Chapter I

Regional Development Policy and Local-Head Elections

by

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1. INTRODUCTION

The process of democratization of the government system in Indonesia started in 1998. In the past ten years, Indonesia has evolved to become a democratic country from an authoritarian one. In this process, the parliament has amended the 1945 Constitution four times. Ultimately, Indonesia was able to hold its first presidential and vice-presidential direct elections in 2004 and the local-head direct elections in 2005. Who could ever predict such rapid change would happen in the Indonesian government system, particularly for those who have long witnessed the authoritarian system of the government under the New Order regime? Under such rapid process of democratization, Indonesia transformed itself from the authoritarian system to a parliamentary system, and to a presidential system starting from the central government to the regional level.

Before this change of government system, Indonesia tried to apply the regional autonomy under the decentralization scheme in its initial legal framework by ratifying Law No. 22/1999 regarding Local Government, and Law No. 25/1999 concerning Fiscal Balance between the Central and the Local Government. These two legislations were effective on January 1, 2001 with the implementation regulations including Ordinance No. 25/2000 on Central and Provincial Government Authority as an Autonomous Region[1]. Under these Laws and Regulations, the full authority, that was once managed and held by the central government, was handed over to the regions, particularly to the District/Municipality governments.

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[1] In Law No. 25/2000, the authority of the District/Municipality Government was not stipulated, since all the power, except the authority of Central and Provincial Government, was regarded as the authority of the District/Municipality. Because of the ambiguity, Law No. 32/2004 was issued to specify in more detail the authority of the District/Municipality.

Under these legislations, Indonesia immediately had to face several issues and challenges on a trial-and-error basis, primarily in the division of authority or affairs between the Central and the Local Government. Another issue is the degree of competence in managing regional autonomy in region, including the Regional Ordinance (*Peraturan Daerah: Perda*) that often impede a conducive business climate and that hamper capital investment in the region. In 2004, the central government amended the two legislations by issuing Law No. 32/2004 on Regional Governance and Law No. 33/2004 on Regional Fiscal Balance between Central and Local Government[2].

The decentralization process in Indonesia is closely related to the trend of democratization and the functional shift of the government. Formerly, the government served as "an institution to control and regulate the people", but today it serves as "public service institutions for the people". There is ample evidence of this shift in the development administration and practice in the regions.

The process of decentralization and regional autonomy has given a new nuance - that is the local-head elections, elected directly by the people since 2005. The local-head election is regarded as one of the components of democratization after the fall of the New Order regime. Along with the presidential and vice-presidential direct elections in 2004, the Indonesian political system drastically changed to a presidential system as opposed to a parliamentary system starting from the central/national level down to the District/Municipality level. This system is quite similar to the system applied in the United States of America. Under this system, automatically the role of the top manager, i.e. the president or the local-head, plays a significant role in determining the national or regional development outcome such as the practice in a business company.

To what extent does the change of such political system affect the planning and implementation of the regional development policy in the era of regional autonomy nowadays? This is the basic question in this study.

Does the political system - that is now based on local-head elections - stimulate or inhibit the planning and implementation of the development policy as compared to the former system? Has the society's role or participation significantly progressed in the process of planning and implementation of the regional development? Does it stimulate competition among the regions to produce policies that attract investments? Does it challenge the regions to formulate better methods or approaches on regional development? After running the local-head elections, will the practice of corruption -

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[2] Ratnawati (2006) initiated a revision on Law No. 32/2004, saying that "the drafter of the Law (No. 32/2004) regards the regions as service-provider technical units rather than autonomous political units. This is a setback towards the establishment of a democratic, independent and prosperous regional autonomy and local-community autonomy within the corridor of the Republic of Indonesia". This view was a reaction upon the change of the term "authority" (*kewenangan*) in Law No. 22/1999 to the word "affairs" (*urusan*) in Law No. 32/2004. However, the provision of public service should be attributed to the minimum service standard or the national minimum standard service that all peoples are entitled to receive and that the government must be accountable for.

that is often considered to spread to the regions - be reduced in line with the improvement on regional development? Will the relationship between the government and its people be more amiable and in harmony in terms of implementing regional development? Is there a strong possibility to revive an authoritarian government?

This study analyzes the relationship between decentralization, regional development policy and local-head elections particularly in Eastern Region of Indonesia (KTI). KTI has always been considered as the backward region. The gap between the regions in Java Island and regions outside Java Island has always been an issue and has provoked disintegration threats. Therefore, many experts have the opinion that there should be a special treatment for the development of Eastern Indonesia. Although the population is relatively small, the diversity of Eastern Indonesia is far more varied compared to that of Java Island. Considering the diverse circumstances in Eastern Indonesia, the regional development approach should take into account the specific local dimensions including the local culture and traditions.

From the beginning of the era of decentralization and regional autonomy, the regional government in Eastern Indonesia was also expected to improve their capacity in providing public service and in executing their authority or managing their affairs in the same manner as other autonomous regions outside the Eastern Region. The special treatment on Eastern Indonesia - within the context of regional development policy - is difficult to be implemented since the government was neither able to administer nor envision the future of Eastern Indonesia without local initiatives from its stakeholders. Consolidating the initiatives - by establishment of the Eastern Indonesia Development Council in 1993 as an example - is quite challenging to do so at this time.

Hence, after executing decentralization and regional autonomy, we need to monitor whether the regional development initiatives by stakeholders in Eastern Indonesia have changed or not. Are they still waiting for the external particular attention from the central government? Have decentralization and local-head elections given a positive or negative impact in the regional development of Eastern Indonesia? These issues will be the focus of this study.

In this chapter, the author discusses the correlation between regional development policies, decentralization, regional autonomy, and the local-head elections by observing several phenomena happened in the Eastern Indonesia for this study.

The first part of this chapter includes the regional development policy from a historical perspective particularly the pre- and post-New Order regime and the transition to the reformation era. Following that, the author will discuss the relationship between decentralization and the local-head elections. Finally, the author finds that the current situation is a democratic paradox even though the local-head election is currently regarded as a goal in the process of democratization.

2. BASIC FRAMEWORK

2.1. Changes in the Indonesian Government System

The drastic change in the Indonesian government system is seen in Figure 1. Less than ten years ago, Indonesia had been recognized as an authoritarian country under the Soeharto administration. After the fall of the New Order Regime under Soeharto, the process of democratization began to evolve. The main objective of the change in the system was to lessen the power of the executive institution - in which includes the presidential institution - by strengthening the legislative institution to strictly control the executive institution during 1998-2004.

In the first phase of this transformation, the role of the legislative has become very powerful with its rights and authority including the power to impeach the president meanwhile in contrast the president's authority had been relatively reduced. However, this type of democratization, which is based on political parties, has its weaknesses. Most of the political parties in Indonesia were established as organizations seeking political power rather than becoming political players. The concentration of power in the legislative - in which most of its members are more oriented towards the interest of their political parties - encourages the legislative to take advantage of the power bestowed to them to repress the president for various reasons. Ultimately, the desired balance between the executive and the legislative as stipulated in the 1945 Constitution could not be achieved since the political elite are too busy with attaining political power but neglecting the people's need in rehabilitating post socio-economic crisis.

Figure 1. Transformation of the Indonesian Government

	Soeharto Administration	Habibie, Wahid, Megawati Administration	Yudhoyono Administration
Period	1966-1998	1998-2004	2004-
Government System	Authoritarian	Parliamentarian	Presidential a la US
Development Basis	National Policy Guidelines (GBHN)		Vision/Mission of President
Sovereignty /Presidential Election	People's Consultative Assembly (MPR) Voting by the members of MPR		Direct Elections by the people
Legislative, Executive, Judicative	Inseparable from the holder of the power	Legalization of the Division of Power	Division of the three components
Defense/Security	Dual Function; Police in the Military	Legal Division of the Military and Police	Military (Defense), Police (Security)

Source: Author

Under the difficulty to establish healthy democratization process, the idea to hold a direct presidential and vice-presidential election became stronger. Through the

deliberation of the amendment on the 1945 Constitution, finally Indonesia implemented a direct elections system to vote for a president and a vice-president with the hope to establish a balance between the executive and the legislative. This presidential system is similar to the system in the United States in voting for the president and vice- president.

With this change, the National Policy Guidelines (GBHN) as the basis for the direction of the national development was abandoned and replaced by the vision and mission of the elected president as conveyed in the pre-elections campaign. Formerly, the People's Consultative Assembly (MPR), being the legislative institution that holds the highest sovereignty, determined the GBHN. Meanwhile the vision and mission of the president is based on the ideas from the candidate's campaign team. Even if the House of Representatives (DPR) still has power to impeach the president, the Law No. 32/2004 restricts impeachment and be virtually impossible. Hence, political stability is ensured for a term of 5 years, if the relationship between the executive and legislative is almost parallel.

The transformation of the government system is also happening in the regional level. The parliamentary system was applied in the regional level based on Law No. 22/1999 and the local-head were responsible to the local parliament at that time. However, upon the implementation of Law No. 32/2004, the local-head at last could not be impeached by the local parliament and a parallel relationship between the executive and the legislative was established.

2.2. Changes in the Process of Development Planning

Since the GBHN was replaced by the President's vision/mission, the process of development planning also changed (Figure 2, 3, 4). Prior to 2001, the development planning was derived from the GBHN and elaborated into the Five-Year National Development Plan (Repelita), the Five-Year Provincial Development Plan (Repelitada-I), the Five-Year District/Municipality Development Plan (Repelitada-II), which was passed down vertically from the central government to the local government. Since the regional development plan closely connected to the national development plan, uniformity in format and content was apparent in the regional planning.

In the beginning of the reformation era, the process of the regional development planning was adjusted by using the New Public Management (NPM) approach that was employed in the US as a strategic management tool[3]. This NPM approach applied in several countries was able to improve the performance and efficiency of the government.

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[3] The NPM prioritizes the vision/mission of the organization and this is elaborated in details in the strategies to achieve the vision/mission. These strategies are then translated into programs that are implemented into real projects. Apparently, the outcome of the NPM in Indonesia is slightly different from the original NPM although the directions and the concept are almost similar. In NPM, the performance evaluation is very crucial, and the budget system should be attributed to the performance evaluation. Indonesia has already applied the performance-based budgeting system.
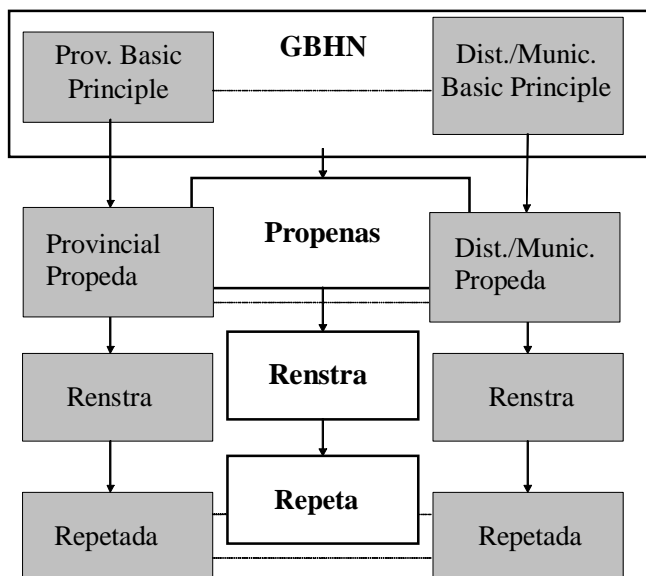
Nowadays the top management is stimulated by the NPM method.

Figure 2. Development Planning Process (prior to 2001)
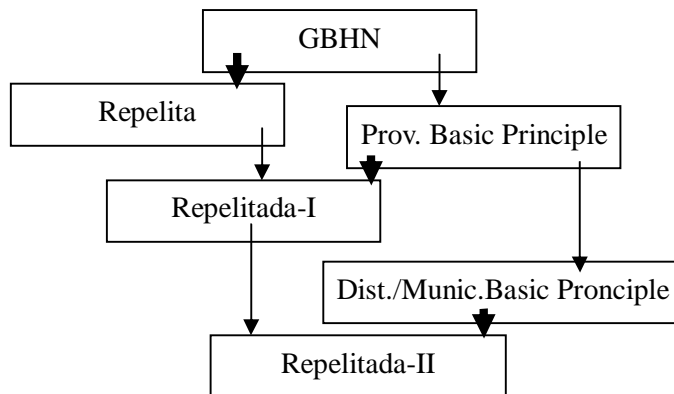
Source: Author.

**Figure 2. Development Planning Process (2001-2004)**

Source: Author.

In Figure 3, the GBHN no longer takes total control of the regional development planning process. In this new process, the regions are allowed to take part in dealing with the uniqueness and the characteristic of each region, which the central government could not do in detail. The concept of the unity of the nation is still upheld in the Regional Base Pattern that is positioned within the framework of the GBHN. The

GBHN is then elaborated in the National Development Program (Propenas)[4], Strategic Plan (Renstra) and the Annual Development Plan (Repeta).

Figure 4. Development Planning Process (2004 -)
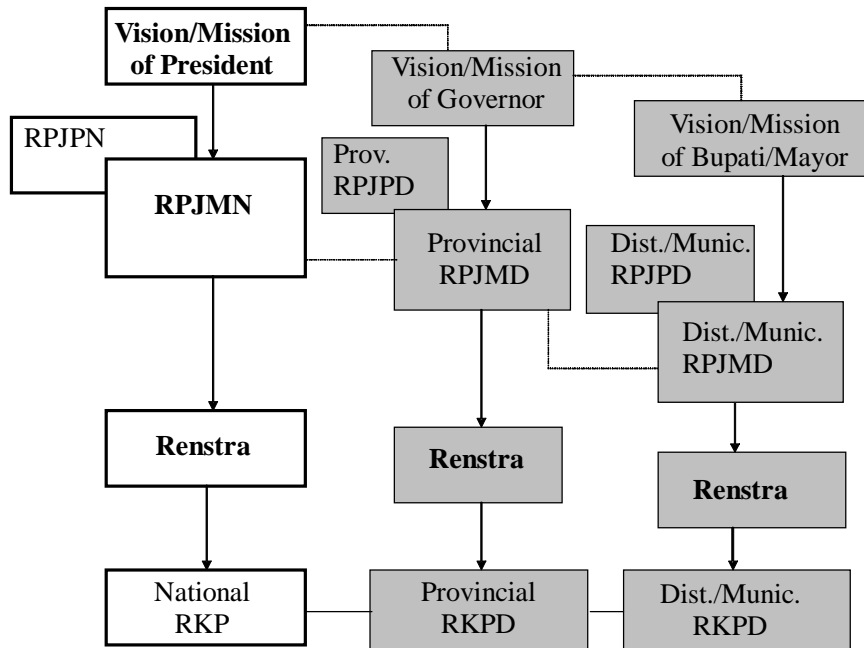
RPJPN: National Long-term Development Plan

RPJPD: Regional Long-term Development Plan

RPJMN: National Medium-term Development Plan

RPJMD: Regional Medium-term Development Plan

RKP: Annual Government Working Plan, RKPD: Annual Local Government Working Plan

Source: Author.

The planning process drastically changed in 2004 based on Law No. 25/2004 on Development Planning System. The GBHN - that had been the development guideline - was no longer used. As a substitute, the vision/mission of the elected president automatically became the vision/mission of the national development, although this is not literally mentioned. Since the people directly voted for the president/vice-president, then the vision/mission of the elected president are assumed to be highly legitimized by

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[4] In 2001-2004, the government used the term "program" instead of "plan". This is due to the inflexibility of the development plan under the New Order Regime in which at that time all figures must be in detail and strictly abided. The monetary crisis that changed all economic assumptions has provided valuable lessons learned in the process of development planning and the word "plan" was avoided. However, the programs written in "Propenas" may be too abstract. Therefore, the evaluation on the government's performance became a difficult task. Under Yudhoyono's administration, abstract programs were eliminated and the term "plan" was used again with various economic targets and concrete figures.

the people. However, in reality the vision/mission have not been discussed extensively amongst various stakeholders and were only drafted by the campaign team of the elected president and vice-president.

Based on this vision/mission, the National Medium-term Development Plan (RPJMN) for a period of five years is determined and this is elaborated in the Strategic Plan (Renstra) and the Annual Government Working Plan (RKP). These processes follow the NPM (New Public Management) method. In addition to the RPJMN, the government must also draft the National Long-term Development Plan (RPJPN).

The Provinces and the Districts/Cities follow the same framework ever since the application of the local-head elections in 2005. The Regional Basic Principle is replaced by the vision/mission of the elected local-head. The same logic applies as in the central government process. The vision/mission that was drafted by the campaign team of the local-head candidate becomes the benchmark in the regional development policy.

2.3. Several Questions

In observing the progress of the system change, many people have shown appreciation towards the democratization process in Indonesia. In fact, donor agencies have envisioned the democratization process in Indonesia since the 1990s and they have offered many proposals to the Indonesian government. Nevertheless, as an observer residing in Makassar, a city in the Eastern Indonesia, the author does not see the process of democratization as the best and most appropriate system to be applied in Indonesia and there are several questions to be addressed.

Firstly, is the democratization with presidential system the most suitable for Indonesia? The presidential system applies a top management system and the NPM is viewed as a process in the development planning. In the globalization era, a quick and firm decision from the top management is necessary to allow the company to survive. This is a common trend all over the world including in the developed and under-developed countries. However, the effectiveness of the system greatly depends on the capacity of the top manager and the capacity of the organization that delegates the authority to the employees under mutual trust. If this is not the case, the top manager may become a dictator. This means that it is possible to have a presidential system that creates an authoritarian system, which should be abolished in the name of democratization. The principle of mutual consensus that is apparent in the society at large seems to be inconsistent with such system[5].

Secondly, is there sufficient research on the actual degree of acceptance (from the people) towards the change of government system particularly in Eastern Indonesia?

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[5] In fact, there is another question i.e. whether the mutual consensus based on deliberation (musyawarah mufakat) - which is unique to Indonesia's democracy - is still functioning well? Sometimes the mutual deliberation method mobilizes peoples on implementing development projects.

The democratization process in Indonesia apparently is "democratization from the top". As written in history, "democracy" and "civil society" in western countries had not emerged from those power holders nor from the political elites but from the needs of the public/society. However, in fact, in Indonesia, the government did not emerge from the needs of the people. Therefore, the gap between the government and the people is still distant.[6] The government has functions to guide, control, and mobilizes the people. The society itself has its own rules adapted to the local character of the people. In other words, it seems that it will be a long learning process, before the people can learn to combine or articulate democratization from abroad with the indigenous 'democratic' system from the people. Another factor is the feudalistic or paternalistic culture in some parts of the region that is still strong. Local peoples do not always accepted democratization as expected by external sources. Sometimes democratization may paradoxically strengthen the feudalistic and paternalistic practices.

Thirdly, is the political party-based democratization appropriate for the current condition of the regions? The Indonesian society has long been kept remote from politics during the New Order Regime and has not been able to take advantage of the political institutions for the interest of the people. Most of the political parties, established during less than these 10 years, are still busy in expanding their existence. The organizational structure of the political parties is still centralistic and the parties' concern towards regional development is minimal. The democratization in Indonesia is based on centralistic political parties; meanwhile the government system runs on decentralization and regional autonomy. From the point of view of development implementation, the political parties do not function as an intermediary between the regional government and the people. Conflict between interests of the region/people with the interest of the political parties often takes place in the local level. Having these questions in mind, this chapter will discuss the basic outline of the inter-relationship between democratization, decentralization and regional autonomy, and local-head elections, particularly in Eastern Indonesia, as well as identifying the issues to be addressed and several recommendations that will be discussed further within the government and within the intellectual circle in Indonesia.

3. DEVELOPMENT POLICY OF EASTERN INDONESIA

The term "Kawasan Timur Indonesia" (KTI), or Eastern Region of Indonesia, just emerged in the beginning of the 1990s, and triggered a solidarity within the 13

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[6] The meaning of the word 'government' in Indonesian language is considered different from the meaning in English. The tone of the word 'government' may be inferred as "the instructor giving orders" which may affect the people's image on the government. This should be taken into account when reducing the distant gap between the government and the people.

Provinces (at that time) in KTI under the Eastern Indonesia Development Council (DP-KTI) in 1993. This solidarity was never before apparent[7]. Eastern Indonesia identifies itself as a backward region or not-advanced area. Therefore, these regions demand special attention and special treatment from the central government in terms of the regional development strategy.[8]

Nowadays, the term KTI is not as popular as it used to be, particularly under the current administration led by President Susilo Bambang Yudhoyono. Under his administration, the post of the State Minister for the Development of Eastern Indonesia has been changed to the State Minister for the Acceleration of Development on Backward Regions since October 2004[9].

3.1. Before the 1990s: Regional Development under the Government

During the New Order era, the regional development policy did not regard regional issues as an importance. The government prioritized economic growth and expected that the development outcome would create a *trickle-down* affect in the regions. In the centralistic system, the income distribution from the central government to the regions was regulated by the Government in the form of subsidies under various Presidential Instructions/Decrees. Most of the flow of the development funds is from the central government to the regions.

The rich natural resources of Indonesia are not proportional to the size of the population. In the densely populated island of Java, the natural resources are limited. In areas outside the Java Island including Eastern Indonesia, it is the opposite – the natural resources are abundant. In general, the aim of development is to enhance the individual's welfare measured by Gross Regional Domestic Product (GRDP) per capita. Hence, the Government paid more attention to the people's welfare in the highly populated areas of Java Island rather than the other areas outside Java. The rich natural resources available outside Java Island had been utilized to achieve the overall goal of the Government, i.e. to enhance the prosperity of the people on a national scale. This would mean that the natural resources were mostly used for the people in Java Island.

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[7] The Dutch colonial government once stipulated *Gouvernement Groote Oost* that includes the regions of Bali, Sulawesi, Maluku, Nusa Tenggara (except East Timor) and Papua in 1938. After the declaration of independence in 1945, the Dutch tried to recolonize Indonesia by establishing the State of East Indonesia (NIT) that includes Bali, Sulawesi, Maluku, and Nusa Tenggara (except East Timor) in 1947 and then became the United States of Republic of Indonesia (1949-1950). However, these efforts were carried out by the Government for a political goal and were not derived from the local people of Eastern Indonesia at that time.

[8] Not all regions in Eastern Indonesia are backward. However, the backwardness image can be easily employed for the interest of the politicians.

[9] The reason for this change is that some regions in Western Indonesia are also categorized as backward areas. This is a reflection of the political interest, but it does not necessarily mean that the attention to Eastern Indonesia has been trimmed down.

Using military power, and for the sake of the country's defense under the Unitary State of Indonesia, the government at that time was able to suppress the grievances from the people outside Java Island who may have felt being unfairly exploited by the Javanese.

In the National Spatial Plan, the large industries exploiting natural resources were built outside Java, for example, the oil and gas industries, and fertilizer plants in Aceh, South Sumatra and East Kalimantan. Foreign investment companies set up mining businesses, such as gold in Papua, nickels in Sulawesi and coals in South Sumatra and East Kalimantan. However, these huge industries are more capital intensive rather than labor intensive, providing only insignificant impact on the local economic development. For technical and operational reasons, many workers from Java were brought in to work in these industries and this was considered as a process of "javanization" of Aceh and Papua.

3.2. 1990-1998: *Look East* with the Eastern Indonesia Development Council

Before the 1990s, the concept of area approach in regional development was not yet popular, even though in spatial planning there was a division of areas. In January 1990, President Soeharto in his speech addressed the issue on the necessity to direct the development towards an eastern outlook by "looking east", which means the Eastern Part of Indonesia (IBT)[10]. Under Soeharto's directives, the attention towards IBT surfaced in discussion forums led by economists, specifically, members of PERHEPI, an association for agricultural economist.[11].

Before the impact of Soeharto's speech, Indonesia was experiencing a quite high economic growth and enjoying a positive export and import balance along with a smooth flow of investment. Unfortunately, this led to a social gap between the rich and the poor, worsened by the social sentiment of *pribumi* (natives) vs. *non-pribumi* (non-natives), as ethnic discrimination, and the emotions between the Moslems and non-Moslems. One of the reasons for Soeharto's concern on this matter is the rising tense within the society that may jeopardize the socio-political stability in Indonesia. The effort to promote economic growth aimed to reduce the negative impact of this unfavorable condition by focusing on the income gap in the society.

The discussions of the economists made the idea to have an institution to manage totally the development in IBT, since the regions within IBT are not economically

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[10] The term IBT or Eastern Part of Indonesia was introduced and the term East Indonesia was no longer used. It is most likely that the term "East Indonesia" may remind people of the so-called "Negara Indonesia Timur (NIT)" or the State of East Indonesia formed in 1946 that then became part of the United States of Republic Indonesia (RIS) assisted by the Netherlands.
[11] CSIS (1990), *Clipping Documents No. 206/E/V/1990 on "The Development of Eastern Region of Indonesia 1990 (Volume I)*. PERHEPI played an important role in promoting the concept of Presidential Instruction (Inpres) on Backward Villages (IDT) that became a national program since 1994. The Indonesian Association of Economic Graduates (ISEI) also discussed the infrastructure of IBT in 1991.

inter-related. An example of such institution is the Batam Authority that handles the development in Batam Island. Finally, under Presidential Decree No. 120/1993 on December 24, 1993, the Eastern Indonesia Development Council (DP-KTI) was established[12]. President Soeharto was the Head of DP-KTI, and he appointed the State Minister for Research and Technology B. J. Habibie as the Executive Chief and 12 other ministers were members of the Council. The Eastern Indonesia consists of 13 Provinces (at that time) including East Timor that was then part of Indonesia[13].

Under this Council, regional development policy for Eastern Indonesia began to change. Bappenas started to use a categorization as the Western Region of Indonesia (KBI) and the Eastern Region of Indonesia (KTI) to drive the activity of DP-KTI[14]. DP-KTI applied a growth pole strategy by assigning Integrated Economic Development Areas (known as KAPET) in each province of the Eastern Indonesia. DP-KTI designated these 13 "KAPETs" under the Presidential Decree and these special regions have special investment treatments and tax exemptions. DP-KTI drafted the master plan for the respective KAPET in each province and allocated funds for the KAPET.

However, not all KAPETs had the capacity to develop its area. Some KAPETs were selected based on local political reasons. There were also some KAPETs chosen because of the poverty in this area that needed assistance from the central government. Since some of these KAPETs consist of several Districts/Cities, there was a lack of coordination between the local governments and it was difficult to manage the overlapping government administration. By the end of the day, most of these KAPETs were unable to perform and only became "pseudo" institutions. In the reformation era, the management of the KAPETs was handed over from the central government to the provincial government, but it was apparently too late to improve the management. Out of 13 KAPETs, only the KAPET Manado-Bitung in North Sulawesi Utara that is still active in attracting investors from outside the region[15].

The monetary crisis in 1997-1998 had a very negative impact on most of the KAPETs and on the activities of DP-KTI. Physical development such as the development of the riverbanks of Mamberamo in Papua could not be continued due to the financial constraint of Indonesia at that time which would not make it possible to run huge and ambitious projects. DP-KTI, which focuses on physical development and fast growth, could not function as expected. Eventually, DP-KTI changed its function from the executor to the coordinator.

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[12] The term "Authority" was not suitable because DP-KTI had to pull together 13 Provinces.

[13] Four Provinces in Kalimantan were also included in the category of KTI. KTI consists of all areas of Indonesia except Sumatra, Java and Bali.

[14] The Secretary of DP-KTI is the Fifth Deputy for Regional Development Affairs in Bappenas at that time.

[15] The KAPET in Central Kalimantan, namely the KAPET One Million Hectares has long been inactive, but the government now has revitalized it although it is unclear whether this is a revitalization of the former KAPET or is it just a project area for a big-scale rice plantation program.

3.3. Post New Order: Era of Local Initiatives with Confusion

The transition from the New Order era to the Post New Order era (Reformation era) brought in change in the development policy. To clear out the centralistic mode of the New Order administration, President B. J. Habibie supported the acceleration of the decentralization and regional autonomy process. Upon the passing of the Law No. 22/1999 and Law No. 25/1999, a big portion of the authority was delegated from the central government to the regional government particularly to the Districts/Cities. In other words, the main executor in regional development policy was handed over to the District/Municipality government under the coordination of the Provincial government and was no longer under the central government.

Within the context of regional development policy, the regional government has the rights to take initiatives in developing their region. This means the era for local initiatives. Nevertheless, for 30 long years, the regional government has been accustomed to receiving orders and directives from the central government. Therefore, it would be quite difficult to expect local initiatives from them. In fact, the local government in Eastern Indonesia had to face a lot of confusion in executing the decentralization and regional autonomy in practice.

Before they could come up with local initiatives, Eastern Indonesia needed to recover from the economic downturn and had to overcome the deterioration of the people's welfare condition in the region. The policy to accelerate economic growth as desired under DP-KTI could not be applied, since the focus of the policy was to poverty alleviation.

In reality, the impact of the monetary crisis in Eastern Indonesia was not as bad as in Java because the Eastern Region has relative high portion of export commodities such as cacao, coffee and fresh fish in regional economies. However, according to the statistics, the ratio of poor people in Eastern Indonesia is relatively high and these people are the target groups for poverty alleviation programs from the government and international donors.

In line with the policy on poverty alleviation, IDT was implemented in 1994-1996. Backward villages were identified and all villages in the Provinces of Maluku and Irian Jaya (now known as Papua) were selected as targets for the IDT Program even though not all these villages were under the category of backward villages. During the monetary crisis, the central government provided a Social Safety Net (JPS) program and introduced it throughout Eastern Indonesia in the form of "food for work" by opening job opportunities, scholarships for poor students, supplying generic medicines and so forth.

With the atmosphere of decentralization and regional autonomy, four provinces in Sulawesi (at that time) singed a regional cooperation agreement with MOUs by the four

governors in September 2000 in Makassar. This cooperative spirit was spreading out to Kalimantan, Sumatra and Java-Bali. Apparently, this momentum prompted competition among the regional government to attract investment, to upgrade public service and improve public financial management. However, up to now, this trend of competing for good governance has not become a mass movement[16].

Among the effort to implement development policy in the regions, there were numerous incidents of disruptions causing instability. For example, since 1999, horizontal conflicts had occurred in Ambon and in several areas in Maluku and North Maluku, in Poso and other areas in Central and South Sulawesi. MOU - initiated by the four governors of Sulawesi - was signed to address the issue of refugees from Poso seeking refuge in all provinces in Sulawesi. Due to this on-going conflict, the social and economic growth was slow, stagnant or even declined drastically.

Another disturbing factor that affected the regional development policy is the boom in the division of areas (*pemekaran wilayah*) that is in line with the implementation of the regional autonomy. In many cases, the issues on *pemekaran* have upset the socio-economic activity of the region. Tension within the society heightened due to the conflict of interest of the local political elite.

In Eastern Indonesia, the Papua Province received special treatment from the central government under the Special Autonomy Law (Law No. 21/2001) in which division of areas (*pemekaran*) was also stipulated and this resulted in the establishment of a new province of West Irian Jaya in 2002[17]. Disputes and questions on the inconsistency of the law and ordinance regarding *pemekaran* emerged in the society. Despite the unsettled adjustments of this inconsistency, *pemekaran* in the Districts/Cities of Papua continued. Although Papua enjoyed special autonomy, the regional development policy in the provincial level and the District/Municipality level did not seem to run smoothly. The allocation of special autonomy funds also created new problems in terms of efficient expenditure and spending on development[18].

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[16] From an outer perspective, the competition is more of a rivalry in gaining development funds from the central government and donors, or in increasing regional original revenues (PAD) through various policies.

[17] The Province of West Irian Jaya (now West Papua) was established based on Law No. 45/1999 and was emphasized by Inpres No. 1/2003. However, this realized without the deliberation and consent from various stakeholders in Papua in discussing the inconsistency of Law No. 45/1999, Inpres No. 1/2003, and Law No. 21/2001. Most intellectuals in Papua argue that this is an ignorance from the Government. The Constitutional Court vaguely ruled that the establishment of the West Irian Jaya Province must be accepted as a fact although it is unconstitutional. Law No. 45/1999 also stipulated the establishment of Central Irian Jaya, but it was then frozen due to strong public rejection.

[18] The Provincial Government Expenditures in Papua and West Irian Jaya was analyzed in detail by SofEI (2005), *Analysis on Public Expenditures in Papua*.

4. DECENTRALIZATION AND LOCAL-HEAD ELECTIONS

4.1. Decentralization and Democratization in the Regions

In the history of decentralization, there are two types of decentralization within the context of developing countries, i.e. decentralization to enhance efficiency on fiscal policy and decentralization as one form of democratization.

In many developing countries, centralistic development often results in monetary and fiscal crisis, burdening foreign debt and inefficient public sector. To improve efficiency, the central government needs to allocate the fiscal burden to the regional government by giving authority to handle their own financial management. This is in accordance with the recommendation from the World Bank and IMF to promote structural adjustment and privatization of the public sector. Obviously, the provision and management of local public goods would be more efficient - in terms of fund allocation – if the local government realizes, since the local government has better understanding of the needs of the region compared to the central government[19].

Meanwhile, the development administration in many developing countries applies a centralistic and authoritarian system. The idea of "development first, democracy later" or known as "developmentalism" or "development dictatorship" was justified internationally during the Cold War[20]. Nonetheless, after the Cold War in the beginning of the 1990s, international donors started to provide foreign aid for democratization as a priority to aim for good governance and civil society[21]. Decentralization is also discussed in the context of democratization. The discussion on decentralization related to democratization was evident since the mid 1990s among the international donors.

These two understandings on decentralization certainly have affected the

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[19] In Public Economics, the government (public) sector has three roles (in the context of economics), i.e. (1) income distribution, (2) economic stability, and (3) resource allocation (Oates [1972]). The first and second roles are considered more appropriate if handled by the central government in a unitary system. Meanwhile the third role is more suitable if managed by the regional government. The combination of the three roles is known as "financial federalism" (different from the "political federalism" and is not related to the form of the state). In Indonesia, the study of economics and the financial system basically follows this school of thought.

[20] The authoritarian regime (such as the New Order Regime in Indonesia, in Malaysia or in Singapore) in which political rights are restricted, ensures socio-political stability by using the power of the military and the police so that the socio-political factors do not interfere the economic activities. The regime makes sure that all development programs driven by the government should run smoothly in the early phase of economic development. Nonetheless, economic development itself brings about the need for democracy and therefore adjustments were made by the regime. In Indonesia, this happened drastically in 1998.

[21] This term became very popular in the government circle starting from the central government down to the village level and has not been translated precisely into Indonesian. "*Civil society*" once was translated as "masyarakat madani" but it was not widely accepted due to the debate on the meaning. These terms are quite abstract (vague) and should be translated to reflect the activities in the fields. Moreover, this term should actually be derived from the Indonesian society, but this term was accepted as if it was from abroad, particularly from the West. However, the historical process of forming the civil society in the West and in Indonesia is significantly different.

transformation process of the centralistic system to a decentralized system in Indonesia since 1998. The urge to change not only came from the international donors, but also from the Indonesian people themselves who wanted to rid the remnants of the Soeharto administration. The terms 'good governance' and 'civil society' immediately became popular even in the village levels, as if these were new ideas from abroad. However, the correlation of these concepts with the reality is minimal[22].

The process of democratization in Indonesia started from the change in government institutions and systems including several amendments of the 1945 Constitution following the reformation era. After numerous trials and errors in implementing a new system for the legislative, executive and judicative, both tryouts on the parliamentary system and the presidential system, finally Indonesia decided to run direct elections. The president and vice president are directly elected by the people and no longer were elected by the legislative since 2004[23]. Compared to the electoral system of the New Order period that sustained until 1998, the transformation process of the presidential elections is considered very drastic in the context of democratization. Furthermore, the change in the system of the local-head elections soon followed pursuit in the 2005. With the system of direct elections, the process of democratization in Indonesia seemed to have reached the desired goal of reformation.

Nevertheless, democratization is not sufficient only by the existence of such system and institutions. The new system and institution can only function if the players understand the aim and philosophy of the process and the core of democratization. The agents must also have the capacity to execute activities that promote the appropriate democratization for Indonesia. In the regional areas where the government apparatus have been accustomed to the authoritarian system for more than 30 years, it would certainly be difficult to have a change in the system unless they totally change their attitude and mindset.   Besides that, decentralization may induce the re-awakening of regional sentiment phenomena that is based on ethnicity, religion, race and exclusivism. The political influences now entered the villages and kampongs, and the political implications on all aspects of life are unavoidable.

4.2. Local-Head Elections in Decentralization: Positive or Negative?

Have the local-head direct elections given a positive or negative impact towards

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[22] Hidayat (2007) through his interviews found out that local government apparatus had very limited understanding of democratization and regional autonomy.

[23] The direct elections involving the people's participation to vote for the President and Vice President mean that Indonesia decided to use the presidential system 'ala USA instead of applying other systems used in European countries and in Japan. This system was also applied in the regional level to run the local-head elections. The parliamentary system 'ala Indonesia was drastically changed to the presidential system similar to the one used in USA. For this reason, the change of the political system in Indonesia is considered very radical.

regional development? Based on several current examples and experience in Indonesia, apparently both effects are visible.

Under the new system of local-head elections, the people have the right to determine the future of their region by directly electing a local-head. The people will not vote for a candidate that they assume to be incapable of developing their region. In other words, through the system of local-head elections, the people must participate in the process of regional development by choosing their representative to become the local-head that is capable to execute the development policy. Therefore, if the local-head is deemed unable to implement the regional development or in fact is a liability for the region, the people can protest and can impeach him/her. The people should also feel responsible since they voted for the local-head. The local-head election is not a beauty contest. The local-head elections should have positive implications. However, if the people as the voters and the local-head as the elected are irresponsible then the positive effect - in the name of democratization- could not be achieved.

Currently, the regions in Indonesia are still in the learning process of understanding the meaning and the essence of the system of local-head elections. The people are still trapped in the atmosphere of the general elections of the New Order era, and presume that they are instructed to follow the government program. They consider themselves as spectators of a political drama in their region. This is because the people have not been given many opportunities to search for their own representative that is not necessarily affiliated to a political party.[24]. In general, most people have the opinion that the candidate for the local-head is assigned from the top or from outside the region. They do not have the notion that the local-head election is directly related to their daily life. The position of the local-head candidate is deemed distant from the people.

The political elite can take advantage of the people in this transitional phase of learning democratization by building political base groups. These political elite seize the power because they do not apply democratic methods and are not accountable for the people. Since laws and regulations still explicitly allow candidates only from political parties, the motivation to gain a position of the local-head is driven by the needs of the political party. Yet, the political parties in the regions are pre-occupied in reaffirming their existence and seeking constituents to support them. Meanwhile, these political parties have not given any attention to the local regional development strategy nor the policy.

To gain power after the local-head elections, the political elite often take advantage

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[24] The Constitutional Court (MK) on 23 July 2007 allowed independent candidates unattached to any political party in future local-head elections. In the province of Nanggroe Aceh Darussalam (NAD), Local-head elections resulted in electing a governor and vice governor from independent candidates in December 2006. This fact in NAD may have influenced the ruling of the Constitutional Court. However, the MK's ruling needed to be further processed by stipulating the implementation regulations. Many local-head elections in 2007 including the governor elections for Jakarta and South Sulawesi did not allow independent candidates.

of the paternalistic and feudal environment that is still alive especially in Eastern Indonesia. They will use local symbols, traditions, custom laws, and cultural values or practically anything for the sake of their goal without really paying attention to the meaning of these values. Decentralization and regional autonomy often promotes culture, local wisdom or customs and these are also taken as an opportunity to establish cultural and traditional institutions. This may give the impression that the political elite are protecting or preserving the local culture, but often times it is merely for certain political goals. The misuse of local culture and wisdom as a political tool or goal are often seriously observed. It is almost impossible to free all the factors in the region from political intrusion after the local-head elections.

Currently, the local-head elections seem to disrupt the process of decentralization that should have delegated the authority from the Provinces or from the Districts/Cities to the villages and the local people. At the national level, the process of decentralization is handed over from the central government to the region. However, on contrary, the local government in the provincial level or the district/municipality level exploits the decentralization system to operate a local centralistic system, without any continued process of decentralization towards reaching the people.

This phenomenon, often known as "Mini-Soeharto", is evident in the process of decentralization, and the local-head elections underline this phenomenon. Most of the elected local-heads presume that they have strong legitimacy from the people and they can become "king" of their region. The maximum term of duty of a local-head is 10 years (elected twice) and therefore the local-head will try to make the most of his tenure by gaining as much power within the limited time of two "terms of duty".

5. DEMOCRATIZATION PARADOX

5.1. 'Government Autonomy' and 'Citizen Autonomy'

Regional autonomy should mean "autonomy that is owned by the region" as a whole. In the region, there is the government, the private sector, and the community and all these stakeholders create an autonomous environment collectively. Regional autonomy is a collective concept that was initiated by the regions.

As an example, under the Japanese Constitution, regional autonomy consists of two types of autonomy: "government autonomy" and "citizen autonomy". "Government autonomy" means that the autonomy is derived from the local authority including the local government. The local government handles the administration of the regional development under the government's initiatives and responsibility. Meanwhile, "citizen autonomy" entails public administration and service of the local government based on the initiatives and the needs of the local people. This means that the people's

sovereignty is a 'citizen-based autonomy'. In Japan, the peoples have the right to petition directly to the local government, as follows: (1) the right to appeal for the establishment or abolishment of a local ordinance (submitted to the local-head); (2) the right to call for a referendum (submitted to the local parliament); (3) the right to investigate the budget expenditures (submitted to the auditor); and (4) the right to recall the local-head or the members of the parliament (submitted to the Regional Commission for General Elections). To file the petition, the number of petitioners (shown by signatures) must meet a certain ratio of the population[25].

In Indonesia, although this concept is not apparent, there is a term known as *otonomi asli* (original autonomy) in the context of village autonomy. *Otonomi asli*, that is characterized by the locality and diversity of the village,[26] does not necessarily focus on the people's initiatives in general and it is separated from the context of regional autonomy as a whole. As in the New Order era, if the regional development policy is carried out without taking into account the people's initiatives, then it is most likely that only 'local government autonomy' that is functioning. Meanwhile, the autonomy based on peoples' initiatives may not be functioning, as it should be. Democratization in the regional level should work under an interaction between the 'local government autonomy' and the 'citizen autonomy'.

The legal framework on regional autonomy to this extent is more focused on 'government autonomy, i.e. 'local government autonomy'. Whereas, 'citizen autonomy' has yet to receive a support system that provides control on the local government (by the peoples).

5.2. Communication between Local Government and Peoples

It is true that a legal framework has not supported 'citizen autonomy', but the communication between the local government and the peoples needs to be nurtured on a daily basis. In reality, the communication between the two sides is not as ideal as it is supposed to be.

Historically from the colonial times, in general, the function of the government in Indonesia was controlling and regulating the peoples rather than providing public services. The Government was always on guard for the possibility of any rebellious incidence against the government. The Dutch colonial government applied so-called *divide-and-rule* approach and induced disintegration of the people so that the peoples were divided based on religion, ethnicity, and race. Furthermore, the government

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[25] For example, the petition to establish/abolish a regulation requires signatures from 1/50 of the voters in the districts/cities.

[26] The term *otonomi asli* is used in the Explanation Notes of Law No. 22/1999 and Law No. 32/2004 in the category of village autonomy. The concept of *otonomi asli* in Indonesia needs to be further explored for example by comparing it with the concept of 'citizen autonomy' as in Japan, since it is closely related to communication issues between the government and the peoples as discussed in this chapter.

encouraged conflict between the peoples. The approach that the government used towards the peoples is by mass mobilization instead of facilitating the people[27]. In principle, even after independence, the Indonesian government apparently followed pursuit in managing the country by using a similar approach from the colonial times, since probably there was no available alternative model at that time except the colonial model. Therefore, up to now, this type of approach is still dominant in the government in which the government seems to always control and regulate the people [28]. Apparently, the local government is not yet ready to provide ideal public service to the people.

On the other hand, the peoples do not also quite appreciate the existence of the state or government in their daily lives. All this while, the people have managed their community by themselves for their own interest. The rules they apply are a consensus among members. In the case that the government apparatus approaches them, the people would think that this is for the interest of the government. Sometimes the people may feel bothered but are afraid of being reprimanded by the government if they do not show their support or loyalty to the government. Usually the people would try to adjust to what government wants. Therefore, the people do not quite see the role of the government in their daily lives except for dealing with the issuance of ID cards, business license and other administrative matters. Furthermore, since the function of the government tends to be regulating and controlling the people, then the people tend to be passive and comply with the directives from the government. Ultimately, the people choose to wait and become submissive towards the regional development policy instead of conveying their wishes and hopes based on their own initiatives. When there is no room for communication between the government and the peoples, and the people can no longer bear their grievances, they may run amuck and often rally destructive demonstrations. The government often counters such brutal action from the demonstrators with violence.

The term 'participation' may come from the initiatives of the participants. However, in Indonesia, the government often requires 'participation' to the people with frequently saying "thank you for your participation". Therefore, this type of 'participation' facilitated by the government is almost similar to 'mobilization of people'. In the democratization process, the term 'participatory approach' also became popular along

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[27] The terms 'facilitation' or *fasilitasi* in Indonesian has become very popular amongst the government officials along with the term 'accountability', 'good governance' and 'civil society'. They would say the local government must 'facilitate' instead of 'regulate'. However, the local government apparatus assumed that the capacity to 'facilitate' could be easily done through training. They understand the idea that the officials are facilitators, but they do not seem to be aware of the concept of institutional facilitators (such as the local government). Matsui (2005) discusses the role of facilitators as catalyst agents in the process of regional autonomy.

[28] Government apparatus including the regional government officials often require payment to compensate for their services. In fact, they are proactive in offering their services for the sake of earning 'service fees'. This is reflected in their understanding of service from their perspective.

with the terms of *good governance* and *civil society*. However, the understanding of 'participation' is still influenced by the conventional concept.

Actually, the local-head election is a valuable opportunity to link the government and the peoples, unfortunately both sides distrust each other. Autonomy does not necessarily mean that the stakeholders have the freedom to do anything they want for their own interest. Instead, autonomy should be based on independent initiatives for public interest and should be accountable. To create 'local government autonomy' that is connected to 'citizen autonomy', it needs to bring closer the relationship between the government and the peoples. 'Local government autonomy' without developing 'citizen autonomy' is meaningless. It is impossible to correlate 'local government autonomy' and 'citizen autonomy' without eliminating the distrust. Can this valuable opportunity of the local-head elections improve the communication between government and the people in the process of democratization?

5.3. Local-Head Elections: Results from Democratization with Formality

In the context of the democratization process in Indonesia in the post-New Order era, the local-head election is designated as a goal that must be reached. So far, in general, the local-head elections have run smoothly except for a few cases that provoked polemics and conflicts among the local people. This situation is quite different and considered reasonably progressive compared to the elections in the New Order era. It was always presumed that the situation around the elections during the New Order era would become tense, chaotic and dangerous although it was tightly managed by the Soeharto government. The enhanced awareness on the importance of the elections is an indicator of progress in the democratization process.

Nonetheless, as discussed in this chapter, the directions of decentralization and regional autonomy along with the local-head elections are not quite synchronized. The local-head elections - which are supposed to be a benchmark of democratization - in contrary have produced local-heads that tend to assume all the power for a term of 10 years. There is also lack of attention towards the relationship between 'local government autonomy' and 'citizen autonomy'.

The reason for this is that the government administration itself has adopted decentralization and regional autonomy, but the elected local-head is still centered on the political parties. The regional political party is not yet capable of conveying their input or recommendations in the regional development strategy. They are more concerned in building their support-base and financial resources within their region. The structure of political parties is still centralistic and the actions and strategy of the political party's Regional/District/Branch Leaders Council (DPW/DPD/DPC) are totally

under the Central Leaders Council (DPP) in Jakarta[29].

This is quite ironic. Decentralization and regional autonomy has changed the orientation of regional development policy - from following instructions and directives of the government to local initiatives and accountability of the local government itself. Meanwhile, the elected local-head is under the shadow of the political party that has a very centralistic structure and the political party tends to exploit the elected local-head for the interest of the political party without respect to the future development of the region. In the local-head elections, virtually there is not so much difference among the competing candidates in their vision/mission and the strategy for regional development. Therefore, once the candidate was elected, there would only be a few debates or serious discussions on the vision/mission and development programs. In addition to that, the people were also not so enthusiastic to convey their hopes to the candidates. On the other hand, the people may enter into a deal with the local-head to gain something from the candidate during the campaign. Being a prominent figure in the region is important for a local-head candidate and therefore a significant amount of funds is needed to maintain this status.

Towards the end, the local-head elections are merely elections for local-heads using symbols, images and their influential figure. This phenomenon - both from the view of the people and the candidate - creates an election that has no formality linked to the aspects of regional development practice. The local-head election under this type of formality seems to run smoothly without any conflict or violent incidences. The international observers regard this as a successful process of democratization.

In the course of this type of democratization, the elected candidate can easily become a "king" with the intension to reap all the power in the local government. Under this trend, it often happens that the vision/mission of the elected local-head is inconsistent with the vision/mission offered during the pre-election campaign and there is no explanation of this change to the public. The local-head must formulate the Medium-term Regional Development Plan (RPJMD) within 3 months upon his/her assignment as local-head. However, this process is also often not open to the public. As a result, the stakeholders in the region do not have ownership of these documents, such as the RPJMD document determined under the *Perda* (regional ordinance)[30].

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[29] In determining the local-head candidates in 2003, the DPW/DPD (regional) and the DPP (central) of the political party often come into conflict, but in general, the candidate from the DPP usually takes the lead. The centralistic political party is still dominant and up to now, there is no political party that applies the decentralization system. However, as the local-head elections progress, apparently, the influence from the DPP (central) in determining the candidate has become less dominant and they tend to respect the decision from the DPW/DPD (region). This change is seen in the selection mechanism of the local-head candidate in Golkar Party.

[30] The drafting the Regional Medium-term Development Plan (RPJMD) usually involves scholars from local universities similar to the practice in the New Order era. Therefore, the content of the plan may not necessarily reflect the change in the fields. Most of the District/Municipality governments do not have the capacity to draft their own plan (RPJMD) by themselves and this may possibly influence the tendency to

From one perspective, the local-head election is a progressive application of democratization compared to the former method. However, in reality it has not been able to create a dynamic democracy within the context of regional development. The local-head elections were filled with political maneuvers including money politics and black campaign. Meanwhile, there is no serious debate on regional development and on the future of the region. The regional development issue has only been used as a competition tool to gain power among the political elite group in their region. In this context, the local-head election is viewed as democratization having a formality with no content to create democratic dynamics towards regional development.

5.4. Local-Head Leadership: 'Manager' or 'King'?

Decentralization and regional autonomy has brought forward fair competition and cooperation between regions, as the case of Sulawesi. Since the local government now applies the presidential system and no longer uses the parliamentary system, then the performance of one region is dependent on the capacity of its local-head. The capacity of the local-head means the capacity to run or manage the government.

In this circumstance, there are two types of leaderships arising from the local-head. The local-head is either the "government manager" or the "king". The different type of leadership does not only originate from the character of the local-head, but also stems from the local subordinates' behavior. If the government officials are still feudalistic and are oriented towards "pleasing the boss" (ABS), then the local-head that initially intended to become a "manager", is required to play the role as the "king".

A local-head as a manager needs to be supported by government officials that are independent, responsible and trustworthy. If not, then the local-head would be unable to delegate the authority to his/her subordinates. Bureaucratic inefficiency (red tape) becomes common in practice; For example, one would have to queue and wait for a document to be signed by the local-head him/herself. A bureaucratic system that "depends on" the signature of the local-head would mean that this type of government, under the "king", is not oriented to public service or not "service friendly"[31]. To improve the efficiency of the local government, the local-head should act as the manager in a company.   In reality, the elected local-heads - originating from political parties - tend to become "kings". In the locals-head elections, the candidates must spend a huge amount of money as an investment to win the elections. As a result, upon being elected, the local-head would first find a way to earn a payback for his/her investment. The supporters - including the political parties - also expect a reward or compensation

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be indifferent and irresponsible towards the implementation of the plan. For the universities, the RPJMD document becomes an attractive project source.
[31] Such long procedure in the bureaucracy encourages signature forgery that eventually becomes a common practice among the government officials.

for their support, not only in the form of money, but also in the form of projects or by the recruitment of certain allies in the government institution[32]. The elected local-head may have difficulty in avoiding this. In addition to that, the partnership between the local-head and the legislative is also essential in rectifying various *Perda*s in the local parliamentary discussions. The members of the local parliament - coming from political parties - would certainly prioritize the interest of their political party or their personal interest. To add more burdens to the local-head, not only the legislatives demand special treatment, but also many institutions and civil society organizations, that have backed-up the candidate, expect special treatment as a reward for their support. Consequently, the local-head would not be able to run the government as a professional manager.

The request for special treatment or exclusive facilities does not necessarily correspond with the public interest and in fact, it may impede the improvement on public service for all levels of the community. The provisions of special treatment or exclusive facilities are based on family connections, private or financial donations. This practice is considered as natural and is taken for granted. In this type of local-head elections, the trend becomes more apparent compared to the former parliamentary system that limits the voters from the members of the local legislative body. Indeed, the local-head elections were carried out because in the former system, the members of the parliament were irrelevant and not considered as representatives of the people.

The conditions depicted in this chapter can be observed region-wide in Eastern Indonesia. From region to region, the phenomenon does not differ too much. Under these circumstances, can democratization - after the local-head elections - expand further to achieve a regional development plan that really reaches the public in general? How can a local-head change from being a "king" to being a "manager"?

One of the possible solutions depends on the capability of the central and the provincial government to encourage fair competition among the local governments. This takes advantage of the rivalry among the local-heads that are eager to earn better grades from independent evaluators. The problem is that the central and the provincial governments themselves do not have the capacity or the means to support a fair competition including the system to eradicate corruption. The implications are that the central and provincial governments are not free from bias practice in implementing their policy. Therefore, in the initial phase, there is a need for a third-party involvement such as donors or NGOs that are neutral and trustworthy. These organizations can assist in cultivating fair competition among the regional governments as well as coach the central and provincial government to build their capacity.

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[32] For example, Hidayat (2006) has reviewed various cases on the relations or collusions between the local-head candidate and the local business circle during the local-head elections.

6. CONCLUSION

Direct local-head elections in Indonesia, which is still centered towards centralistic political parties, have been carried out under decentralization of government administration and democratization. Therefore, the authority of the government is delegated from the central level to the local level but this is taken as an advantage by the local-head to strengthen his/her power and create a "local centralization". Under this concept, the "local government autonomy" has difficulty to attach itself to the 'citizen autonomy' that should have been further delegated from the local government to the people. In Indonesia, the government was not derived from the people such as in western countries, but it functions as a controller and regulator of the people. There is still a wide communication gap between the government and the people due to unsynchronized measures from both sides.

Decentralization and regional autonomy encourages locality and specific local traits. This is often used by the political elite as political symbols to intensify their power. As a result, it is quite difficult to tone down the strong paternalistic and feudalistic atmosphere in Eastern Indonesia. In fact, apparently this mode has become even stronger after the local-head elections. In implementing the government system from the central to regions, the presidential system was applied through the local-head elections. The local-head elections have the tendency to produce local-heads that are more like "kings" rather than "managers". Yet, at the same time, independent and active public that share the responsibility in ensuring regional development should support the presidential system.

The regional development policy under such government administration depends on the ability of the individual local-head to "manage" the government. The system of local-head elections is deemed as a turning point of democratization in Indonesia, which started in 1998. However, the trend of emerging "kingdoms" does not necessarily equal to democratization. This is the so-called 'democratization paradox' reviewed in this chapter. Is the trend growing stronger? What are the implications on regional development policy towards better public service and for the enhancement of the people's prosperity? Is there any improvement in the communication between the government and the people in accommodating the public initiatives in the regional development policy?

In this perspective, there are two focal points to be discussed within the context of regional development policy and local government. Firstly, how can we improve the capacity of the local-head as a "manager" rather than as a "king"? One of the solutions is to encourage fair competition on good regional public policy between the local-heads under the facilitation of central government or the provincial government. However, these governments' ability to manage this, at the central and provincial level, is still questionable due to the lack of experience and the vested interests surrounding them.

Therefore, if the government lacks capacity, apparently there might be a need to involve third parties such as CSO/NGOs or foreign institutions in the initial stage. To re-align the directions of the regional government, there needs to be a conducive competition among the local-heads towards good public policy.

Secondly, to what extent is the relationship between the local government and the people in practicing the regional development policy? The term *pembangunan* (development), that is often associated with physical development, has influenced the practice of development in the regions. The local government and the people distrust one another and both have not been able to establish a harmonized and mutual collaboration. There are two possibilities in improving the communication channel of both sides, that is: (1) the local government changes its own mindset first and then tries to approach the people with a new move; or (2) the people themselves improve their capacity to manage the community democratically and push the government to change their mindset and behavior. It is necessary to observe the process of democratization and its further impact on the relationship between the local government and the people. As an example, the public financial management in the village level is one aspect that could be reviewed particularly in relation to poverty alleviation programs or Village Fund Allocation (ADD) from the District/Municipality government to the villages.

Therefore, there needs to be further research on the possibility of establishing fair competition in regional development policy among the local-heads, and review the relationship between the local government and the people in the process of implementing the regional development policy. These two focal points will generate directives and necessary inputs for the process of regional development policy within the context of sustainable democratization in Indonesia.

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