct institutional involvement give voice to a more pessimistic attitude.¹⁷ A brief list of unresolved issues in this respect justifies an attitude of realistic pessimism.

World Bank experts have measured that 'on aggregate' the regions receive enough revenues to cover the costs of their own autonomous administrative apparatus. However this does not imply that they have adequate funding for education, health care and poverty alleviation. Wihana Kirana Jaya (2002:39) remarks, moreover, that whereas Law no. 25/1999 reduces the vertical imbalance between centre and regions, it is likely to increase horizontal imbalances among regions. The richest region has 50 times more income than the poorest one. Rich areas will try to develop their own trans-national networks, whereas poor regions will fall further behind and become increasingly isolated.¹⁸

A precise demarcation of responsibilities and claims between central government, province, and districts and municipalities does not yet exist. There seems to be a tendency for regions to issue their own regulations in fields not yet regulated by the central government, which may cause confusion and contention.

Especially the district level suffers a general lack of administrative expertise. Most career paths head towards Jakarta, leaving few bright young people behind (Fanany 2003). Moreover, regional bureaucrats used to a wait-and-see attitude now have to play a much active role over against the centre, something they were never trained for.

District parliaments (Dewan Perwakilan Rakyat Daerah, DPRD) are slow in initiating legislation and have a limited capacity to do so. Also lacking are mechanisms to resolve conflicts between DPRD and the executive adminis-

¹⁶ Although they professed their faith in the outcome of decentralization, Hofman and Kaiser (2002:7) state that more than one year into decentralization, much remained unclear on what exactly had been decentralized and which administrative functions had been decentralized (World Bank 2003).

¹⁷ Dorneier-Freire and Maurer 2002; Hadiz 2003a; Hadiz and Robison 2003; Kingsbury and Aveling 2003; Malley 2003.

¹⁸ World Bank 2003. This does not necessarily mean that Indonesia will fall apart into a Balkanized archipelago of small states. The example of the recently formed resource-rich province of Bangka-Belitung (the islands southeast of Sumatra) shows that loyalty towards Jakarta increased considerably when autonomy was granted (Sakai 2003a).

trators, while members of the DPRD do not show much eagerness to represent their constituencies. Ryaas Rashid (2003) remarks that DPRD are by and large controlled by national party bosses who protect in the first place the special interests of their own party. There are indications that members of local parliaments prioritize substantial increases in their own salaries and travel budgets at the cost of education and health care (Dormeier-Freire and Maurer 2002; Shaikhu Usman 2002).

Because most regions are subsidized by the centre, regional governments tend to become spending machines (Ray and Goodpaster 2003). In general, financial management and accountability is weak, while 'money politics' seem to prevail. There are widespread complaints that corruption has increased since regional autonomy was implemented. Elections of governors and district administrators by provincial and district parliaments were generally accompanied by massive transfers of money (at least until the introduction of Law no. 32/2004), while budgets for development and construction projects are characterized by mark ups of 50-100%, which are divided among alliances of administrators and businessmen.¹⁹

In order to acquire additional funds, regional administrations tend to burden their regions with extra taxes, while they pay little or no attention to environmental issues. Because of a lack of coordinating power at a supra-regional level, decentralization encourages interregional competition and conflict. One of the reasons that Bangka-Belitung wanted to become a separate province is that they did not want to share their mining revenues with the province and the other districts on the mainland. Conflicts between neighbouring districts along the north coast of Java about the demarcation of their fishing territories have been a regular occurrence. Elsewhere trade restrictions, which already existed under the New Order, are reinforced by new regulations (Ray and Goodpaster 2003).

Measures that favour locals and exclude minorities may increase ethnic conflict. Cultural identity politics reinforce economic and political competition between districts, also in regions that are ethnically homogeneous.

It is revealing that in the writings of the 'professional optimists' the role of the army and the police as important actors at the regional level is completely ignored. Both the World Bank (2003) and the Asia Foundation (2002) sketch in their reports an Indonesia without army, militias and organized crime.

For those familiar with the literature on decentralization in post-colonial states, the issues mentioned here do not come as a surprise. In a general review of the subject worldwide, Frerks and Otto (1996) concluded that the

¹⁹ The World Bank (World Bank 2003) refers to the surprisingly large number of newly elected district heads (*bupati*) who are not affiliated with majority parties in their region, and admits that substantial amounts of money from the centre seem to disappear once they reach the region.

overall results of decentralization were rather disappointing and far behind initial expectations. They refer in this respect also to reports by USAID and the World Bank from the 1990s, illustrating the structural amnesia of these institutions.²⁰

Both the literature and the examples mentioned here illustrate that decentralization does not necessarily result in democratization, good governance and the strengthening of civil society at the regional level. Instead we often witness a decentralization of corruption, collusion and political violence that once belonged to the centralized regime of the New Order, and is now moulded into the existing patrimonial patterns at the regional level. We may expect that the continuity of these patterns will prevent the establishment of transparent rules, democratic procedures and control mechanisms. The district head plays a crucial role in this system. This official receives most of the funds from the centre and controls the channels through which money is distributed. If they manage to cooperate with the chairperson of the district parliament and leading businesspeople, and if they are able to accommodate the military commander, they can rule the district and maintain their patronage network without encountering much opposition. Various people call the new autonomous regions 'little kingdoms', but do we know where the kings come from? Except for a few scholars (Hadiz 2003a; Van Klinken 2002; Malley 2003) this question is by and large ignored in recent publications on decentralization.

Pemekaran and the dynamics of ethnicity

The most remarkable aspect of the decentralization process was quite unplanned. *Pemekaran* is the Indonesian word for the subdivision of existing districts and provinces to create new units. It also occurs in other countries. In the United States, where it concerns electoral politics,²¹ and in some Eastern European countries, where it aimed to undo Soviet era amalgamation, it has been uncontroversial. But in Africa it is just as politicized as in Indonesia. In Nigeria the number of local government areas more than doubled in the early 1980s as a result of a conflict-ridden logic of 'decentralized accumulation'. Elites engaged in 'incessant insatiable agitations for the creation of local governments', while siphoning off resources meant for grassroots develop-

²⁰ A USAID report in 1995 on decentralization identified a lack of planning, the failure to mobilize enough local resources, competition between local officials, and poor natural resource management as major problems. The World Bank stated in 1992 that a weak administrative capacity at the local level would lead to waste and corruption, while resources are arguably open to capture by elite groups at the local level (Frerks and Otto 1996).

²¹ <http://www.lib.purdue.edu/govdocs/redistricting.html>.

ment (Ukiwo 2006). Similarly, President Museveni of Uganda was forced to more than double the number of districts throughout his period in office, despite expert recommendations that they were costly and unnecessary (Green 2006). In Indonesia, too, localist identity movements demanded new administrative areas on the basis of often flimsy historical arguments. The real objective was to increase bureaucratic jobs.

We have retained the Indonesian expression *pemekaran*, which literally means 'flowering'. Strictly speaking this is a misnomer, since the movement is not out and up but turned in upon itself in endlessly repeated subdivision. 'Administrative involution' is another appropriate term, reminiscent of Geertz's notion of agricultural involution when too many people need to live off the same piece of land. It reflects the same talent for improvisation in hard times.

The foreign-trained policy-makers who wrote the Indonesian decentralization legislation did not intend it to trigger a rush of *pemekaran* (Turner et al. 2003). The extensive literature on decentralization around the world is about transferring powers from one administrative level to another, not about redrawing administrative boundaries at the same time. Yet that is what happened in Indonesia. In the space of a few years the number of provinces increased from 27 to 33 while the number of districts (sometimes called regencies or *kabupaten*) increased by almost 50% to 440.

Pemekaran after 1998 was largely driven from below. Despite objections from Interior Ministry officials in Jakarta that *pemekaran* was often unnecessary and costly, time and again politicians in the regions managed to force them to authorize new provinces and districts anyway. Usually the regional politicians made their approach to Jakarta not directly through the bureaucracy but via the national parliament, which then passed legislation instructing the formation of new units. To add force to their argument that *pemekaran* would bring government 'closer to the people', they quietly handed out large amounts of money. Each new district promised a building contractors' bonanza, as they had to be equipped with an array of new offices. The military and police supported *pemekaran* because their parallel territorial command structures were usually upgraded to reflect the change soon afterwards.

The combination of two essentially different processes – administrative decentralization and popular democratization – produced much freer competition between local elites for control of the state. They often conducted their competition in ethnic terms. A district for each faction could be the answer to competing claims. *Pemekaran* is therefore a case study in the question 'why is provincial statecraft so ethnic in moments of formal state weakness?' The rush for *pemekaran* had a parallel in the late 1950s, when Jakarta's formal powers were also weakened by factional struggles at the centre and armed revolts in the provinces. The centre responded then by creating eight new provinces.

But it would be a mistake to see this as a victory for centrifugal forces. Behind the fervor of local identity movements lay not a desire to secede but rather to outdo rivals in loyalty to Jakarta, which was still the source of cash. Indeed Jakarta offered new provinces as perks to loyalists in the regions in order to outmanoeuvre the separatists (Van Klinken 2006).

The first section of the present volume concerns the politics of *pemekaran* after 1998. Two authors – Myrna Eindhoven on Mentawai Island (West Sumatra) and Lorraine Aragon on Poso (Central Sulawesi) – explore the ethnic turn in provincial statecraft that accompanied them. Mentawaian intellectuals found themselves in the city of Padang at a moment of opportunity provided by the administrative flux of decentralization. Lacking a political party infrastructure, an ethnic ideology of indigeneity became their best weapon in the struggle to carve out a bureaucratic niche for themselves. But the ideology had nothing to say to the predatory combination of timber interests and a rent-seeking officialdom that threatened to despoil their island. Despite their best intention, and illustrating the weak foundations of critical NGOs, they were eventually swallowed up by it themselves. In Poso, bureaucrats who had long been blandness personified turned suddenly into champions of religious and (later) ethnic ideologies when they had to compete for their positions in the newly democratizing order. Informal business interests pushed and pulled behind the scenes. Aragon's chapter illustrates how elections plus rent-seeking results in ethnic competition. Thus both studies raise painful questions about the unintended consequences that can arise when two of the modern world's most prized ideals become a reality – democracy and the rights of indigenous peoples. A third author in another section of this book (on civil society) also describes ethnicized regional politics but reaches a more positive conclusion. Taufiq Tanasaldy, writing about West Kalimantan, argues that ethnic politics can be civil. Ethnic 'power-sharing' at the district level, based on new census data, has effectively short-circuited ethnic violence. Indeed ethnicity has taken on emancipatory meanings for Dayak, who deployed it as an ideology to help reverse their hitherto marginalized political status.

This section of the book also includes two studies of, thus far, failed *pemekaran* movements – one by Jacqueline Vel on Sumba (East Nusa Tenggara) and another by Dik Roth on Luwu (South Sulawesi). In a few years time these movements may have been forgotten even by their protagonists. However, these studies are interesting not as chronicles of failure but because they show us exactly how the game was played. They take a close interest in networking. Networks of influence are key sites for researchers interested in less institutionalized, more personalized paradigms of state-society relations. They stretched from the remotest region all the way to Jakarta, often via the provincial capital. An ethic of family-like trust binds them together – whether derived from a common place of origin, descent, or religion. Thus

Roth and Vel are moving beyond provincial studies towards a new theoretical integration, in which networks of influence with a (sub-)provincial focus acquire a national scope.

The salience of ethnic and religious identities (in the Indian context often conflated as 'communal identity') is the most striking feature of provincial Indonesia since the end of the New Order. In the four chapters in this section ethnicity was an ideology in a political struggle, but it was at the same time more than an ideology. It evoked a real depth of feeling. A little history may help to explain this, as well as provide a broader context for the detailed observations by Vel, Aragon, Eindhoven and Roth.

The colonial period, as we have seen, contains the key to understanding the connection between regional elites and ethnicity in present day Indonesia. Mahmood Mamdani (2001b) has noted that African colonial systems were marked by contrasts between Western overlords and local ethnicity, and between Western legal systems and local forms of customary law. This resulted in forms of indirect governance whereby regional ethnic elites acquired power. There are striking similarities with the situation in Indonesia, where in many regions local aristocracies came to power during the colonial period. Customary law was an important mechanism to regulate local relations and to keep ordinary people trapped in an ethnically ordered system. In the late colonial period a strong though relatively limited central state allied itself with aristocratic elites in the regions in order to reinforce a cheap but stable form of indirect rule.

Dutch colonial thinking conceptualized its rule in the Netherlands Indies – especially in the islands outside Java – in dualistic terms. These ideas, which separated European interests from local society, were materialized in the fields of economy, education and law.²² In terms of law the Dutch created a corpus of knowledge about local customs, which not only separated 'natives' from Europeans (and Arabs and Chinese) but also produced sharp divisions among indigenous groups themselves. There was among 'ethically' inspired Dutch administrators a genuine ideal to respect and protect local cultures against the ambitions of the penetrating colonial state to introduce uniform rule. This was, however, also part of a strategy of divide and rule intended to counter the spread of Islam, while it later served as a conservative 'medicine' against the virus of nationalism.

Throughout the archipelago ethnic groups and *adat* boundaries were defined in the sense that fluid communities with flexible boundaries were now demarcated in rigid terms and located within fixed territorial structures.²³ In many parts of the archipelago the Dutch administered these ethnic groups and *adat*

²² Burns 2004; Van Klinken 2003b; Lev 1985; Stoler 1995.

²³ Kingston 1991; Kipp 1993; Laksono 2002; Schrauwers 2000; H. Schulte Nordholt 1994.

communities, through local aristocracies. And it was this colonial legacy that determined to a large extent post-colonial relationships. As a consequence of this colonial imprinting of ethnic identities, the first manifestations of nationalism in Indonesia (Jong Java and so on) had a strong ethnic flavour.²⁴

Although ethnicity was a topic of scholarly discussion during the 1950s (Skinner and Bruner 1959), the dominant discourse was primarily focused on nation-building, the role of political parties and the so-called *aliran* (political pillars) on Java. As Ichlasul Amal (1992) has argued, this approach obscured to a large extent the importance of ethnic factors shaping Indonesian politics at the same time.

Neither Geertz (1963) nor Liddle (1970) paid much attention to the colonial moulds within which post-colonial discourses of ethnicity had been shaped. For them 'primordial' sentiments referred to something that was authentic and without much history. Nevertheless, Liddle did notice that at least until 1959 people in north Sumatra were at the same time organized along ethnic lines and deeply committed to the nation (Liddle 1970:208). Geertz (1963:270) even went one step further when he stated that 'it is the very process of the formation of a sovereign civil state that [...] stimulates sentiments of parochialism, communalism, racialism [...] because it introduced into society a valuable new prize over which to fight and a frightening new force with which to contend'. Today the idea that ethnic identities might in fact be 'products' of colonial state formation has become widely accepted (Yinger 1985).

Under the New Order, ethnicity, religion, race and class (summarized in the acronym SARA) were political no-go areas, which implied that public discourse about these topics was under close surveillance. However, there were still discourses about culture, *adat*, religion, and ethnicity, and these formed a complex repository for identity formation. Issues concerning religion and *adat* were monitored by state agencies, while the phenomenon of class was simply silenced. Culture was, moreover, both bureaucratized and folklorized (Acciaioli 1985; Kipp 1993). Officially ethnicity was taboo because of its explosive potential, but the national motto – Unity in Diversity – seemed to legitimize diversity. And it was precisely the interpretation of what diversity meant and who was in control of this meaning that was to become a bone of contestation. Rita Smith Kipp (1993) has analysed the ambiguous and contested nature of concepts like ethnicity, religion and culture in New Order Indonesia. She illustrates how since the colonial period the state has encouraged a process of dissociation by which she means that there is no longer an

²⁴ Van Klinken 2003a; H. Schulte Nordholt 2000. David Henley argues in the final chapter of his book on Minahasa (Henley 1996) for a distinction between *adat* and more modern notions of ethnicity. *Adat* was emphasized in areas with indirect rule, whereas ethnicity played an important role in areas where the influence of Western institutions was more strongly felt.

overlap of religious and ethnic identities (like in the old Malay world where *masuk Melayu* was synonymous with the conversion to Islam). Contrary to the old idea that national integration and increased contact between different groups would erode ethnic identities, government policy, migration and intensified competition for scarce resources had led since the 1980s to an intensification of ethnic consciousness. The New Order believed that it could handle the variety of differences it had helped to create. For, ethnic diversity diminished religious unity, religion pluralized ethnic groups, and both ethnicity and religion denied class (Kipp 1993:261). However, the violent conflicts in the Moluccas, Central Sulawesi and West- and Central Kalimantan, which accompanied the demise of the Suharto regime, demonstrate that a monster of Frankenstein had been created. Because the New Order had transformed Sukarno's popular nationalism with its mobilizing qualities into state-monitored ceremonialism, ethnic identification seemed to become more powerful. Like nationalism, discourses based on ethnicity imagine bonds of loyalty also in terms of kinship and emotions, which persuade people to risk their lives and cleanse their territories from evil enemies.

Thus by the late 1990s a language of ethnic and religious identity was taking shape that at one and the same time was blessed by the regime yet offered ample possibilities of refuge from and even resistance to that state. This idiom was, as Charles Tilly and his students put it (McAdam et al. 2001), part of a 'repertoire' of action, which could be deployed for a variety of purposes at the appropriate moment. The many cross-cutting possibilities offered by ethnic and religious identifications gave it a theatrical quality, and this did not escape the notice of some of the authors in the present volume. Jacqueline Vel in particular has paid attention to the theatre of ethnic protest in Sumba, which appears to arouse great emotion in the heat of battle but then dims again just as rapidly.

Shadow states and the black economy

Emotions and political theatre often hide a very different reality, in which hard economic interests are at work. This section takes us to one of the core concerns of this book. It explores the contrast between the main visualizations about the state and the economy of Indonesia in the western literature hitherto, and the reality that may be observed on the ground today. The chapters in this section present a wealth of grounded observations to challenge the orderly images of the state and the economy found in mainstream scholarship during the New Order. The criminalization of the state, the blurring of boundaries between state and society, and the informalization of the economy are here closely observed in different parts of the country. They

occur not merely in the wild frontiers of upriver Central Kalimantan (as described by John McCarthy), or in the war zone of Aceh (Isa Sulaiman), but also in the quiet tin-mining islands of Bangka-Belitung (Erwiza Erman), and even in Banten, the new province just west of Jakarta (Syarif Hidayat). Two of these are examples of resource-based rent-seeking (timber and tin), while two others illustrate the simple 'transfer rent', in which money is moved out of the government into private pockets at the regional level.

Even when these authors do not adopt an explicit terminology to capture the confusing interpenetration of state, society, and economy that they observe, they offer fascinating material to anybody inclined to develop one. Certainly none see anything resembling the autonomous, bureaucratic or corporatist state that became accepted notions during the New Order. McCarthy does acknowledge the importance of the state regulations and institutions, but his contribution also illustrates how essential it is to avoid the reification of the state in inappropriate ways. This position reflects a literature arguing that endlessly qualifying the ideal Weberian state with predicates such as 'weak' or 'messy' has reached the limit of the absurd, since no actual state in the world comes anywhere near this ideal (Migdal 2001). A different perspective allows us to see that 'the state' does many things that are remote from what it is expected to do by policy-makers. Decentralization, moreover, made certain hidden aspects of the state more explicit as it revealed the extent to which local actors used the state for their own interests.

Isa Sulaiman undertakes a similar move when he analyses Acehnese politics, not in terms of institutional interests, but in those of the personal relationships among its leading actors. District of origin is the major binding factor. Here we see a continuity of neo-patrimonial models mentioned earlier.²⁵

Erwiza Erman and Syarif Hidayat, by contrast, do deploy a concept of the state. But it is not the kind of empowered state familiar to all since Weber defined it as 'a human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory' (Gerth and Wright Mills 1946:77-128). It is the 'shadow state', a notion borrowed from the Indianist Barbara Harriss-White (2003:89), who in turn took it from the Africanist William Reno (1995). The key idea is that political authority can be drawn, not from the possession of undisputed force, but from the ability to control markets and material rewards, or, in other words, from hegemony in the 'black economy'. This implies a blurring of boundaries between state and informal economy. The shadow state expands across that border. Whereas the 'formal' state resembles the set of institutions Weber would have recog-

²⁵ Indonesia provided much of the material upon which the neo-patrimonial model was first based (Eisenstadt 1973; Roth 1968).

nized, the 'shadow state' is larger than this formal state, and also has greater reality. Harriss-White (2003:89) defines it as:

that part of the informal, 'real' economy that cannot operate without the particular form taken by the State. While it might be considered to be analytically separate from the definition of the State as a set of institutions of political and executive control centred upon government, with which we embarked, the 'shadow' State is part of the actually existing state [...] Hence the real State, including its shadow, is bigger than the formal State, and has a vested interest in the perpetuation of a stricken and porous formal State.

Syarif Hidayat detects a typical shadow state activity when he describes Banten's main businessman, whose livelihood comes from government contracts, going to great lengths to ensure he controls the new province's parliament, which in turn makes executive appointments. Erwiza Erman similarly describes the 'King of Tin' in Bangka-Belitung turning himself into a major competitor for the state-owned tin mining company PT Tambang Timah by colluding with the local district and police chiefs. In each case the crucial observation is that the system only yields a profit to all participants because some of them are there 'in their official capacity'. In Banten, parliament must appoint the district head who will agree to the monopolistic terms set by that contractor. In Bangka-Belitung, the district head needs to argue to his superiors in Jakarta that regional autonomy justifies special dispensations for local tin operators, and the police chief needs to cooperate with 'illegal' tin shipments.

These are not stories of individual moral lapses, nor do they simply reflect a continuity of New Order practices. The shadow state is a system of authority and exchange that is firmly embedded in local relationships and that has staying power. Nevertheless, more effort is needed to develop a conceptual model of the post-New Order state and its fragments which is as clear as the one we used during the New Order. It should account for the privatization of formal institutions and the institutionalization of private interests, but also for the ethnic turn of local politics in moments of formal state weakness discussed in the previous section, as well as the security failures discussed in the next.

Fear and the failure of security

Security is a topic that is almost entirely neglected in the expert literature on decentralization in Indonesia. This reflects its origins in the corridors of the multilateral agencies that have attempted to depoliticize decentralization and turn it into a technical exercise for bureaucrats (Hadiz 2003b). Yet both

the decentralization process and the associated democratization have repeatedly led to violence. This is not a book about post-authoritarian communal violence in Indonesia (but see Van Klinken 2007), nor do we want to suggest that all post-New Order changes were inherently violent. In most places they unfolded peacefully. But when violence did occur it often involved the same actors. Lorraine Aragon's chapter on Poso makes this clear.

Violence is so destructive because it produces a psychology of insecurity that lingers long after the killing has stopped, and spreads to other places where violence never occurred. A threatening climate of fear poisons hopes and erodes the basic trust without which no democracy can flourish. The most fundamental political good that a state is expected to provide is security (Rotberg 2003). If democracy is a process of protected consultation, then the absence of protection spells its death. Democracy needs a functioning state. Suggestions that democracy is all about civil society pushing back the state (the 'counterweight' theory of civil society, Foley and Edwards 1996) are misleading because they ignore the indispensable role of the state in this area. When violence does break out, blame ought to lie in the first place with the state. Anto Sangaji correctly points out in his chapter on Poso that a minimally functional security capacity, subject to civilian control, is a legitimate state role.

The chapters in this section of the book complement the previous ones on the black economy and the shadow state. For both, the gap between conventional understandings of the Weberian state and the observed reality is so wide yet so systematic that we are driven to search for a more adequate concept. The security failures observed in Poso by Anto Sangaji, and in Lombok by John MacDougall, can be as little explained by speaking of individual moral lapses as could the rent-seeking behaviour of state officials in the previous section. Lack of professionalism, too, while real, often does not capture the dynamics of failure.

As in the previous section, these authors are often not yet in a position to formulate a more adequate concept. But we do have some hints, and they relate once more to the logic of the shadow state. The failure of the security forces in Poso could be traced to their preoccupation with both formal and informal business activities. Having built business relationships with key local players whose activities spanned the government, the economy and the district's religious and ethnic life, security officers may have been reluctant to imperil those friendships by taking repressive action (Mietzner 2003). Sometimes the interests of key players in the shadow state are better served not by withholding repressive capacity but by actually (mis-)applying it. Thus Sangaji and MacDougall both describe murky connections between the military and various private militias who in fact promote violence rather than reducing it.

How civil is civil society?

In the next section on civil society the somewhat breathless sense of crisis of the previous chapters is tempered. It also turns our attention to the question, 'under what conditions can democratization be successful at the regional level?'. Is, to put it more sharply, democratic decentralization possible in the presence of ethnic and religious claim-making? Standard literature on modernization would have the answer 'no' ready before you could finish this sentence. In this volume we do not take such a dogmatic position. Contrary to the pessimistic tone of other writing about the provinces, also in some parts of this book, three of the contributions in this section portray societies with salient religious and ethnic identities that are also reasonably democratic. They are the predominantly Christian North Sulawesi (described by David Henley, Maria Schouten and Alex Ulaen), majority Muslim Jepara, a town in Central Java (Jim Schillers), and the ethnically plural West Kalimantan (Taufiq Tanasaldy).

The argument of these chapters will not be uncontested but deserves to be heard. If democracies are those places where talking trumps fighting, then it will be noticed that West Kalimantan had two serious episodes of ethnic violence, in 1997 and 1999, while Jepara had its share of political violence before the 1999 election. Nevertheless, a democracy does not necessarily have to be free of political violence, as India can testify.

For Jepara and North Sulawesi, it helps to have a majority religion – NU-oriented Islam in one, Protestant Christianity in the other – while minority groups know their place. But, as David Henley and his colleagues argue, responsible leadership embedded in strong religious institutions plays a role as well. It also helps to be reasonably prosperous. Jepara and North Sulawesi's capital Manado are comfortable towns each with a small but self-confident middle class, while in North Sulawesi the extremes of wealth and deprivation found in other parts of Indonesia are largely absent. In neither, moreover, has the military been particularly meddlesome – even during the New Order they preferred to stay in the background. Both these places survived the end of the New Order without political collapse. It is therefore just as important, as Henley and his colleagues note correctly, to study 'the anatomy of peace' as to study its pathological collapse.

West Kalimantan is even more interesting. The province does not score highly on economic indicators. It is deeply divided into several ethnic groups, which became salient after the violent episodes of the late 1990s. And the military has left a deep imprint on it through decades of interference caused mainly by its proximity to Malaysia. Yet precisely the violent episodes of 1997 and 1999 put in motion a set of ethnic 'power-sharing' arrangements to prevent the recurrence of trouble. This is an important example of

consociational democracy as a conflict-resolution approach (Lijphart 1977). This is, moreover, the first time West Kalimantan has been studied in terms of an anatomy of peace.

Finally the chapter by Andi Faisal Bakti on Wajo, South Sulawesi, shows that social change is slower than often thought. Established elites are eager to maintain privileges and adapt easily to new circumstances. It may seem that non-government organizations multiply to create the appearance of a civil society, but often they do not act accordingly. For that matter, this chapter is a salutary reminder of the truth of Partha Chatterjee's remark that civil society is itself a problematic saviour. Its middle class members are born and raised in the warm embrace of the state. They speak on behalf of the 'masses' but are secretly afraid of them (Chatterjee 1993:85-102).

Identities under construction

The last set of essays investigates discussions about regional identities which are constructed with bricks made of ethnicity, religion and custom, and mortar taken from a nation-wide middle class seminar culture. It is in this context important to note that decentralization and regional autonomy have excluded a fundamental discussion about the meaning of citizenship in contemporary Indonesia, which forms an important cornerstone of democracy. Facing rapid political and economic changes, regional intellectuals try to conceptualize who they are, how they are tied to their region and how they relate to Indonesia. These discussions are marked by ambivalence, complexity and contradiction, which pretty much reflects Indonesian societies today. A closer look at discourses on regional identities shows an interesting paradox, in the sense that regional authenticity is often emphasized in a very 'Indonesian' way. More in general we may conclude that throughout the archipelago differences are increasingly expressed in similar ways (see for example Van Klinken forthcoming). Two factors contribute to the Indonesian way these regional differences are expressed. In the first place discourses about regional authenticity are firmly rooted in a body of colonial texts which share a set of assumptions on the nature of these societies. These texts are moreover expressed in a bureaucratized New Order language which moulds them into a highly uniformed format. Therefore discussions about the essence and resilience of Balinese culture, or how the *nagari* is considered to be the basis of Minangkabau culture, as elaborated in the essays by Henk Schulte Nordholt and Franz and Keebet von Benda-Beckmann, reflect an 'Indonesian' way of identifying cultural keys, as much as they express concerns about regional identities. If we look at the main participants in these discourses we encounter urban middle class intellectuals who are born,

educated and socialized in the New Order. Although they tend to emphasize their unique regional identity, this group of people seems to embody at the same time the core of a national Indonesian middle class culture. Henk Schulte Nordholt takes the discussion about 'Ajeg Bali' (the Resilience of Bali) as a point of departure in an effort to give an integrated analysis of recent political changes which are seen in a wider Indonesian context. Franz and Keebet von Benda-Beckmann analyse the discourse concerning the *nagari* as a key to Minangkabau community and identity. They emphasize the inward-looking nature of this debate but show also that apart from local actors, participants at the provincial, national and international level are involved.

Regional identities are also heavily contested, and this is elaborated in the essays by Carole Faucher on Riau and Jaap Timmer on Papua. In Riau aristocratic ideas compete with the threatening proximity of Singapore's modernity, while the younger generation opts for a more outspoken Indonesian identity. The picture which emerges from Faucher's essay is one of confusion. Despite the existence of large groups of immigrants, the Malay elite tries to impose a coherent image of Malayness, which is contradicted by practices of exclusion by Singapore and Malaysia, while the high school curriculum is still to a large extent determined by Jakarta. Timmer, meanwhile, criticizes the idea of a unified and homogeneous Papua resisting Jakarta oppression. Instead he emphasizes the ethnic and demographic fault lines along which regional elites compete with each other. Increasingly, Papuan elites have accommodated to Indonesian ways of doing politics and found their way to political circles in Jakarta. In Papua a process of '*pemekaran* from above' has increased tensions and conflicts between elites and their constituencies, as a result of which the hopes of reform expressed during the 'Papuan Spring' of 2000 have faded.

Taken together the essays in this book aim to document the hopes and anxieties in Indonesian societies at the turn of the twenty-first century, especially in its neglected regions. The idea of the nation is damaged, the legitimacy of the state questioned, the nature and future of regional identities contested, and the boundaries between 'state', 'nation' and 'region' have become zones of conflict. Yet amid this flux of boundaries renegotiated, Indonesians are also demonstrating an admirable confidence that futures can be made anew, a surprising resilience in the face of uncertainty and (let us not forget) poverty, and (also too often overlooked) a remarkable civility amid the differences.