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The miracle of the Titanic

After the monetary and political crisis of 1997 and 1998, which was followed by a period labelled 'reformasi', Indonesia is viewed by some observers as having entered a transitional phase from authoritarian rule by a strong state towards a new democratic system of government in which civil society will play a more prominent role.¹ This transition is, moreover, accompanied by a process of decentralization that emphasizes regional autonomy and brings democracy to the people while making government more transparent.

Others contest this optimistic view and see, instead, a negative transition from 'order to disorder'. After decades of authoritarian centralist rule, attempts to introduce political and economic change seem 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 recent 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 the failure to curb collusion, nepotism, and corruption, pessimists are inclined to classify Indonesia in the category of

¹ This article is a preliminary result of the KITLV research project 'Renegotiating Boundaries: Access, Agency and Identity in post-Soeharto Indonesia' (see www.kitlv.nl). It is exploratory in nature, and raises more questions than answers. Earlier versions have been presented at the Centre for Development and the Environment of Oslo University on 11 March 2003, the Program Pasca Sarjana, Jurusan Sosiologi, Universitas Indonesia, 1 May 2003, and the ICAS3 conference in Singapore, 19-22 August 2003. I would like to thank in particular Gerry van Klinken, Olle Tornquist, and the anonymous *BKI* reviewers for their helpful comments.

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'messy states'. In short, they predict further disintegration, which may eventually lead to the break-up of the nation-state.²

The trouble with the word 'transition' is that it suggests an irreversible and fundamental change from condition A to condition B, and that these conditions are largely static in character. This is outdated sociology. Although the term 'transition' can be used to indicate the current transfer 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 identify 'changing continuities' in Indonesian politics. Given that a 'new Indonesia' still seems far out of reach and that the present period is marked by a lot of stagnation, it seems wiser, for the time being, to use the more neutral term 'post-Soeharto Indonesia'. Ben Mboi, former governor of the province of Nusa Tenggara Timor and presently advisor to the Minister of the Interior, compared Indonesia in this respect with the Titanic. 'The only difference', he added, 'is that the Titanic sank, whereas Indonesia *keeps* on sinking all the time' (seminar Clingendael, The Hague, June 2002).

Recently the process of decentralization in Indonesia has been equated with a process of democratization and the rise of civil society (Aspinall and Fealy 2003a; Antlöv 2003; Syaikh Usman 2002). These are, however, three very different processes. I will argue that a shift from a 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, in other words, does not automatically result in more local democracy. On the contrary, under certain conditions, decentralization may be accompanied by authoritarian rule.

Two main factors can be held responsible for the political, economic, and social-cultural dynamics of the present period. First, the tendency towards decentralization, with its widely varying effects in different regions. Second, attempts by the former political elite and the army to preserve the unitary state at any price. The outcome of the tensions between these centrifugal and centripetal forces, which is difficult to predict, will to a large extent determine Indonesia's future. These tensions should be seen in a wider historical context if we want to understand some of the complex dynamics in Indonesia.

The sudden demise of the strong New Order state 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 had become increasingly dominant. The collapse of Soeharto's regime in 1998, followed by a far-reaching policy of decentralization, invites us to refocus our attention from the centre to the regions, and to

² Note the contrasting titles of the books edited by Kingsbury and Aveling 2003, and Aspinall and Fealy 2003.

abandon the concept of the strong state in favour of a model that offers room for a more fragmented polity. It would, however, be misleading to exclusively emphasize the discontinuities. Instead, I argue that both on the national and on the regional level we can identify 'changing continuities' that help to explain the problems connected with the implementation of decentralization and the establishment of regional autonomy. It is 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 in order to identify the continuities that connect precolonial and late colonial patterns with contemporary developments. The 'changing continuities' I want to explore are 1. the persistence of patrimonial ties and the denial of class in Indonesian politics, 2. the postcolonial nature of Indonesian politics in which boundaries between state, society, and market are less clear than has been assumed, and 3. the historical role of regional elites and the way they use ethnicity to articulate their interests.

The appearance of the New Order

Harry Benda and Clifford Geertz prepared to a large extent the analytical ground upon which studies of Indonesian politics are based. Geertz (1963) borrowed Edward Shils's notion of 'primordial sentiments' in emphasizing the importance of local attachments expressed in terms of kinship, religious community, language, or customs. These bonds formed an obstacle to the civil politics of the new nation-states, and it required an 'integrative revolution' to adjust old societies to the needs of the new states. Today we would label these primordial attachments 'ethnic' (Liddle 1970), but we would no longer apply the evolutionary transition from traditional/local/primordial attitudes to the modernization process of nation building.

When after 1966 the New Order gradually took shape, the focus of research shifted away from society and its primordial attachments and concentrated almost exclusively on the nature of the state. In an influential essay, Harry Benda characterized the late colonial state as a *beambtenstaat* (Benda 1966). Framed in a Weberian model, this state was seen as a classic example of 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. Inspired by Riggs's study on Thailand, Karl Jackson (1978) described the New Order in terms of a closed bureaucracy. But instead of an efficient problem-solving machine, Jackson characterized this bureaucracy in terms of cliques, factions, patron-client ties, and personalized rule.

Due to the rise of the strong New Order state, large groups of society were being excluded from participating in the political domain, which was restricted to competing factions within a small political elite. Harold Crouch (1979) argued in this respect that the New Order should be seen as a patrimonial-cum-military regime in which patron-client ties kept the state together, while he perceived a gradual process towards rational policymaking.

There was considerable consensus among scholars about the patrimonial nature of the state. Operating within the same Weberian paradigm, Don Emmerson (1983) sketched a more positive picture of the New Order, arguing that it was a pluralist system allowing for internal debate while the bureaucracy operated in a relatively rational manner. When Emmerson conducted his research in the 1970s the New Order did not yet have the hegemonic traits of later years. However, it seems that his article also reflected an American effort to give the Soeharto regime a degree of respectability.

Criticizing the (neo-)patrimonial approach, Dwight King (1982) launched the concept of a bureaucratic authoritarian regime characterized by a high degree of corporatism (Reeve 1990). Instead of individual patron-client ties, various groups within the state – and in society (Liddle 1985) – are collectively tied to the leaders of the state. For the state this has the advantage of increased control through the incorporation of these groups, while the groups involved, according to King, strengthen the possibility to represent their own interests.

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

While patrimonialism vaguely referred to remnants of precolonial hierarchical relationships, none of the scholars had tried to trace the historical trajectory of patrimonial traits of the New Order into the past. Actually, historical perspectives were by and large absent in studies of the Soeharto regime. Ruth McVey and Benedict Anderson introduced in this respect a new comparative historical perspective.

McVey (1982) took Benda's idea of the *beambtenstaat* as a 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 the paradigmatic article by Benedict Anderson (1983). Referring to the book *Old society, new state* edited by Geertz in 1963 (in which 'primordial sentiments' are stressed), 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 mattered.³

By emphasizing the autonomy of the state as a state, Anderson took issue with Marxist interpretations of the state as a tool of international capital and the ruling bourgeoisie. In this respect Van Baal (1975) had already pointed to the rise of the autonomous colonial state vis-à-vis the Netherlands in the early twentieth century. No longer exclusively focused on economic exploitation, the colonial regime formulated new objectives and established new administrative institutions to protect its own interests. This process was facilitated by the fact that during World War I, ties between colony and metropolis were temporarily severed.

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 in the 1980s initiated an alternative political-economy approach. 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 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 (1986). A similar approach was taken by Arief Budiman (1988) and Olle Törnquist (1990), who also emphasized the role of Chinese entrepreneurs and the phenomenon of rent capitalism. The concept of an authoritarian-bureaucratic capitalism was born in which the state figured prominently.

Meanwhile, however, economic growth had enabled capitalist bureaucrats to become more independent of the state, and accelerated the formation of a domestic capitalist class of primarily Chinese-Indonesian descent (Robison 1986). 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 up 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

³ Pemberton's study *On the subject of 'Java'* (1994) follows a similar path by tracing the origins of New Order culture back to the colonial regime.

established that operated outside the state on a relatively autonomous basis.

Acknowledging its economic success, most authors now labelled the New Order as an authoritarian interventionist developmental state. Depending on conditions dictated by the international economy, four interest groups competed to dominate the political arena, which was still firmly controlled by President Soeharto: 1. populists (Islamic entrepreneurs supported by factions of the army) who advocated protective measures in order to stimulate a popular nationalist economy; 2. advocates of the (expensive) 'high tech' economy led by Habibie; 3. big monopolistic Chinese-Indonesian entrepreneurs in alliance with the presidential family; and 4. Western-trained technocrats who maintained connections with international institutions like the IMF and World Bank and who preferred an open deregulated economy (Robison 1986). As long as Soeharto managed to maintain a balance between these competing groups, favouring the high-tech people in affluent times, and pushing the technocrats to centre stage in times of crisis, the Indonesian economy and its regime gave a good performance 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 Soeharto's regime. Under his paternal rule, an expanding and affluent middle class inhabited the new suburbs, shopping malls, and traffic jams of the capital, where it enjoyed new air-conditioned lifestyles and where during the mid-1990s 70% of the money that circulated in the Indonesian economy was concentrated (Castle 2003; Van Leeuwen 1997).

In contrast, the patrimonial nature of the regime faded somewhat into the background and very few people were interested in seeing how the New Order performed at the regional level. It seemed as if most scholars had internalized the ideology of the 'floating mass', which excluded the population from participation in politics. Regional centres were apparently of little interest if you wanted to know how Indonesia worked.⁴

⁴ How the New Order operated at the village level has been analysed in great detail; see Nico Schulte Nordholt 1981; Hüsken 1989; Hüsken and White 1989.

A backstage perspective

While during the 1980s Indonesia's international respectability increased, there appeared at the same time cracks in the decent image of the New Order. In East Timor, Tanjung Priok (1984), and Lampung (1989), the regime showed its ruthless military face, while the 'Petrus murders' (1983) showed how the regime manifested itself as a boss among other criminals.

As long as the Cold War was not over, violent practices were noticed but tolerated by the international community. After the fall of the Berlin Wall, however, Soeharto faced serious problems defending the legitimacy of his aging regime. Video footage of the Santa Cruz massacre in East Timor in November 1991 was broadcasted 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 crime as protest movements faced repression and militias were engaged in intimidating campaigns and political gang wars. At the same time, the presidential family was accused of being the centre of unprecedented corruption, which damaged

Jakarta's image as a booming metropolis of modern business. It seemed that it was no longer 'primordialism from below' but 'criminality from above' that threatened the future of the nation state.

With the wisdom of hindsight, one may wonder how strong the New Order actually was in institutional terms. Adrian Vickers (2001) argues that the New Order was a regime that was primarily busy keeping up appearances. As an example, he mentions the reason why Indonesians wear helmets when riding motorbikes. This has nothing to do with safety, nor with the fact that Indonesians want to obey the law, but because the police would fine them, and the fines would go directly into the pockets of the policemen involved. In a similar vein, the bureaucracy produced the appearance of rational administration, even though it consisted of inefficient clusters of largely incompetent institutions with overlapping responsibilities, overstaffed with underpaid employees. Likewise, the state produced an appearance of order, expressed primarily in ritual gatherings and elaborate ceremonies. The New Order even tried to keep up the appearance of democracy by staging elections every five years. As John Pemberton (1986) notes, 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.

When the financial crisis hit Jakarta in August 1997, the regime collapsed within nine months. This time Soeharto had apparently lost his ability to manage the crisis. Instead of appointing Western-oriented technocrats who possessed enough credibility to deal with international financial institutions,

and instead of appeasing his opponents from the modernist Muslim network ICMI by incorporating them in a new government, he took a very patrimonial turn by relying almost exclusively on his inner circle of family members, long-standing business allies, and some trusted military (a son-in-law and a former palace guard).

John Sidel (1998) has shown how the monetary 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, like old aristocracies, Christians, socialists, modernist Muslims, who had initially supported the New Order, were gradually marginalized and lost access to the sources of wealth in the centre of the state. A similar thing happened to high-ranking military whose tour of duty would lead them to the spoils of power at the centre of the state, and Chinese entrepreneurs whose privileged position was threatened. Many people felt betrayed because they had been removed from these networks, while others were dissatisfied with the traffic jam, which was accelerated by the monetary crisis. When the flows of money from the centre stagnated, large groups of people were no longer loyal to the president and 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 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 not solved by the rule of law or bureaucratic procedures but by violent means (Siegel 1998; Schulte Nordholt 2002).

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 that was controlled from the centre. Estimates indicate that over a period of 30 years of New Order rule, 30% of US\$ 30 billion 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, an early example of which is the Pertamina scandal of the early 1970s. Bob Hasan's plundering of the forests in Kalimantan is another example, and Kevin O'Rourke (2002) provides shocking details of how for instance Marimutu Sinivasan's Texmaco Group was allowed to loot the shrinking reserves of the Bank of Indonesia at the climax of the monetary crisis.

It seems that the image of the authoritarian interventionist developmental state, heir of the colonial *beambtenstaat*, has 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 suddenly 'failed'? Or did the regime

drop its veil of decency and are we looking at 'changing continuities' that predate the late colonial state? If so, what are the constituent elements of this polity?

Rethinking analytical categories

New ways of looking at 'the state' are necessary in order to trace continuities in patrimonial patterns and to incorporate various arrangements that link formal institutions with informal networks, which help to undermine artificial distinctions between 'state', 'society', and 'market'.

In his book on state formation in early Southeast Asia, Tony Day (2002) presents the provocative argument that in order to trace the origins of modern Indonesian politics we should indeed look further back into the past.⁵ He illustrates his point in an impressionistic way by elaborating clusters of themes like 'family', 'cosmologies and regimes of knowledge', 'bureaucracy and ritual', and 'violence'. Within these four areas there are strong continuities dating from precolonial polities which deserve further exploration. Family networks characterized precolonial political systems and continued to do so under Dutch colonial rule, despite the appearance of a rational *beambtenstaat*, and during the postcolonial period. Systems of knowledge did not exclusively consist of invented traditions dating from the colonial period, but had genealogies reaching further back in time. Likewise, bureaucracies were not purely Western implants but had local roots as well, while ritual behaviour plays a dominant role in modern bureaucracies and political manifestations. Similarly, there are interesting parallels between the ritual character of elections during the New Order and large-scale royal rituals in precolonial Bali: both were intended to mobilize people and to master potential chaos, reinforcing the authority of the ruler (Pemberton 1986; Vickers 1991).

Particularly relevant here is the continuity of patrimonial patterns during the colonial and postcolonial period. The New Order regime distributed large amounts of so-called INPRES (Instruksi Presiden) money, suggesting that the president himself had personally decided to allocate funds for specific projects, while a substantial portion of state income was generated by informal means, revealing the patrimonial character of the system. The armed forces rely for only 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

⁵ This would also involve a sophisticated continuation of the exchange between Benda (1982) and Feith (1982) in the mid 1960s on the possibilities of constitutional democracy in Indonesia.

also continuities that predate the colonial period, although the impact of the colonial and postcolonial state in terms of increase of scale should not be underestimated (Schulte Nordholt 2002). Protection against intimidation and violence involves the payment of informal taxes as well. Old notions of invulnerability are still relevant, but they do not refer primarily 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 characterizes) the Indonesian bureaucracy as well. Underpaid bureaucrats supplemented (and supplement) their incomes with informal sources of income by selling licenses and levying personalized forms of taxation. The sheer lack of independent state institutions reinforced (and reinforces) the reproduction of these patrimonial hierarchies.

The New Order was also part of a set of wider capitalist structures which should be taken into account to understand mechanisms in the control of capital, production, labour, and markets. 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, which were also marked by differences in climate. Today an important distinction can be made between those who live and work in an air-conditioned environment and those who do not. Those inside classify themselves as belonging to the large but internally ranked (lower, middle, higher) middle classes and in terms of work, language, and lifestyle are closely tied to the New Order, whereas those who live outside the air-conditioned domains in the hot 'jungle' are seen as still ignorant, not yet developed (Van Leeuwen 1997).

In many respects post-Soeharto Indonesia shows continuities with the previous period, although the central leadership of the old regime has been weakened, making way for a considerable degree of 'factionalization' and decentralization of power. The extent to which 'civil society' managed to organize itself in order to establish a more democratic system is questionable. Almost all political parties have a top-down leadership structure and are organized primarily to mobilize support in exchange for the distribution of favours. Ideological debates are less relevant than the control of 'traditional' constituencies. Class distinctions in terms of climate play an important role here as well. Most representatives of groups claiming to speak on behalf of 'civil society' have an air-conditioned middle-class background. For them, civil society is not automatically synonymous with democracy, because that would imply a sharing of power with the outside '*massa*'. This attitude is not a recent phenomenon, since it is rooted in the colonial past when small emerging middle classes were persuaded to participate in the modernity of the colonial state and to dissociate themselves from the ordinary people, who were believed to live in 'timeless traditions'. But colonial modernity had its limits: electricity

facilitated the reading of newspapers and books, but people were not allowed to read subversive texts, while upward mobility was also restricted.

For a very brief moment in Indonesian history, President Soekarno addressed and mobilized Indonesians as *rakyat*, co-patriots, but the New Order immobilized them and changed *rakyat* into *massa*, a potentially dangerous mob that needed constant surveillance (Siegel 1998). Many commentators who advocate the strengthening of civil society share the fear of this same *massa*. Although Soeharto is gone, the language of his New Order is still spoken.

We may at this point tentatively conclude that it is 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 period. Artificial distinctions between 'state' and 'society', 'state' and 'market', 'formal' and 'informal' relationships, and 'centre' and 'periphery' need to be critically reviewed. Alternative perspectives indicate that the system operated predominantly along patrimonial hierarchies, which have their origin in earlier, precolonial, polities. Although power was concentrated in the centre, large sections of society were linked through a variety of informal ties to the regime and operated in its political system. Recent studies on Thailand demonstrate the extent to which the formal domains of politics and economics are interwoven with illegal economic activities and criminality in which bureaucrats, politicians, military, police, businesspeople, and criminals maintain intimate relationships, and distinctions between these professions are often blurred (Pasuk 1998; McVey 2000).

In a similar vein, Barbara Harriss-White (1999) argues with respect to India that not only does the real economy consist of both state and market, and both formal and informal arenas, but also that many informal arrangements – theft, corruption, tax evasion, privatization of public property – can be found within the formal and the state sectors. Characteristic of these sectors is not that they operate separately but that they are bound in a mutually protective embrace. And this is not the 'partnership' between state and market that is being advocated by the World Bank. Likewise, the real state consists of a formal set of bureaucratic institutions that coexists with a shadow state in which bureaucrats, businessmen, politicians, and criminals interact on a regular basis. Although the formal state may at first sight look like a relatively small and weak set of institutions, the real state, which is characterized by the privatization of public institutions and the institutionalization of private interests, is a far-reaching and powerful octopus.

Against the backdrop of these considerations, it is time to turn to the 'regions' – which have been ignored in most New Order studies – to see at the local level how 'state', 'society', and 'market' were intertwined and structured along patrimonial lines and how relationships are changing in the post-Soeharto era.

Bringing the regions back in

Decentralization is not a new phenomenon in Indonesia. The first legislation in this respect dates from hundred years ago. In 1903 urban European elites were allowed a limited measure of self-government. The law, however, offered next to nothing in terms of autonomy – it was called a '*bang wetje*', or a cautious little law (Benda 1966:241). Both the late colonial state and the New Order were not inclined to make any serious efforts in this direction.

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 Ethical Policy of '*ontvoogding*', or '*detutalization*', resulted at the district level in the establishment of councils in which local elites were represented. These councils were conservative and functioned as bastions against nationalism (Sutherland 1979; Niessen 1999:41-53). Under colonial rule, decentralization had nothing to do with democratization and very little to do with the strengthening of civil society.

The reforms of the 1920s nevertheless caused a blurring of the lines of responsibility between European and native 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 colonial rulers, which marked an end to the half-hearted efforts to introduce administrative decentralization without granting substantial regional autonomy. Instead, 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 (and to some extent the Chinese) elite, whereas the indigenous population was ruled according to '*their own*' customary (*adat*) law. That is to say, the European interpretation of *adat*, since customary practices were transformed from a set of flexible rules meant to accommodate conflict into a rigid set of written rules in the service of administrative control. 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 intended primarily to isolate the small nationalist movement within urban sectors by keeping the countryside and the areas outside Java under the control of colonized traditional rule.

During the Indonesian Revolution, Lieutenant Governor General H.J. van Mook tried to revive pre-war plans for a federation of Indonesian states along provincial lines in order to isolate the Republican forces. He also encouraged the establishment of so-called *daerah* or *swapraja*, regional rule by local aris-

toocracies, also in order to counteract revolutionary nationalists. Van Mook's strategy failed. In 1950 Indonesia chose to become a unitary nation-state, which is explicitly stated in Article 1 of the Constitution of 1945, 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 exercise strict control. Due to pressure from the regions and especially the political parties who wanted to dismantle the monopoly of the postcolonial *pamong praja* over the bureaucracy, far-reaching reforms were formulated in Law 1/1957 regarding the decentralization of provincial and regional government (Legge 1961; Malley 1999; Holtzappel 2002). The law entitled provincial and district parliaments to appoint their own governor and *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 the increase of the number of provinces from 12 in 1950 to 20 in 1958.⁶

The accompanying Law 32/1957 regarding the fiscal balance between centre and regions was extremely complex and rather unworkable. It consisted of the allocating of resources from the centre to regions and regulated local sources of income. Income from exports was, however, still levied by the centre, while the centre profited from favourable exchange rates that explicitly supported its interests, but at the same time stimulated large-scale smuggling. Consequently, the fiscal side of the decentralization law was highly centralist in character, as a result of which many regions remained dependent on the centre.

Decentralization did not have a chance to take root, because the PRRI/Permesta rebellions in Sumatra and Sulawesi against Jakarta, the proclamation of martial law, increased military power, and, in 1959, Guided Democracy aborted this brief experiment. By presidential decree 6/1959 Law 1/1957 was abolished (Magenda 1989:18).

At the end of the turbulent years between 1959 and 1974, during which the state regained its dominant position, Law 5/1974 formalized the supremacy of the centre over the regions. Although the law defined provinces and districts as 'autonomous' levels (Tingkat I and II), and elected councils were established in order to generate a bottom-up representation, regional government consisted in practice of a top-down execution of developmental interventions initiated by the state, which were accompanied by strict surveillance. Although provincial and district councils were entitled to nominate candidates for the positions of governor and *bupati*, the final appointments were made by the president and the home minister. And although they were

⁶ Or more precisely: ten provinces plus two special regions in 1950; see Legge 1960:62-83.

officially expected to represent their regions, these regional administrators were in fact agents of the centre. Law 5/1974 was accompanied by Law 5/1979 on village government, which not only made village administration uniform throughout Indonesia, but also 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 – 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 deconcentration of authority, in which 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 civil bureaucracy as well. In 1970, 20 out of the 26 provincial governors were recruited from the ranks of the military, while in 1997 they still formed a majority: 14 out of 27 (Malley 1999; Wihana Kirana Jaya and Dick 2001).

Despite their dependence 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 it may be assumed that informal networks connected the interests of both local businessmen and bureaucrats.

The agony of decentralization: 1999 and after

Over recent decades a huge wave of decentralization has affected the structure of governments in many countries around the world. The crisis of the Western welfare state, the collapse of socialist systems in Eastern Europe, and the end of the Cold War, which no longer required the maintenance of authoritarian regimes in the Third World, seemed to illustrate the failure of state-led politics. Organizations like the World Bank embraced the neo-liberal idea that decentralization would stimulate both the economy and democracy. Democratization was expected to be accompanied by the rise of a strong civil society, which would result in more efficient and transparent government at the local level (Malley 2003; Hadiz 2003b).

Decentralization can be interpreted in three different ways (Dormeier-Freire and Maurer 2002): in terms of 1. 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 decisionmaking 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, as implemented in 2001.⁷

Looking back at the period 1998-2003, 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, and free national elections, the Habibie government also in great haste pushed two important laws through parliament, as a result of which a process of administrative decentralization was set in motion.

The laws were primarily designed by bureaucrats, with no feedback whatsoever from the regions. One month before the first general elections since 1955 were held in June 1999, the parliament – whose members still belonged to the New Order era – agreed without much debate to Laws 22 and 25, which provided the administrative and fiscal framework for a process that seemed to change the very foundations of the unitary nation state.

One of the main reasons the government wanted to accelerate this process was to appease anti-Jakarta sentiments in many regions outside Java, while Golkar, which was under political crossfire on Java, tried to maintain its power bases in the Outer Islands by supporting regional autonomy. The decentralization laws were also a strategic device to counteract the threat of provincial rebellions and secessionist movements.

The proposed two-year period of transition and implementation was even shortened to one and a half years, which meant that by 1 January 2001 the biggest administrative reorganization in the history of the Indonesian state had to be completed. This implied, at least in theory, that more than 1,000 government regulations and presidential decrees and instructions needed to be revoked (Rifai 2002:33). A period of eighteen months was of course too short to get things done in a proper way, which is why the deputy minister responsible for it, Ryaas Rashid, resigned.⁸

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

⁷ The most far-reaching form of decentralization is, of course, privatization (Frerks and Otto 1996:9).

⁸ Actually the department of Ryaas Rashid was in operation as a relatively independent unit for a limited time, from April till August 2000 (World Bank 2003).

stimulated. Seen from this perspective, decentralization was a divide-and-rule strategy of the centre, aimed at granting administrative fragmentation while maintaining fiscal control in the centre. This becomes clear when we focus on the differences between Law 22 and Law 25 (N. Schulte Nordholt 2003).

Law 22 was drafted by the home ministry with the official intention of achieving a substantial devolution of power in order to bring government closer to the people and offer more transparency. Similar to Law 1/1957, governors, *bupati*, and *wali kota* are no longer appointed by the centre but elected by regional parliaments. Hence, regional political leaders are back on stage. Furthermore, there is no longer a hierarchical relationship between province and district. Districts and municipalities are autonomous units and the position of the provincial governor has become a hybrid one. Representing both the centre and the regions, the best he can do is to try to play a coordinating role between the districts.

Part of the operation was a massive transfer of 2.1 million state employees, 50% of whom are schoolteachers, to the regions. Since this was primarily a financial operation, it did not involve actual mass migrations. In 1999 88% of the officials were still employed by the central state, whereas in 2002 about three quarters of the state's workforce, some 3 million people, were employed by provinces and autonomous districts, 2.5 million of whom worked at the district level (Rohdewohld 2003).

Apart from these rapid and complex transfers of people, tasks, and responsibilities, there is also a big rush to create new provinces and districts. Since 1999 the number of provinces has increased from 27 to 33 (minus East Timor, plus Banten, Gorontalo, North Moluccas, Bangka-Belitung; Kepulauan Riau, West Irian Jaya, and Central Irian Jaya have been established but are not yet in full operation). Meanwhile people in Flores, Tapanuli, Cirebon, and Madura hope to achieve provincial status as well, but their chances are diminishing as time goes by.

The number of districts increased roughly from 340 to more than 400 (Syaikhu Usman 2002; World Bank 2003), and the fission of districts is ongoing. *Pemekaran*, or blossoming, is the new buzzword, referring to the expansion and development of autonomous districts. As I argue below, the reasons for the rapid increase of districts have primarily to do with the political ambitions of regional elites and the flow of funds they want to control, in combination with the interests of political parties at the national level.

Although it was the home ministry that designed the far-reaching decentralization now being implemented, the same ministry currently wants to reduce the degree of autonomy granted to the regions.⁹ By presidential

⁹ Hidayat and Antlöv forthcoming. Efforts to recentralize government control are accompanied by a strong tendency within the PDI-P to strengthen the grip of party headquarters in

decree, the central government tried to reduce the number of regional government agencies and institutions and also wants to control the appointment and dismissal of regional officials.¹⁰ These plans met with fierce opposition from APKASI, the national pressure group of district administrations (Asosiasi Pemerintah Kabupaten Seluruh Indonesia). The regions have also gained a formal foothold in the centre where they can oppose efforts to re-centralize government. In February 2003 the national parliament (DPR) decided to establish a Council of Regional Representatives (DPD) with 4 representatives from each province that will become part of the National Congress (MPR) (*Jakarta Post* 17-2-2003).

At first sight, the role of the central government seems to resemble a 'night watch' state. The few remaining responsibilities include national defence and security, foreign policy, fiscal and monetary matters, macro-economic planning, natural resources, justice, and religion. Regions have autonomy in public works, education and culture, health care, agriculture, transport, industry, trade, investments, environmental issues, cooperatives, labour, and land (Ray and Goodpaster 2003). But in order to assess the nature of the current decentralization, it is important to look at the fiscal arrangements as well. Whereas Law 22 facilitates a devolution of power, Law 25, drafted by the ministry of finances, is centralist in character. This implies that the central government maintains its grip on the main sources of revenue of the regions – 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. 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%. The DAU is a merger of two flows of money from the New Order, the so-called SDO (Subsidi Daerah Otonom) covering routine expenditures, and INPRES money for development projects. In the new allocation there are no longer earmarked distinctions between routine and development funds. Apart from the DAU there is a separate category for special funding, Dana Alokasi Khusus, or DAK, which started in 2002 and covers education, health, irrigation, and reforestation (Widjaja 2002).

What we are actually witnessing in Indonesia is a decentralization of administrative power which is heavily subsidized by the central government. In 2001 a total of Rp 60.5 trillion, or US\$ 6.1 billion, flowed from Jakarta to the regions. The criteria for the distribution of funds among the

Jakarta over its regional branches. Several conflicts occurred in Central Java and Bali when, during the elections of governors and *bupati*, local party branches were forced to support candidates favoured by party headquarters in Jakarta.

¹⁰ PP 8 and 9/2003. *Tempo* 11-17 March 2003.

variety of districts are complex, depending on population size, poverty rate, geographical conditions, and price indices.

Autonomous regions have the right to levy a modest amount of local taxes, or PAD (Pendapatan Asli Daerah). Law 34/2000 stipulates that the tax on motor fuel (30% province, 70% district) and the tax on vehicles (70% province, 30% district) is divided between the two regional administrative levels, while districts are allowed to levy taxes on hotels and restaurants, which is beneficial for tourist areas. Moreover, individual income tax is also divided between central government (80%), province (8%), and district (12%), just as are the fees for the transfer of land (province 16%, district 64%, 20% all other districts). Taken together, the regional tax base remains limited, as a result of which most regions remain dependent on the centre (World Bank 2003).

There is, however, another important source of income for regions with rich natural resources, the revenues from which are shared between government, province, and district.

Distribution of revenues (in %)

	Central government	Province	Districts	Other districts in province	All districts in Indonesia
Forests	20	16	32	32	–
Mining	20	16	32	32	–
Fishery	20	–	–	–	80
Oil	85	3	6	6	–
Gas	70	6	12	12	–
Property tax	9	16.2	64.8	–	10

(Source: World Bank 2003)

Various regions have voiced their criticism with regard to the limited number of resources that were chosen. Plantations and industrial areas, for instance, are excluded from special treatment, although these areas produce significant profits.

On average, regional income in 2002 consisted of 64% from DAU, 1.2% from DAK, and 4% contingency funds, while 22.5% was shared revenues, and only 7% was generated by local taxes.¹¹ Rich regions depend less on DAU (50% or less), whereas poor regions depend on the centre for 90% of their income (Asia Foundation 2002). It is less clear how money on the district level is allocated in practice. The World Bank (2003) estimates that about 65% is spent on routine salaries, 25% on regional development, and 5% on health and education.

¹¹ World Bank 2003; the report of the Asia Foundation (2002) gives different figures: DAU (75%), DAK (0.2%), PAD (7%), revenue sharing (10%), other sources (8%).

The contentious provinces Papua and Aceh received special autonomy (Laws 18 and 21/2001), granting Aceh 80% of its oil and gas revenues, and Papua 80% of its mining revenues and 70% of its oil and gas revenues. It is ironic that in the case of both Aceh and Papua, autonomy was granted to the province instead of to the districts. After all, one would expect that a rebellious and ethnically homogeneous province might break away from the nation state. However, both provincial administrations are still dominated by old Golkar elites, who control the flows of money, while TNI is currently waging a war in Aceh.

Apart from the right to implement sharia law, the precise nature of autonomy in Aceh – or Nanggroe Aceh Darussalam – was not made explicit. The situation in Papua is not clear either. Although the law of 2001 recognized the name 'Papua', respected regional cultural institutions, and allowed for a regional council with far-reaching authority (the Majelis Rakyat Papua), a presidential decree of January 2003 revoked these measures by recognizing two more provinces (Irian Jaya Barat and Irian Jaya Tengah) whose names no longer include the word Papua.¹² Apart from a divide-and-rule strategy, it is said that this measure was also motivated by PDI-P interests in breaking the Golkar monopoly in the Papua bureaucracy (International Crisis Group 2003a, 2003b). Judging from recent developments in Aceh and Papua, it seems that the central government, or more precisely the TNI, is currently determining the conditions under which decentralization and regional autonomy will be realized.

Professional optimism versus realistic pessimism

Since the process of decentralization has now been two years underway, we may draw a few preliminary conclusions. Officially, decentralization promises to bring government closer to the people and to promote good governance; it aims to offer more transparency and to facilitate democracy and civil society. In short, decentralization, democratization, and the rise of civil society are often seen as synonymous (Antlöv 2003).

Professional optimism can be found among organizations with an institutional interest in decentralization. NGOs like SMERU, and donor organizations like Sfdm, Ford Foundation, Asia Foundation, and financial giants like the World 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 whose possible weaknesses

¹² Presidential decree No.1/2003 revived Law 99/1999 – which established three provinces – and was in turn overruled by Law 21/2001.

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; Lewis 2001; World Bank 2003). Such a technocratic approach ignores key questions referring to power struggles among competing interests groups (Hadiz 2003b).

The Asia Foundation and the Ford Foundation support decentralization because it strengthens democracy and civil society. Between the lines, however, one can find carefully phrased doubts and concerns about the outcome of the ‘transition’. Critical publications by authors without direct institutional involvement give voice to a more pessimistic attitude (Dormeier-Freire and Maurer 2002; Kingsbury and Aveling 2003; Hadiz 2003a, 2003b; Malley 2003). And although they profess their faith in the outcome of decentralization, Hofman and Kaiser (2002:7) state that after more than one year into decentralization, much remains unclear on what exactly has been decentralized. A brief list of unresolved issues 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 government. This does not mean that there is adequate funding for the tasks they are supposed to perform in the field of education, health care, and poverty alleviation. Wihana Kirana Jaya remarks, moreover, that whereas Law 25/1999 reduces the vertical imbalance between centre and regions, it is likely to increase horizontal imbalances among regions (2002:39). It is evident that resource-rich regions like East Kalimantan and Riau (and, in theory, Aceh, and Papua) can more easily survive than minus areas like Banten, NTT, and Lampung, because the richest region has 50 times more income than the poorest one. Resource-rich provinces have a comparative advantage, because the DAU they receive is partly based on former INPRES funds, which were meant to compensate these regions for the revenues that were transferred to the centre during the New Order regime. It is to be expected that new economic figurations will emerge in which rich areas will try to develop their own transnational networks, whereas poor regions will fall further behind and become increasingly isolated (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 showed that loyalty towards Jakarta increased considerably when autonomy was granted (Minako Sakai 2003).

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. What is the role of the central government when regions are implementing their own form of sharia?

Especially at the *kabupaten* level there is a general lack of administrative

expertise. Since most career paths always headed towards Jakarta, bright young people were urged not to stay behind (Ismet Fanany 2003). Moreover, regional bureaucrats tended to wait and see what the centre would decide, but now they have to play a much more active role, without having proper training for this.

Regional parliaments (DPRD) are slow in initiating legislation and have a limited capacity to do so. Also lacking are mechanisms to resolve conflicts between DPRD and executive administrators, while members of the DPRD do not show much eagerness to represent their constituencies. Ryaas Rashid (2003) remarks that DPRD are controlled by and large by party bosses who protect primarily the interests of their own party. It is not yet clear how health care and education will develop under such a state of decentralization. It is feared that in some regions political leaders will give priority to other issues. There are indications that members of local parliaments prioritize substantial increases of their own salaries and travel budgets at the expense of education and health care (Dormeier-Freire and Maurer 2002; Syaikh Usman 2002), while in the rich provinces of East Kalimantan and Riau huge sums of money are allocated to the building of status objects and new party headquarters (FEER 21-1-1999; *Economist* 15-2-2003).

Because at the regional level there is no decisionmaking control over the inflow of most revenues, regional governments tend to become spending machines (Ray and Goodpaster 2003). In general, financial management and accountability is weak, while money politics seems to prevail. The World Bank (2003) mentions the surprisingly great number of newly elected *bupati* who are not affiliated with majority parties in their region, and admits that substantial amounts of money that have been transferred from the centre apparently disappear. There are widespread complaints that corruption has increased considerably since regional autonomy was implemented. Elections of governors and *bupati* by provincial and district parliaments are generally accompanied by massive transfers of money, while budgets for development and construction projects are characterized by a substantial degree of 'up marking' (50-100%), with the benefits being divided among alliances of administrators and businesspeople.

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. Forests are under the authority of regional administrators, who sell logging licenses, but there is a lack of interregional coordination regarding national parks and forest reserves (*Tempo* 17-23 April 2001). The forestry department has opposed districts' claim to control forest reserves. Similarly, a presidential decree on control of land contradicts article 11 of Law 22/1999 that authorizes regional administrations for this. It seems, however, that central agencies are losing ground (Pradnja Resosudarmo

2003) and it is to be feared that the environment will turn out to be decentralization's hardest-hit victim.

Because there is a lack of coordinating power at the supra-regional level, decentralization encourages interregional competition and conflict. One of the reasons Bangka-Belitung wanted to become a separate province was that they did not want to share their mining revenues with the province and with other districts on the mainland. Conflicts between neighbouring districts along the north coast of Java about the demarcation of their fishing territories has occurred regularly. 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 reinforces economic and political competition between districts, even in regions that are ethnically relatively homogeneous. In Java, people in Kedu and Banyuwangi are learning that they are different from people in neighbouring regions.

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) in their reports portray an Indonesia without army or organized crime. But both army and police interfere in regional 'security' matters and it is common knowledge that big companies pay large sums of protection money to the armed forces. In Riau, PT Caltex Pacific and PT Riau Andalan Pulp and Paper pay a million US dollars per year in exchange for protection, and in Papua, PT Freeport in 2002 paid 5.6 million (*Jakarta Post* 24-3-2003). It seems that especially the army and to a lesser extent the police benefit from decentralization, since more money is channelled to the regional level. Because its territorial structure is still intact, the TNI is willing to sell protection, and it can create a lot of insecurity if this offer is refused (Mietzner 2003). Moreover, military involvement increases the violent nature of the shadow state at the regional level (*Current data* 2003:22-32).

For those familiar with the literature on decentralization in postcolonial states, the issues mentioned here do not come as a surprise. In a review report in 1996, Frerks and Otto (1996:25) conclude that overall results of decentralization are rather disappointing and far behind initial expectations. They also refer to reports by USAID and the World Bank from the 1990s, illustrating the structural amnesia of these institutions. 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).

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

Missing links, hidden continuities

Relationships between the centre of the state and regional elites have changed over time. In the late colonial period, a strong central state allied itself with aristocratic elites in the regions in order to establish a relatively cheap but stable form of indirect rule.

Due to the protective colonial umbrella under which they operated, regional elites tended to become stronger. After independence the central state lost its grip on the regions, while societal forces started to penetrate into state institutions. As a result, regional aristocracies faced competition from other groups in society that tried to mobilize mass support in order to reinforce their position. Moreover, aristocratic groups had to rely on their local power base in order to survive. Hence, there was a correlation between a weak state and a threatened aristocracy. From the late 1950s onwards, central state agencies gained ground again while societal forces were gradually dismantled. The rise of the strong state under the New Order was accompanied on the regional level by new alliances with descendents of the old aristocratic elites. Since they were incorporated in the state apparatus, regional elites could dissociate themselves from their local constituencies. Thus the strong state could rely on privileged but dependent regional elites. It is to be expected that under the present conditions, and in contrast to the 1950s, a weaker state will be accompanied by the rise of stronger regional elites.

Regional elites and the state

	Central state	Regional elites
1920s-1930s	strong	strong
1950s	weak	threatened
1960s-1990s	strong	privileged/dependent
post-Soeharto	weaker	stronger

It is also important to go back to the colonial period in order to understand the connection between regional elites and ethnicity in present-day Indonesia. Mahmood Mamdani (2001) 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 that was framed in a discourse of customary law. Consequently, large segments of the population were not allowed to become citizens in the new nation-state. Instead, they remained subjects of a postcolonial regime and this provided a weak basis for the development of a relatively strong civil society. It is interesting to draw a comparison with developments in Indonesia, where in many regions local aristocracies came to power during the colonial period. Customary law was an important mechanism used by the colonial state to regulate local relations and to keep ordinary people trapped in an ethnically ordered system.

Dutch colonial thinking conceptualized its role and rule in the Netherlands Indies – especially in the islands outside Java – in dualistic terms. These ideas, which separated European interests from native society, were made tangible in economics, education, and law (Van Klinken 2003). In terms of law, the Dutch created a corpus of knowledge about local customs, which not only separated natives from Europeans (as well as Arab and Chinese minorities), but also produced sharp divisions among indigenous groups. Among ethically inspired Dutch administrators there was a genuine desire to respect and protect local cultures against the penetrating colonial state in its attempts to introduce uniform rule. This protective attitude was, however, also part of a strategy of divide-and-rule that was 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 boundaries were defined as a result of which fluid communities with flexible boundaries were demarcated in rigid terms and located within fixed territorial structures (Kingston 1991; Smith Kipp 1996; Schrauwens 1998; Schulte Nordholt 1994; Laksono 2002). In many parts of the archipelago the Dutch administered these ethnic groups, or *adat* communities, through local aristocracies. And it was this

colonial legacy that was to determine postcolonial relationships.

Burhan Magenda (1989, 1994) is one of the few scholars to focus on the continuity of aristocratic rule in areas outside Java after independence. In his detailed study on the role of the surviving aristocracies of East Kalimantan, Nusa Tenggara Barat, and South Sulawesi, he shows that in the early 1950s the civil administrative corps of the home ministry, which was dominated by Javanese *pamong praja*, allied themselves with regional aristocracies outside Java. Joined by common interests and fearing common enemies (leftist and Islamic parties) they were natural allies. The *pamong praja* needed the aristocracies in order to rule the country, and the aristocracies needed protection to counter local opposition. In total, 288 territories maintained self-rule until 1958, when they were incorporated into the national administrative bureaucracy.

When in the 1950s political parties, and especially the Masyumi, spread their influence throughout the archipelago, it was Law 1/1957 that helped them gain access to regional administrative structures. In order to neutralize this political threat at least somewhat, members of the aristocracies managed to assume the leadership of local branches of Masyumi, but their privileged position was still seriously undermined.

Apart from the bureaucracy, the army, which was predominantly staffed by anti-Islamic Javanese and Christian officers, formed another ally of the regional elites. The influence of the army increased considerably during the period of martial law (1957-1963), when they suppressed regional rebellions in Sumatra and Sulawesi in the late 1950s, and the Masyumi party was dissolved. But the army also had its own agenda, which limited the aristocracy's room to manoeuvre.

Although ethnicity was a topic of scholarly discussion during the 1950s (Skinner 1959), the dominant academic discourse focused primarily on nation building, the role of political parties, and the so-called *aliran* (political pillars) in Java. As Ichlasul Amal (1992) has argued, this approach obscured to a large extent the importance of ethnic factors shaping Indonesian politics at the time. For instance, ethnic loyalties lay at the basis of a national party like the Nahdatul Ulama, which was predominantly a Madurese/East Javanese party, while the big national parties like PNI and PKI were to a large extent Javanese parties. But then, majorities seldom define themselves in terms of ethnicity. One should also recall that the first manifestations of nationalism in Indonesia (Jong Java and so on) had a strong ethnic flavour (Van Klinken 2003; Schulte Nordholt 2000).

Ideologically, ethnic identity refers to a timeless cultural essence, but it is formulated, framed, and contested within specific colonial or postcolonial conditions. Neither Geertz (1973) nor Liddle (1970) paid attention to the colonial moulds within which postcolonial discourses of ethnicity had been shaped. For them primordial sentiments referred to something that was

authentic and did not have much history. Although he seems to argue that traditional ethnic loyalties predated the modern nation-state, Liddle (1970: 208) shows that at least until 1959, people in northern Sumatra were organized along ethnic lines at the same time as being deeply committed to the nation. Geertz (1973:270) went one step further in stating 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'.

Under Guided Democracy (1959-1965), political-cum-ethnic tensions increased rapidly in areas outside Java where the military had intervened. People felt as if they were cut off from participating in the nation state while they resented the dominance of Javanese military in their region (Liddle 1970; Kahin 1999). When the New Order replaced Guided Democracy, from 1966 onwards, there was a paradoxical euphoria in these areas (Ichlasul Amal 1992). The New Order was seen as liberating West Sumatra from Javanese occupation and restoring order in South Sulawesi, but it also marked the beginning of a long period of neo-colonial rule.

Compared to its colonial predecessor, the New Order regime penetrated deeper into society and dominated local society to a much greater extent. Gradually processes of 'local state formation' took shape (Schiller 1996), without offering any prospect of regional autonomy. Despite the apparent dominance of the centre, underlined by a strong military presence, regional elites showed a remarkable resilience and managed to survive. Much remains to be investigated about the role of regional elites, especially with respect to modes of circulation within the administration and the accumulation of wealth and influence. The following sketch is therefore necessarily hypothetical.

Apart from appointing military and ex-military to strategic positions, the New Order also recruited its local agents among the descendants of the old aristocracies. In many places the new regime and the old elites shared a dislike for leftist and Islamic movements; while the old elite knew its way in the new networks of patronage that linked regional hierarchies to the centre of the state and its rich resources.

By entering the state and adjusting smoothly to the new rules of the administrative and political game, many representatives of the regional elites created new niches for themselves where they could gradually expand their power, status, and wealth (Magenda 1989, 1994; Ichlasul Amal 1992; Schiller 1996; Malley 1999; Kahin 1999). Unable to control the military *aparatus* of the regime, they could try to enter its civilian wing. While they showed their loyalty to the centre of the state by mobilizing vast majorities for Golkar during the elections, they gradually managed to infiltrate and control the local branches of this party. Depending on the attitude and interests of the net-

works of regional military commands, which were dominated by expatriate Javanese, members of the regional elite obtained access to key positions and profitable patronage networks of the state. In some instances local branches of Golkar were brave and strong enough to withstand the appointments of governors and *bupati* by the centre, but due to its power the centre was in most cases not interested in compromising, as a result of which conflicts remained unresolved and grievances towards Jakarta increased (Malley 1999:92-3).

Officially ethnicity, religion, race, and class (summarized in the acronym SARA) were politically no-go areas, and public discourse about these topics was under close surveillance. 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; Smith Kipp 1996; Picard 1996). Defined and categorized in administrative terms, each province received its own cultural characteristics. Reduced to innocent aspects like 'traditional housing' (summarized in Taman Mini) and wedding dresses (grouped by province on posters and calendars), culture was meant to underline the relevance of a local heritage in order to counter-balance the importance of religion. The making of provincial cultures was also intended to erase local ethnic differences and to mediate between a traditional local and a national Indonesian culture.

While provincial cultures were expected to stimulate the tourist industry, paradoxically they were also presented as a counterweight to undesirable Western influences. 'Culture' became a commodity, materialized in buildings and objects that could either be reproduced and sold, or stolen, and as such, culture had to be defended against dangerous outsiders (Degung Santikarma 2001). Culture became, in other words, another means to protect regions against interference by outsiders, which includes people of other ethnic backgrounds but also agencies representing 'Jakarta'.

Apart from government efforts to control regions in terms of culture, regional elites were also involved in interpreting and shaping their own discourses about culture, *adat*, religion, and ethnicity, which formed a rich repository for identity formation. 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 its meaning, which was to become a bone of contention during the late New Order period.

Rita Smith Kipp (1996) 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 overlap of reli-

gious and ethnic identities (as in the old Malay world where '*masuk Melayu*' was synonymous with conversion to Islam). Contrary to the old idea that national integration and increased contact between different groups would erode ethnic identities, since the 1980s government policy, migration, and intensified competition for scarce resources led to an intensification of ethnic consciousness (Fox 2002).

The New Order believed that it could handle the variety of differences it had helped to create, because ethnic diversity diminished religious unity, religion pluralized ethnic groups, and both ethnicity and religion denied class (Smith Kipp 1996:261). However, the violent conflicts in the Moluccas, Central Sulawesi, and West and Central Kalimantan that accompanied the demise of the Soeharto regime demonstrated that a Frankenstein's monster had been created. Because the New Order had transformed Sukarno's popular nationalism with its mobilizing potential into state-monitored ceremonialism, ethnic identification became more intense. Like nationalism, discourses based on ethnicity also express bonds of loyalty in terms of kinship and emotions, which persuade people to risk their lives and cleanse their territories of enemies.

Whereas many Indonesia watchers tended to identify the leading actors in these conflicts in terms of external provocateurs manipulated by key actors in Jakarta, Gerry van Klinken (2001, 2002) has pointed out the crucial role played by regional elites and the way they articulated ethnic identities. After the fall of the Soeharto regime, the ruling Golkar party was seriously weakened, and both regional bureaucrats and party bosses had to reorganize their local power base. No longer supported by the centre, they started to foster a local constituency in order to maintain (or to conquer) strategic positions in the regional administration and to gain access to regional economic resources. In order to explain and to legitimize their new role, they presented themselves as 'traditional' leaders representing the regional interests of their ethnic group. It is interesting to see to what extent old aristocracies managed to play a decisive role under these new circumstances.

In a preliminary effort to identify Indonesia's regional elites I suggest we distinguish three partly overlapping groups. The first is formed by families of bureaucrats with an aristocratic background who have managed to survive various regimes since the late colonial period. Representatives of these families occupy key administrative positions in many districts throughout Indonesia. The second group consists of regional bureaucrats and party bosses who were formerly the local operators of the New Order (Malley 2003; Hadiz 2003a). They make alliances with businesspeople and local thugs in order to control the regional flows of money. Vedi Hadiz (2003b) observes in this respect a regrouping of old predatory interests at the regional level.

One political entrepreneur who is trying to exploit the new opportunities to the best of his abilities is Syaukani HR, *bupati* of the resource-rich (in oil and forests) district of Kutai Kertanegara in East Kalimantan and chairman of the national association of *bupati*, APKASI. A career bureaucrat since the 1970s, he developed a wide regional network and gradually climbed the local Golkar hierarchy. In the early 1990s the district parliament supported his candidacy as *bupati* of Kutai, but the governor of East Kalimantan and the central government turned him down and appointed someone else. In 1999 decentralization offered a new opportunity and this time Syaukani was appointed. He manifested himself as an outspoken champion of regional autonomy in general and the development of his own district in particular. The fact that he promised every village a budget of one billion rupiahs per year earned him the titles *Bupati Kemakmuran* (he who delivers welfare) and *Bupati Pemerhati Masyarakat* (he who pays attention to the people). Although born a commoner, he acquired the aristocratic title Pangeran Adi Perwiro because he had helped to revive the old sultanate and wants to exploit its cultural potential in his pursuit to develop tourism.¹³ Syaukani represents a new type of dynamic leadership that is rooted in the local bureaucracy, has access to large sums of money, has business interests, and is eager to revive and appropriate the symbols of an aristocratic culture.

Power at the regional level is in general still concentrated in the hands of former bureaucrats. They are, however, challenged by regional competitors who constitute the third group, which consists of members of local aristocracies. A striking example of the 'resurrection' of an old regional aristocratic family was seen in July 2003 in the province of NTB, where Lalu Srinatha, descendant of the dynasty that ruled Selaparang (Lombok) in the early eighteenth century, was elected governor after defeating a career bureaucrat supported by both Golkar and PDIP (International Crisis Group 2003c). Elsewhere, representatives of regional aristocracies want to establish a district of their own. And their success explains the rapid increase in the number of *kabupaten*. Many of these people belong to the local aristocracy and are able to develop a strong ethnic profile; they have received higher education, made a career in Golkar, the church, or the army, and are able to lobby in Jakarta. Having secured local support from the DPRD of the existing *kabupaten* and the province, a delegation goes to Jakarta to convince DPR's Committee Two of the necessity to establish a new district. One requirement is that the new district has enough natural resources and that the *aspirasi masyarakat* is strong.

¹³ His wife received the title Raden Sekar Lestari. Syaukani also collects academic titles. In 2001 he got a Magister degree in Management at the Universitas Jendral Soedirman in Purwokerto, he became *doctor honoris causa* in Management at Kennedy Western University in the United States, and is currently writing a PhD thesis (Susanto 2003).

In general this *aspirasi masyarakat* is measured by the amount of money that changes pockets during a field visit by DPR members from Jakarta. Such a campaign requires Rp 1.5 to 2 billion, which indicates that potential regional leaders expect to make large profits once they rule their new district through their network of loyal followers. Apart from receiving bribes, politicians in Jakarta are willing to support the creation of new districts because these may broaden the regional constituencies of their parties.¹⁴

Patrimonial patterns, democracy and state capacity

Despite the seeming discontinuity between the strong, centralized New Order state and the decentralized, fragmented nature of the post-Soeharto era, Indonesian politics has been marked by strong continuities of patrimonial patterns which have their origin in precolonial times. These patterns are of course not static, because they have been affected by state-building processes as well as deeply influencing these same processes. A search for similar 'changing continuities' at the regional level reveals that many of the problems in the relationship between decentralization and democracy are rooted in the deeply entrenched nature of regional elites in Indonesia. During the colonial period the position of these elites was reinforced by a system of indirect rule which emphasized ethnic distinctions and favoured *adat* law. Today these elites have inherited Dutch colonial discourses on ethnic identity, and have been raised and trained under the New Order. They have access to central state agencies but also rely on local constituencies that are mobilized through ethnic loyalties. The process of administrative decentralization offers them the opportunity to expand and maintain regional networks of patron-client ties, combined with a continuing fiscal dependency on the centre, which results in intense competition for strategic positions in the regional administration in order to acquire exclusive access to central funds and regional resources. Apart from funds from the centre, they have also inherited a culture of political violence and criminality which has its origins in the New Order and is reinforced by the privatization of state institutions at the regional level. On the whole, regional leadership may take the shape of what John Sidel (1999) has called bossism, which operates in regional shadow regimes characterized by alliances of bureaucrats, party bosses, businesspeople, military, and criminals.¹⁵

The reproduction of patrimonial relationships within these shadow

¹⁴ FEER 29 May 2003; presentation by Jacqueline Vel on decentralization in Sumba at the Annual Meeting of the KITLV, 24 May 2003.

¹⁵ For similar developments in Thailand see Pasuk 1998 and McVey 2000.

regimes is not an ideal breeding ground for democracy; instead, it reinforces the power of regional elites. It is to be feared that the system is driven primarily by money politics and political violence, which prevent transparency and good governance. Commenting on the news that retired General Wiranto is one of Golkar's presidential candidates, Wimar Witoelar stated recently: 'If you're not a bad guy, you're not in control here. The elite is full of convicted people or about to be convicted people, or people who should be convicted [...] you name it [...] everybody's a crook.'¹⁶ If the centre of the decentralizing state is a source not only of money but also of corruption and criminality, what chances are there for local democracy to develop?

Decentralization, however, does not stop at the regional, or *kabupaten*, level. Law 22/1999 abolished Law 5/1979 on village government, which has serious implications for the way local government is organized. Antlöv (2003) has pointed out the importance of democracy at the village level through village councils (Dewan Perwakilan Desa), while White and Gutomo Bayu Aji (2000) also emphasize the relevance of this institution as a training ground for democracy, because the majority of the population is unfamiliar with democratic procedures and processes (Kana 2000; Acciaioli 2002). Political changes at the village level, however, require an intensified discourse on *adat* and its most immediate manifestation: conflicts over access to land (Avonius n.d.; Von Benda Beckmann and Von Benda Beckmann 2001). *Adat* also seems to reinforce the identification and exclusion of outsiders. In Bali a stronger emphasis on local *adat* facilitated the birth of a new and aggressive village police, or *pecalang*, consisting of young men who redirect traffic during rituals, lynch thieves, and cleanse neighbourhoods of foreign migrant workers (Degung Santikarma 2001; International Crisis Group 2003c). The revival of *adat* rule has also reinforced a consciousness of territorial autonomy, which recently led to a series of border disputes between *adat* villages in Bali. Village democracy based on *adat*, in other words, faces particular constraints and, moreover, is relatively powerless vis-à-vis higher levels of government.

'Less state' does not automatically result in 'more democracy', while representatives of the 'civil society' who aspire to regional autonomy are not very democratic either. Based on a comparative analysis of developments in South Asia and West Africa, Crook and Manor (1998:302) conclude that, instead of bringing fundamental changes, decentralization tends to reinforce existing political patterns at the regional level. This seems to be the case in Indonesia as well. Facing Indonesia's insecure future, the central question should not be about the extent to which decentralization can be implemented and how fiscal arrangements should be refined, but about the conditions under which democratic institutions can be strengthened. In order to devel-

¹⁶ www.voanews.com 27/2/03.

op democratic participation and control, a certain degree of 'state capacity' is required. This does not imply a return to yesterday's strong state, but the strengthening of the rule of law in order to overcome the persistence of old patrimonial patterns. And this requires clean and legitimate leadership. Only if these conditions are created in the centre can a decentralization of democracy be achieved. As long as this is not the case, there are at best accidental possibilities for a single-issue democracy (Törnquist 2001) operating temporarily outside the corrupt institutions of the postcolonial state.

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