

Fall 2015

Divide and Conquer: Political Decentralization and Secessionist Suppression in Indonesia and the Philippines

Erik Hammarlund
University of Puget Sound

Follow this and additional works at: http://soundideas.pugetsound.edu/pg_theses

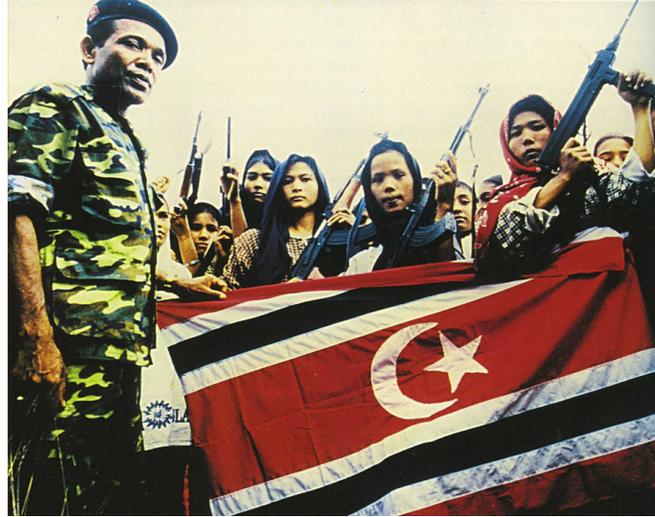
 Part of the [Comparative Politics Commons](#), and the [South and Southeast Asian Languages and Societies Commons](#)

Recommended Citation

Hammarlund, Erik, "Divide and Conquer: Political Decentralization and Secessionist Suppression in Indonesia and the Philippines" (2015). *Politics & Government Undergraduate Theses*. Paper 5.

This Dissertation/Thesis is brought to you for free and open access by Sound Ideas. It has been accepted for inclusion in Politics & Government Undergraduate Theses by an authorized administrator of Sound Ideas. For more information, please contact soundideas@pugetsound.edu.

Divide and Conquer: Political Decentralization and Secessionist Suppression in Indonesia and the Philippines



Insurgents of the disbanded Free Aceh Movement, Indonesia, 1999

Erik Hammarlund

PG 420 Senior Thesis, Fall 2015

Patrick O'Neil

Abstract

This paper examines the roles of identity-based conflict and secessionist sentiment in motivating and affecting political decentralization in middle-income democracies. The literature on decentralization largely assumes a link between the process and increased political accountability and service delivery effectiveness; however, these theories do not take into account cases in which national crisis and regional instability are the primary motives to decentralize. This paper hypothesizes that when decentralization occurs in direct response to threats of secession, the quality of its political accountability and service delivery mechanisms will be lower than would otherwise be predicted. Two cases are considered: the Philippines, whose decentralization occurred under a stable and well-institutionalized democratic regime, and Indonesia, which radically and rapidly decentralized in the face of high-intensity conflicts in Aceh, Maluku, and Papua. Ultimately, the careful construction and implementation of a moderate devolution program in the Philippines led to success in the areas of political accountability and service delivery, while the more extreme Indonesian program faced long-term challenges and shortcomings in those same areas. Neither country, however, can be said to have successfully eliminated regional separatism or otherwise incorporated discontented groups into their devolved systems, suggesting that this process represents a particular challenge to newly decentralized regimes.

Introduction

In 1998, following the rapid collapse of a decades-old autocratic regime, the state of Indonesia abruptly aborted a sixty-year experiment with centralized administrative rule. The new leadership instead embarked on a hastily implemented program of administrative decentralization, labeled by observers as “the most daring decentralization policy in developing countries.” Seven years earlier, Indonesia’s neighbor to the northeast, the Philippines, engaged in a similar process of decentralization, devolving power from the center in Manila to regional units across the archipelago. While both these processes were well received domestically and internationally for their democratic natures and economically liberal reforms, Philippine decentralization has achieved a measure of success that Indonesia has largely failed to match. This discrepancy has been quantified by findings of the Legatum Institute’s Prosperity Index, which found the Philippines scoring significantly higher than Indonesia in areas of government effectiveness, government stability, rule of law, judicial confidence, and institutional corruption in the years 2010-2015.¹

Why has political decentralization led to increased political accountability and service delivery in the Philippines to a greater degree than in Indonesia? More broadly, how do different strategies of decentralization affect a state’s long-term political stability and economic success? Policies of political decentralization have seen wide-scale adaptation throughout the developing world in the past twenty years, in part due to the encouragement of traditional neoliberal policies by powerful institutions such as the IMF and the World Bank, as well as major political powers such as the United States. Devolutionary policies have been implemented at an exceptionally high rate in Southeast Asia, a rapidly growing and developing region of the world that has become increasingly critical to the global economic community. An understanding of the nuances and potential

¹ Legatum Institute (2015)

complications of political decentralization is therefore essential to evaluating the quality and stability of governmental institutions in this historically understudied region.

Proponents of political decentralization emphasize its role in fostering local political accountability, innovative service delivery, and increased community engagement. However, these theories have largely been developed in the context of high-income states such as the United Kingdom and the United States, and have comparatively little practical application to the newly established democracies of Southeast Asia. In particular, these theories assume that political decentralization will take place methodologically and moderately under a highly stable regime, as in the case of most high-income states. They do not take into account the crucial factors of political stability and ethnic and religious identity, areas of great importance to these highly diverse and relatively weakly institutionalized archipelagic regimes.

This paper will test the argument that the degree of success of political decentralization is dependent on the degree of political and social stability that the state has achieved prior to initiating the process of devolution. The Philippines decentralized under a secure and well-institutionalized regime, during the rule of popular progressive leader Corazon Aquino, and was therefore able to disregard concerns over ethnic stability or secessionist movements in favor of a more moderate and judiciously implemented program of decentralization. Indonesia, by contrast, decentralized in what was labeled an atmosphere of “national crisis,” in which ethnic tensions were flaring and regional secession appeared imminent. The government was forced to hastily implement a program of radical decentralization for the primary and immediate purpose of staving off the collapse of Indonesian sovereignty in these areas, which ultimately carried problematic implications for the state’s political accountability and service delivery effectiveness in both the near and far future.

Literature Review

The term “political decentralization” refers to a process of devolution of political power, in which some degree of political authority is transferred to sub-national actors, such as states, regions, or districts. Decentralization is distinct from other processes of devolution, such as deconcentration, in that power is not transferred to sub-national branches of the central government, but rather, independent units that have near-complete control over revenues and expenditures alike.² Because of this high degree of autonomy, decentralization policies must include the implementation of democratic mechanisms of political accountability, so as to ensure that the local population can hold these units accountable to their needs and desires. If executed properly, many advocates argue, political decentralization will yield increased political accountability and more effective service delivery. However, these claims have been challenged by a number of scholars, who argue that decentralization must be understood as a highly complex process that will not be fully applicable to a wide variety of contexts and settings.

The popular academic literature on political decentralization was established by Charles Tiebout in his 1956 article “A Pure Theory of Local Expenditures.” His theory of decentralization is simple and straightforward: as political decentralization occurs, a greater diversity of communities, each promoting a unique structure of taxes and public goods, will emerge. Citizens, assumed to be fully mobile and equally informed, may then “shop” for the community that best approximates their tax and public good preferences. In the case of the vast majority of public services, including policing, fire protection, education, healthcare, and others, decentralization can therefore only produce a more vibrant, competitive, and accountable market for public goods.³

² Eaton (2001), 103

³ Tiebout (1956), 423

Tiebout's model of decentralization is best applied to a high-income urban environment, in which the presence of a large central municipality and many surrounding suburbs offer a variety of public benefits and tax expenditures to choose from. When applied to large-scale decentralization programs, as have occurred in Indonesia and the Philippines, this model's assumptions all but fall apart. In particular, Tiebout's assumption of full mobility among citizens is highly misguided; in the tribally organized Maluku islands in Indonesia, for example, no citizen is at all likely to abandon their ancestral homelands and extended family, regardless of whatever tax benefits or increased public services they may accrue in a neighboring district.

We cannot fault Tiebout for these misassumptions, as he likely never intended his model to extend beyond the realm of Western urban politics in the first place. Nonetheless, his theory has been expanded upon by subsequent generations of neoliberal theorists to create support for decentralization as a fundamental political norm, applicable to any scenario. This normative theory of decentralization, as articulated by Ken Kollman, is that a decentralized government will naturally spur greater citizen involvement and bring local governments closer to their constituents, leading to increased political accountability and greater fiscal responsibility.⁴ This argument was further refined in Wallace Oates' *Fiscal Federalism*, in which he argued that in addition to fostering accountability, political decentralization can increase the efficiency of local government service delivery by encouraging greater awareness of community preferences.⁵

Throughout the late 20th century, scholars found evidence in support of these theories of decentralization in a wide variety of contexts. In a study of neighborhood governance in New York state, Douglas Yates found that decentralization "unquestionably" created more direct democracy, a

⁴ Segal (1997), 141

⁵ Oates (1972), 19

finding that he argued benefited historically underrepresented minorities and other constituencies.⁶ Bowles et al. suggest that these trends of decentralization in America ought to be replicated in the United Kingdom, arguing that the norm of executive strength in the latter case is in desperate need of reexamination.⁷ Approaching the subject from the opposite end, Ken Kollman, in *Perils of Centralization*, links the increasing political entrenchment and immobility of institutions such as the Catholic Church and the European Union to their mutual trends of administrative centralization.⁸ These investigations have served to further reinforce the notion that political decentralization is a practical solution to a wide assortment of issues in governance.

In addition to these benefits in political accountability and service delivery, scholars have long pointed to decentralization as a method of fostering productive experimentation and innovation within a political system. In essence, each individual subunit is free to experiment in novel methods of service delivery without posing a risk to the state itself; those that are successful can then be easily identified and applied system-wide. This theory was treated as fact by Justice Louis Brandeis in 1932, when he argued, “A single courageous State may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country.”⁹ Later scholars have identified these experiments as key methods of increasing system efficiency in many areas. In his manuscript “On States as Policy Laboratories,” Craig Volden provides evidence that decentralization can increase opportunities for innovation in public policy.¹⁰ Outside of the political sphere, Chang and Harrington apply this theory to large retail chains, arguing that a decentralized organization gives freedom to store managers to adopt their own ideas and

⁶ Yates (1973), 198

⁷ Bowles et al. (2007), 374

⁸ Kollman (2013), 11

⁹ *New State Ice Co. v. Liebmann* (1932)

¹⁰ Volden (1996), 294

disseminate innovations.¹¹ This conclusion is supported by Darr et al., who collected data from 36 Pennsylvanian pizza stores and found that knowledge transfers significantly farther across stores owned by the same franchisee.¹²

As these many benefits of decentralization were so energetically proclaimed throughout the 20th century, it is no surprise that subsequent counter-research has occurred among a diverse array of scholars. In the areas of political accountability and economic growth, González et al. find that the role of political decentralization in fostering accountability is undocumented in their model of political budget cycles,¹³ while Ezcurra and Rodríguez-Pose have demonstrated no statistical relationship between political decentralization and economic growth.¹⁴ Decentralization may in fact hinder governmental efficacy, as evidenced in a case study of New York City Public Schools, which found that decentralization led to systemic corruption, without any of the supposed benefits.¹⁵ Counter to Justice Brandeis's link between decentralization and local innovation, Kollman, a decentralization advocate, nonetheless argues that subunits are not necessarily better at innovating than the center. Rather, decentralized units are best able to address moderately difficult problems, while for simple and difficult problems, centralization may be the better search method.¹⁶ Ultimately, these studies indicate that the link between decentralization and political and economic accountability is selectively demonstrable at best, and may not be established even in the contexts that decentralization scholars have long used to construct their theories.

In short, the literature on political decentralization and its effects is frustratingly polarized and inconclusive. In *The Architecture of Government*, Daniel Treisman ultimately concludes, "The

¹¹ Chang and Harrington (1998), 267

¹² Darr et al. (1995), 1761

¹³ González et al. (2013), 888

¹⁴ Ezcurra and Rodríguez-Pose (2013), 389

¹⁵ Segal (1997), 143

¹⁶ Kollman et al. (2000), 104

simple conclusion about administrative decentralization is that there is no simple conclusion.”¹⁷ It is clear, however, that few of the major trends in decentralization theory, focused as they are on politically stable and high-income cases such as the United States and the United Kingdom, have very much practical application in lower-income and more democratically fragile cases such as Indonesia and the Philippines. The case of Indonesia is a particular puzzle: the state chose to decentralize under a fragile administration, immediately following a revolution that ousted a thirty-year-old regime. This was a daring and unorthodox strategy of decentralization that the literature would likely not predict or recommend.

An explanation for the curious timing of Indonesia’s decentralization program lies in the relatively unconsidered link between political decentralization and the maintenance or restoration of political and economic sovereignty. Martha McCollough proposes this link in her study of the Hasinai, one of the principal Native American chiefdoms in eastern Texas during the 1700s, and their experience following the establishment of Spanish power in the region. As the Hasinai faced increasing economic and political challenges due to the introduction of diseases, the rise of mercantilism, and substantial shifts in trade routes, McCollough posits that it became advantageous to decentralize the political organization of the chiefdom. This is because no actor, internal or external, would then be able to threaten the entire community by threatening its center; instead, each newly established subcommunity was able to negotiate the complex and challenging networks of trade and diplomacy that applied to them specifically.¹⁸

Literature on this link between decentralization and sovereignty is frustratingly absent, apart from McCollough’s anthropological contributions. Nonetheless, the experience of Indonesia in the late 1990s mirrors that of the Hasinai chiefdom far more closely than it does those of the United

¹⁷ Treisman (2007), 490-491

¹⁸ McCollough (2001), 318

States, the United Kingdom, or even the Philippines. World Bank economist Anwar Shah labels this sovereignty-related strategy of decentralization as the “Big Bang” approach, given its necessarily comprehensive nature and extraordinarily rapid implementation.¹⁹ In the Indonesian case, the threat to state sovereignty was not external, but rather, internal, as the state struggled to calm ethnic conflict in Maluku, battled secessionist guerrillas in the long-suppressed regions of Aceh and Papua, and failed to retain East Timor in a contentious and highly traumatic referendum.

This paper argues that Indonesia’s decentralization program, occurring as it did in an environment of territorial crisis, was conceived not as a conventionally moderate program of increased political efficacy, but rather, as a strategy to immediately mitigate secessionist ambitions across the state. Because of the unconventional priorities of Indonesia’s “big bang” decentralization and the haste of its implementation, the program’s achievement of the benefits of decentralization in political accountability and service delivery was limited. The Philippines, which decentralized in a much more stable environment of national sovereignty, constructed and implemented its program in a manner more consistent with standard models of decentralization; because of this, the country achieved greater success in the same areas of accountability and service delivery.

This paper organized in the following manner. First, it examines the historical and political context of centralized rule in the cases of Indonesia and the Philippines, and how each case chose its path of devolution. The two are then compared in their achievements of political accountability and service delivery efficacy, both of which are predicted by the literature to increase as a result of decentralization. Ultimately, this investigation intends to clarify the likely effects of decentralization for the purpose of territorial integrity, and contribute to the literature exploring alternative methods and outcomes of this complex and frequently oversimplified political process.

¹⁹ Shah and Thompson (2004), 25

Political Order in Indonesia

Indonesia's first political units, most notably the Srivijaya Empire of Sumatra and the Majapahit kingdom of Java, were characterized by weakly institutionalized and fragmented political structures. These empires have been retroactively characterized as "thalassocracies," referring to a model of government in which sea trade networks are maintained by the regime, while interior realms and areas outside of the trade network remain largely ungoverned.²⁰ This mode of Indonesian governance continued during the arrival of Islam from Arabia and India in the 13th-15th centuries, as large sultanates, such as Mataram in central Java and Banten in the Sunda Strait, maintained wealthy trade empires and fended off colonial encroachment for close to two hundred years. Like their predecessors, these empires failed to penetrate the remote interiors of Indonesia's largest islands.²¹ The islands of what is now eastern Indonesia, including the Maluku archipelago and West Papua, were never integrated into the Muslim world in the first place, and remained highly isolated regions until the concentration of Dutch power in the archipelago in the 1800s.

Following Vasco da Gama's discovery of the naval route to India in 1497, the Indonesian archipelago was penetrated by successive waves of European powers, all seeking to establish trade routes to the coveted spices of the Maluku islands. European colonial powers maintained a superficial presence in Indonesia for several centuries, preferring to rule through puppet states and facilitate trade without investing in administrative infrastructure.²² The regime established by the Dutch East India Company (*Vereenigde Oost-Indische Compagnie*, or VOC), which consolidated control over the entire archipelago in the late 1600s, maintained this strategy of indirect rule for the explicit purpose of resource acquisition. The nature of power in Indonesia was decisively transformed only in 1816, when the VOC was dismantled following the Napoleonic Wars, and the

²⁰ Ricklefs (1993), 12

²¹ Guillot (1990), 17

²² Ricklefs (1993), 22-25

Dutch state took control of the territory.²³ Unlike the VOC, the Dutch regime was not satisfied with indirect rule, and took on the mammoth challenge of establishing a centralized state across what was an immensely remote and diverse region.

The consolidation of Dutch power in Indonesia, which took close to a hundred years to achieve, was met with fierce resistance in many regions, including a Javanese uprising in 1825, a sustained Acehnese insurgency throughout the late 19th century, and the horrific *puputan* mass suicide of Balinese royalty following the conquest of that island in 1906.²⁴ The rule of the Dutch in Indonesia was notoriously brutal, even for a colonial regime. Unlike the British in India, who saw their role there as civilizers as well as rulers, Dutch motives in Indonesia were strictly economical, with the result that Indonesians were never afforded opportunities to climb the administrative and educational hierarchies of Dutch rule until just two decades prior their departure.²⁵ The Dutch colonial legacy therefore consisted primarily of infrastructural investments (having finally penetrated the isolated interiors of Sumatra and Borneo), as well a centralized and hierarchical administration, based in Jakarta, which reached across the entire archipelago.

This legacy of centralization was maintained following the success of the Indonesian independence movement, which endured insurgencies against the Dutch, the Japanese in World War II, and the Dutch once more at the war's end. Sukarno, leader of the Indonesian Revolution and the first president of the Republic of Indonesia, viewed administrative centralization as the only means by which to maintain unity in what was still a highly fragmented collection of islands.²⁶ After Sukarno was ousted in a military takeover in 1968, the newly established leader Suharto proclaimed what became known as the "New Order," a regime took this tendency of centralization

²³ Ibid., 24

²⁴ Vickers (2005), 9

²⁵ Ibid., 40

²⁶ Turner (2006), 258

to new extremes. Suharto's Indonesia was characterized by the enhanced presence of the military in nearly every sector, the creation of an intricate network of patronage and officially sanctioned corruption, and the suppression of religious and ethnic identities outside of moderate Islam.²⁷ Javanese ethnic power was further consolidated during this period, as Suharto encouraged vast migration projects to resettle Javanese migrants in remote regions, leading to conflict between the colonizers and indigenous peoples in Papua, Kalimantan, Sumatra, and elsewhere.²⁸ Political power under Suharto was codified in the Regional Government Law of 1974, which established a centralized hierarchical structure in which the central government in Jakarta managed its 27 regional units largely as extensions of itself.²⁹

In short, political power in Indonesia has historically taken two forms. Prior to the introduction of European imperialism, Indonesian empires were typically expansive but fractured, weakly institutionalized, and indirectly ruled from a small but secure base. After the assumption of Dutch direct rule over the archipelago, Indonesian political power became highly authoritarian and hierarchical, originating from the center of power in Java, so as to unite by force this diverse and fragmented region. Centralization in Indonesia reached its peak in the New Order era of authoritarian military rule, in which all political power flowed up to Jakarta and into the hands of Suharto and his network of cronies; however, this mode of governance was not a perversion of the recent Indonesian political order, so much as an extreme take on what had been business as usual.

Political Order in the Philippines

The earliest known Philippine political units largely resemble those first governing Indonesia in their fragmentation and degree of decentralization. Like Indonesia, the Philippine

²⁷ Crouch (2010), 17-19

²⁸ Anata (2003), 229-230

²⁹ Crouch (2010), 88

islands were ruled by a multifarious set of thalassocracies, such as the Kingdom of Tondo on the island of Luzon, and the Huangdom of Ma-i in the center of the archipelago.³⁰ The Philippine kingdoms enjoyed a diverse network of trade contacts, establishing relations at various points in history with Chinese dynasties, Indian Rajahnates, and Bruneian sultanates alike. The latter eventually conquered the Kingdom of Tondo outright and established a series of satellite sultanates in Sulu and Mindanao, the latter of which has retained a distinct Islamic identity ever since.³¹

The European presence in the Philippines began with the 1521 expedition of Spanish navigator Ferdinand Magellan, who claimed the entirety of the archipelago for Spain.³² Unlike many European claims in the early age of imperialism, this one was followed up by a sustained Spanish presence in the Philippines for the next four hundred years. Spanish rule in the region was centered in the north island of Luzon, where the present-day capital, Manila, was established; the empire's influence steadily spread south until the eventual conquest of the southernmost major island, Mindanao, in the late 19th century.³³ Like the Dutch in Indonesia, the Spanish faced the difficult challenge of ruling a historically diverse and fragmented collection of islands, each maintaining its own distinct cultural and political identity.

Like the VOC, the Spanish practiced indirect rule in the Philippines until the late 19th century, at which point the imperial rulers likewise centralized and standardized their political administration.³⁴ When the United States took over the archipelago following the 1898 Spanish-American War, this trend of centralization and state building was maintained, as the new colonizers prioritized increasing state capacity, building transportation and communication infrastructure, and

³⁰ Joaquin (1988), 411

³¹ Agoncillo (1990), 22

³² Lacsamana (1990), 47

³³ Ibid., 89

³⁴ Abinales and Amoroso (2005), 88

consolidating their sovereignty throughout the territory.³⁵ The United States was the first power in the Philippines to effectively unite the entirety of the archipelago under a single regime, although only after an immensely devastating war that cost between 150,000 and 200,000 lives.³⁶ Even then, the occupiers faced occasional armed resistance in rural areas, and were unable to terminate military control by force of the Moro province.³⁷ Following World War II and a period of Japanese occupation, the Philippines were granted outright independence in 1946 as the Philippine Republic.

As in the case of Indonesia, the post-independence Philippines were characterized by a high degree of centralized rule, due to the historical political division of the country, the legacy of centralized rule from the Spanish and Americans, and the weak cultural ties across the archipelago. Politicians under the Republic's first presidents considered several proposals to devolve authority to local governments for more efficient rule, but preferred instead to initiate processes of deconcentration, in which political power was simply devolved within central government bureaucracies over which Philippine legislators and presidents exerted a high degree of influence. As one politician explained it, the Philippines "remained a country where local governments had to appeal to national politicians to get windows fixed in City Hall."³⁸ This tendency of centralization was only exacerbated under the highly corrupt rule of Ferdinand Marcos, who ruled the country under varying degrees of martial law from 1965 to 1986.

In short, the patterns of political order in Indonesia and the Philippines are remarkably similar. Both states are inventions of the European imperial system, as the empires that inhabited them beforehand were largely thalassocratic and weakly institutionalized. European powers created highly centralized administrative bureaucracies to unite these fragmented and divided

³⁵ Ibid., 119

³⁶ Silbey (2008), 200-201

³⁷ Abinales and Amoroso (2005), 123-124

³⁸ Eaton (2001), 114

archipelagoes, which were then retained by post-independence regimes in both states. As we will see, following the collapse of long-stagnant authoritarian regimes, both Indonesia and the Philippines turned to decentralization as a method to reverse this long-lasting colonial legacy.

Implementing Decentralization in Indonesia

In 1998, the collapse of the Thai Baht initiated the East Asian Financial Crisis, a global economic recession that devastated the Indonesian economy more than any other.³⁹ As a result, the Suharto regime, long considered by observers to be firmly entrenched in power, suffered a chaotic collapse within just one year. The New Order regime was brought down by widespread protests and riots across the country, which, in the eastern region of Maluku, manifested as ethnic and religious conflicts that killed close to 4,000 people and displaced 700,000 more.⁴⁰ In addition, secessionist leaders in traditionally separatist regions such as Aceh, West Papua, and East Timor seized the opportunities lent by political instability to reinitiate long-suppressed violent campaigns for independence. The latter campaign succeeded in gaining recognition from the United Nations, and East Timor became fully independent in 2002.

The new Indonesian regime, led by Suharto's former deputy Jusuf Habibie, consequently found itself governing a severely weakened state beset by mass protests, ethnic violence, and separatist agitation. To respond to these challenges, the Indonesian legislature drafted the 1999 Law on Regional Government, which was enacted to satisfy opponents and silence secessionists by delivering a massive devolution of political authority.⁴¹ Law No. 22/1999 ceded authority from the central government to local governments in education, health, environment, labor, public works,

³⁹ Delhaise (1998), 123

⁴⁰ Spyer (2002), 21-36

⁴¹ Crouch (2010), 92

and natural resource policy.⁴² Critically, the legislation did not devolve these responsibilities to the country's 27 sub-federal regions, but rather, to the more than 360 sub-regional districts and municipalities (*kabupaten* and *kota* respectively). This highly unorthodox move occurred because legislators were still in shock from the successful secession of East Timor, a former region, and hoped to immediately prevent secession elsewhere by eliminating regional power across the board.⁴³ As such, district governments, which had been largely powerless for decades, found themselves responsible for the lion's share of government services almost overnight.⁴⁴

The drafters of the 1999 Law on Regional Government were on an urgent mission to respond to the aforementioned challenges facing Indonesian state sovereignty, including religious violence in Maluku and separatist movements in Aceh and West Papua.⁴⁵ To prevent impending secession and quickly mitigate civil conflict, the law was rapidly pushed through the Indonesian parliament, and received very little public attention.⁴⁶ Legislators therefore created a comprehensive system of district-level decentralization without facing any resistance or comment from either the Suharto-era bureaucrats or the Indonesian public.⁴⁷ International observers characterized the resultant decentralization program as “the most daring decentralization policy in developing countries,” based on “the most radical decentralization laws in Asia and the Pacific.”⁴⁸

For such a comprehensive policy, the 1999 law itself was remarkably short, at just 36 pages long.⁴⁹ This brevity reflected the legislation's broad nature and rapid formation, and prevented bureaucrats from interpreting and implementing it in a universally consistent manner. As such, by the time that the one-year deadline for the completion of the new regulations and standardizations

⁴² Aspinall and Fealy (2003), 3

⁴³ *Ibid.*, 4

⁴⁴ *Ibid.*

⁴⁵ Ryas Rasyid (2003), 63

⁴⁶ *Ibid.*

⁴⁷ *Ibid.*

⁴⁸ Asia Foundation (2004)

⁴⁹ Turner (2006), 258

for district governance was reached, only a third of those necessary regulations had been issued.⁵⁰ Central and district officials struggled over policy coordination with existing laws, accountability mechanisms for the heads of districts, and powers that seemed to significantly overlap. Ultimately, while rapid decentralization to hundreds of districts may have prevented regional secession in Indonesia as intended, the breadth and depth of the legislation, as well as the haste of its implementation, had detrimental effects on the quality of local government function, particularly in comparison to the Philippines' initiation of the same process a decade earlier.

Implementing Decentralization in the Philippines

The corrupt and widely unpopular regime of Ferdinand Marcos was finally brought to an end in 1986, when the assassination of opposition leader Benigno Aquino on the tarmac of Manila International Airport led to widespread outrage and protests across the country. What began as a popular protest movement escalated into the Philippine Revolution of 1986, whose leader, Aquino's widow Corazon Aquino, demanded snap presidential elections. The participation of over two million active protestors was enough to encourage widespread defections within the Marcos regime, preventing him from rigging the election as was his custom, and ensuring Aquino's victory. Unlike Indonesia's violent and tumultuous transfer of power, the 1986 revolution, known as the People's Power Revolution and dubbed "the revolution that surprised the world,"⁵¹ was notable for both its speed and its lack of a single causality.

Unlike Jusuf Habibe in Indonesia, Corazon Aquino did not inherit a nation threatened by imminent regional secession. Rather, her new administration was focused on longer-term priorities, such as the meritocratic reform of the military and the resolution of the Philippines' \$72.2 billion

⁵⁰ World Bank (2003), 4

⁵¹ Javate-De Dios et al. (1988), 104

dollars of international debt.⁵² The Aquino administration therefore focused its energies on strengthening her public support and delegitimizing military discontent, which it accomplished by implementing a new democratic constitution in its first year.⁵³ Devolution of power was not on Aquino's agenda until late 1987, almost two years into her presidency, at which point she announced support for a proposed piece of legislation enacting decentralization. This act, the Local Government Code, was distinct from its radical Indonesian successor in that it was conceived and refined in a stable political environment as a program of moderate reform, without having to respond to any threats to the regime's sovereignty itself.

In contrast to Indonesia's decentralization of political power to the sub-regional district level, the Local Government Code maintained the Philippines' long-standing hierarchy of administrative divisions. Power was consequently decentralized to the provincial level, a move that Indonesian legislators had sought to avoid for its secessionist potential. The same service delivery responsibilities that Indonesia delivered to its districts, including health, agriculture, public works, social welfare, the environment, and natural resources policy, were devolved to these 73 provinces, referred to in the legislation as Local Government Units, or LGUs.⁵⁴

While the Indonesian decentralization program received no public attention and little legislative comment prior to its rapid implementation, the Philippine program was preceded by a lengthy process of deliberation and debate that led to many of its provisions being partially delayed or otherwise rolled back. Members of the House of Representatives were concerned that newly empowered local executives could build support networks that would challenge the legislature's interests. As such, the House strengthened political accountability mechanisms by making it easier for local officials to be audited and recalled, and ensured careful and systematic implementation of

⁵² Abinales and Amoroso (2005), 233

⁵³ Abinales and Amoroso (2005), 238

⁵⁴ Turner (2006), 256

the law by pushing the rollout date to January 1992, which also denied local officials the opportunity to use revenue transfers against legislators in that year's elections.⁵⁵

Ultimately, it was these characteristics of the Philippine decentralization project that led to the program's long-term successes over its Indonesian counterpart. Because the 1991 Local Government Code was developed in a stable and temperate political environment, rather than one of immediate national crisis, it experienced lengthy debate, public scrutiny, and revision, and was implemented under a much more methodological timetable.⁵⁶ The lack of any significant secessionist threats to the Philippines allowed it to devolve to its 73 provinces (as opposed to Indonesia's division into 350 districts), which simplified the decentralization process immensely and ensured that each province was large and functional enough to retain state capacity. The following discussion will examine how these advantages of the Philippine program, coupled with Indonesia's shortfalls in the same areas, manifested themselves in the areas of governance that decentralization is predicted to benefit: political accountability and service delivery.

Political Accountability in Indonesia

While post-Suharto Indonesia has remained a democracy by any measure, the quality of its democratic institutions significantly deteriorated following the transition to decentralized governance. The breadth and depth of Indonesia's decentralization policy, coupled with the rapidity of its implementation, limited the quality of political accountability mechanisms in the newly empowered district governments. This was in part because the ambiguity of the 1999 legislation allowed district governors (*bupati*) to surreptitiously claim more political power and autonomy than they were originally intended to receive. Article 7 of the legislation, which reserved certain fields of

⁵⁵ Eaton (2001), 116

⁵⁶ Eaton (2001), 118

policy for the central government, was interpreted by *bupati* as limiting the central government to those fields alone. Article 11, which stipulated “obligatory” responsibilities for district governments, was understood by district officials to give them exclusive authority in those areas.⁵⁷ These contradictory, vague, and inconsistently applied regulations allowed *bupati* to strengthen their executive power at the expense of potential central government oversight and evaluation.

Because of the vast array of executive positions available within Indonesia’s hundreds of new districts, the same political elites who had benefited under the patronage system established by Suharto found themselves able to effectively reinsert themselves into the new political order. Officials who had served under the New Order regime maintained their economic and political connections within the weakly institutionalized districts, and became what one observer referred to as “political entrepreneurs,” offering their services to those who sought nomination by a party.⁵⁸ These aspiring politicians themselves viewed the decentralization process not as an alternative to systems of patronage, but rather, as a device to extend, renew, and incorporate these systems into their political careers.⁵⁹

As this newly empowered political elite began to dominate state politics, clientelism, vote buying, and party patronage all became established habits within the Indonesian political order. Afan Gaffar, a political scientist at Gadjah Mada University in Yogyakarta, Indonesia, estimated that a candidate for *bupati* required at least 1 billion rupiah for the purchase of votes.⁶⁰ When five candidates for mayoral elections in the region of Sibolga lost their races, despite their purchases, they publicly demanded their money back from party officials there.⁶¹ In one particularly drastic case, a candidate for the Indonesian Democratic Party of Struggle (*Partai Demokrasi Indonesia*

⁵⁷ Crouch (2010), 96

⁵⁸ *Kompas*, 23 February 2005

⁵⁹ Manor, 1999

⁶⁰ *Kompas*, 19 March 2000

⁶¹ *Kompas*, 9 March 2000

Perjuangan, or PDI-P) was able to win her local race only by quarantining all 18 members of her party in a hotel, where they were unable to leave until they confirmed her nomination for the position.⁶² In cases in which politicians who refused to toe party lines won the vote for *bupati* or mayor, they often ended up losing those positions through technicalities or charges of corruption, but in reality because members of their own party in the district legislatures (*Dewan Perwakilan Rakyat Daerah*, or DPRD) betrayed them.⁶³ The Indonesian government produces “accountability reports” that are intended to highlight such cases of intraparty patronage and corruption, but Hamid Awaluddin, a member of the National Election Commission, described these reports as “no more than fields for extortion by members of legislatures.”⁶⁴

The 1999 Indonesian general election demonstrated the pervasiveness of political entrenchment and money politics within the new democracy. Candidates from Golkar, the political party associated with Suharto and his New Order regime, were successful in almost all contests for *bupati* or mayor, despite the party’s failure to dominate the general elections. This discrepancy indicates that Golkar candidates in elections for regional positions routinely bought their support.⁶⁵ The opposition PDI-P experienced similar discrepancies in vote totals in constituencies such as Medan, where the party held 16 seats but its candidate won only 4 votes, or in Bali, where it held 17 seats but its candidate won only 11 votes.⁶⁶

When indirect elections of regional heads were outright abandoned in 2004 in favor of direct popular votes, political accountability did not necessarily increase. Instead, the political parties merely constructed a complex system of alliances to push into power approved candidates,

⁶² *Kompas*, 21 March 2000

⁶³ *Kompas*, 14 March 2000

⁶⁴ *Kompas*, 5 February 2003

⁶⁵ Hadiz (2003)

⁶⁶ Crouch (2010), 112

regardless of ideology or policy.⁶⁷ Unlikely partnerships, such as between the secular PDI-P and the Islamist PBB, or the Islamist PKS and the Christian PDS, demonstrated that securing victory for the parties within the alliance was far more important than the ideology of the politician themselves.⁶⁸ This was confirmed by Golkar deputy chairman, Agung Laksono, who said “There are no limits on forming coalitions with anyone. Provided that a candidate who joins a coalition with a Golkar candidate meets low resistance and doesn’t have ‘problems.’”⁶⁹

Although some observers have perceived a recent increase in quality of Indonesia’s democratic institutions, particularly in regard to the recent presidential election of anti-establishment reform candidate Joko Widodo, the nation still scores low on measures of accountability; as of 2013, only 50% of Indonesians are confident in the honesty their country’s elections.⁷⁰ Ultimately, the weak institutionalization of Indonesia’s devolved political units, as well as their vulnerability to political manipulation by a large number of former political figures, led to the resurgence of Suharto-style political patronage and money politics within Indonesia, delegitimizing the state’s democratic institutions and reducing political accountability.

Political Accountability in the Philippines

Indonesia’s comparative decline in political accountability is contrasted by the experience of the Philippines, which has largely succeeded in implementing and institutionalizing mechanisms of democratic accountability since the implementation of decentralization. Unlike in Indonesia, where Suharto-era politicians were able to take advantage of the availability of executive positions in the districts to reintegrate themselves into the political order, the Philippines under Aquino was able to

⁶⁷ Ibid., 113

⁶⁸ Ibid.

⁶⁹ *Kompas*, 23 February 2005

⁷⁰ Legatum Institute (2015)

successfully dismantle the patronage systems that Marcos had utilized to govern the state during his twenty-year regime. Before his resignation, Marcos himself had destroyed the traditional two-party system in the Philippines, and the fragmentation of his own New Society Movement in 1986 left no other organization with an institutionalized patronage network strong enough to dominate the national level.⁷¹ This vacuum of power within the Philippine political order provided an opportunity for unorthodox and unknown figures to successfully compete for the comparatively few positions available in the new LGUs. In particular, Philippine women found themselves following in the footsteps of their female president, and mobilizing as an effective and influential political force for the first time in the state's history.⁷²

As previously described, the potential for conflict between the national legislators creating the 1991 Local Government Code and the local executives they were empowering led to the implementation of highly effective accountability mechanisms regarding the election of local executives. Provincial governors (Local Chief Executives, or LCEs) are vulnerable to termination through an immediate popular vote under a special recall election, which can be called at any time. In addition, mechanisms for direct legislation through referenda have been implemented as supplemental mechanisms against unresponsive or corrupt governors.⁷³

As part of President Aquino's long-standing policy to incorporate her People Power Revolution activist allies into governance of their country, civil society groups were granted participation in local health and school boards, peace and order councils, and development councils at all levels of local government. LCEs now routinely consult with private sector and non-governmental organization representatives to make decisions.⁷⁴ The Barangay-Bayan Governance

⁷¹ Abinales and Amoroso (2005), 239

⁷² Ibid., 241

⁷³ Denden et al. (2007), 131

⁷⁴ Ibid., 130

Consortium (BBGC), a group of NGOs in the Philippines focused on issues of local governance and the empowerment of disenfranchised communities, has successfully trained 2,500 villages and communities in the technologies for participatory development planning, generating increased capacity among political figures in the Philippines, who had been accustomed to traditional “expose and oppose” politics as opposed to sincere engagement.⁷⁵ These NGOs have been praised for the consistently high quality of their roles in governing and advising LGUs.⁷⁶ This large role played by NGOs is one of several factors limiting the autonomous executive authority of the nation’s LCEs.

The Philippines today confronts the same challenges to political accountability, such as disproportional electoral influence by elites and corporate influence, as those that face middle-income democracies across the region. Nonetheless, the nation has achieved a significant rate of public confidence in the national government, at 70%, and scores above all of its Southeast Asian neighbors in the maintenance of political rights.⁷⁷ Ultimately, the Philippines’s moderate and methodological program of decentralization, which included restraints on the political autonomy of executives and the incorporation of civil society groups into government, led to the achievement of this comparatively high degree of political accountability.

Service Delivery in Indonesia

As in the case of political autonomy, Indonesia has struggled to produce effective service delivery within its decentralized units, largely due to the high degree of fiscal autonomy granted to these districts in the 1999 Decentralization Law. The fears of a second successful secessionist campaign to follow that of East Timor dominated Indonesia’s legislature throughout decentralization deliberation, leading to the inclusion of conciliatory policies allowing districts to

⁷⁵ Ibid., 131

⁷⁶ Abinales and Amoroso (2005), 240

⁷⁷ Legatum Institute (2015)

retain larger shares of income from their natural resources.⁷⁸ This fiscal autonomy, coupled with the aforementioned unclear administrative parameters for decentralization, allowed newly empowered *bupati* to claim extralegal regulatory power, and therefore revenue generating mechanisms, for themselves.⁷⁹ Policies that breached both national law and community interest were implemented in many cases, with poor implications for the quality of government services in these regions. Districts took it upon themselves to create new mining, forestry, fishing, and trading licenses, each containing local taxes and charges, as means of rapidly generating revenue for the district. As a result, companies operating in these districts were forced to relocate or shut down.⁸⁰

As another conciliatory gesture to potentially discontented district governments, the 1999 law gave the DPRD's full authority to determine their own budgets, including salaries, allowances, and other perquisites for members. As a result, DPRD's awarded themselves benefits far higher than those granted to central government civil service members in Jakarta.⁸¹ The large extent of economic corruption present within Indonesia's more remote districts is almost comical in its degree of visibility; visitors to these districts note the presence of numerous half-finished *proyek*s (district-sponsored projects) such as abandoned ferry docks, unbedded and unedged asphalt roads (which slid down the hill face during the first seasonal rainstorm), and the route of the only paved road in one district, which led directly from the ferry to the *bupati*'s own childhood home.⁸²

Since the implementation of decentralization in 1999, the quality of services provided by Indonesia's district governments has largely failed to uphold the standards set out by that legislation. A survey of pre- and post-decentralization fiscal outcomes found that increased spending of district governments has largely been on activities that do not directly benefit the poor

⁷⁸ Crouch (2010), 99

⁷⁹ *Ibid.*, 96

⁸⁰ Ryas Rasyid (2003), 70

⁸¹ Crouch (2010), 224

⁸² Pisani (2014), 126-134

and unemployed.⁸³ A detailed evaluation of the delivery of services in one city found that “the overall institutional capacity of local government agencies was relatively low or unsatisfactory.”⁸⁴ In 2004, studies by the regime found that decentralization had not led to participatory and more innovative services in maternal and child health care.⁸⁵ The economic climates of many districts remain stagnant or otherwise unappealing; a survey of the opinions of local business leaders across Indonesian districts on local regulations related to business activities found very few positive responses. These same experiences were mirrored by civil registry services, which have faced sustained efficiency challenges.⁸⁶ Ultimately, as a result of the high degree of fiscal autonomy of the nation’s fledgling districts, improvement in local government service delivery in Indonesia has not been decisively demonstrated.⁸⁷

Service Delivery in the Philippines

In contrast to Indonesia, the Philippines has experienced increased effectiveness of service delivery following decentralization throughout its LGUs, particularly in the area of healthcare, which comprised the majority of national government functions decentralized to the LGU level in 1991,⁸⁸ and in the attraction of foreign direct investment. The 1991 Local Government Code provided for the development, in every region, of a Local Health Board, in which Department of Health (DOH) bureaucrats, local health officers, and representatives from NGOs and the private sector advise LCEs on health plans and budget. To ensure that these devolutionary provisions were implemented thoroughly and timely, the LGUs created Transition Action Teams at the regional and district levels to attend to local government concerns. The result has been an exceptional number of

⁸³ Lewis (2005), 291

⁸⁴ Asia Foundation (2004)

⁸⁵ Ibid.

⁸⁶ Turner (2006), 266

⁸⁷ McBeth (2003)

⁸⁸ Capuno (2011), 50

Comprehensive Health Care Agreements, in which programs are implemented with both DOH assistance and cooperation between multiple LGUs. One example of the contribution of LGUs to Philippine healthcare has been a highly praised emergency rescue service in the city of Naga, which was able to evolve into a massive activity involving 15 LGUs across the metro Naga region.⁸⁹

Impressive innovation and experimentation in other areas of service delivery has also occurred in the Philippine's LGUs. Municipal governments in Masinloc, Sta. Maria, and Kalibo have initiated novel management administrations for the protection of environmental, marine, and coastal resources. City governments in Cebu, Naga, Muntinlupa, and Bulacan pioneered in the adaption of "e-government" models, in which informational technologies are utilized to facilitate transparency and ensure completion of government policies and transactions.⁹⁰ The national Housing and Urban Development Coordinating Council succeeded greatly in cooperating with urban NGOs and POs to develop a massive urban land reform law that benefited city slum dwellers across the archipelago.⁹¹ The impressive degree of service delivery innovation that has occurred in the Philippines is encouraged and developed by the Galing Pook Awards (GPA) program, in which LGUs compete and win prizes for advances in the provision of services. From 1994-2005, over 1,400 local programs and projects were submitted to the GPAs, 208 of which were judged outstanding, trailblazing, or otherwise impressively effective programs.⁹²

Arguably the greatest success story of service delivery in a Philippine LGU is that of Cebu, a newly prominent province in the middle of the country. Since the reforms of 1991, Cebu City has become a textbook model for successful economic modernization and rapid development based on attraction of foreign direct investment and international tourist dollars. Cebu's economic miracle,

⁸⁹ Pineda (1998), 18-19

⁹⁰ Capuno (2011), 51

⁹¹ Abinales and Amoroso (2005), 241

⁹² Capuno 2011, 51

known as the “Ceboom,” occurred largely as the result of the takeover of central government functions by homegrown and civically aware LCEs and their administrations. Since 1991, tax collection in the province has become more efficient, police reform has led to a vast decline in crime, and local educational institutions have emphasized mathematics and financial studies to a higher degree. As a result, the Japanese camera makers and American watchmakers that have set up shop on the island are now hiring Cebuano high school graduates to manage their factories. Cebu’s economic miracle is a reflection of the great advantages of competent and effective local service delivery; as the mayor of one Cebu suburb attested, “when people see their taxes being spent on things such as infrastructure and education, they are more willing to pay.”⁹³

Today, Philippine provinces continue to measurably demonstrate a higher quality of local service delivery than their Indonesian counterparts. 83% of Filipinos are satisfied with government efforts to address poverty, as opposed to 30% of Indonesians, the Philippines boast an average classroom size half that of Indonesia, and more Filipinos than Indonesians believe that their country is a good place for entrepreneurs to start a business.⁹⁴ It was the Indonesian decentralization program’s conciliatory policies regarding fiscal accountability and revenue generation in its districts, many of which are small and remote enough to be effectively dominated by their *bupati*’s own patronage networks, which led to a high degree of patronage, corruption, and rent seeking, diminishing the quality of service delivery. In contrast, the moderate, methodological, and highly inclusive decentralization program of the Philippines has succeeded in fostering service delivery innovation and advancement across the country’s LGUs, leading to particularly significant achievements in the areas of healthcare and export-oriented industrialization.

⁹³ Economist (1996)

⁹⁴ Legatum Institute (2015)

Decentralization and Identity-Based Conflict

While only Indonesia's decentralization policy was initiated in direct response to the threat of secession, specifically the implications of East Timor's independence and the threat of similar movements in Aceh and Papua, both Indonesia and the Philippines intended for political decentralization to pacify or otherwise diminish long-simmering separatist movements on the fringes of their archipelagos. In the Philippines, separatism was much less of an immediate anxiety, as the 1987 Constitution had already provided for autonomous regions in Muslim Mindanao and in the Cordilleras, and neither of those secessionist campaigns had escalated to full-scale warfare. However, the 1991 Local Government Code nonetheless granted these autonomous regions additional powers to those given LGUs in an attempt to resolve these movements entirely.⁹⁵ Both the Indonesian and Philippine programs therefore had intentions to suppress and coopt separatist campaigns through the increased autonomy granted by decentralization; however, these strategies, with few exceptions, failed to meet expectations in both countries.

In the case of the Philippines, neither the Autonomous Region of Mindanao (ARMM) nor that of the Cordillera (ARC) achieved the standards of autonomy promised by the Constitution and the 1991 Local Government Code. The central government in Manila still provides 97% of ARMM's annual income, and has denied the ARMM many of its legislated authorities.⁹⁶ In the case of the ARC, *de jure* autonomy was never established in the first place, yet alone implemented. That process was frozen when ten out of eleven electorates in the province rejected the original proposed administrative arrangements on two separate occasions. A third legislative proposal is in the works, but the center has governed the region in the meantime, meaning that the ARC has effectively been

⁹⁵ Turner (2006), 257

⁹⁶ Ibid.

denied the autonomy granted to it nearly thirty years ago.⁹⁷ Violence has sporadically reemerged in both regions, and contentious political struggles have erupted over land rights, economic mismanagement, and environmental degradation, due in part to megaprojects initiated by the center such as the San Roque Dam on the Ango River.⁹⁸

In Indonesia, resolution of the Acehnese and Papuan separatist movements did eventually occur, but the decentralization law itself played only a small role in this process. In 2004, five years after the implementation of decentralization, the outlook for a peaceful settlement in Aceh remained extremely bleak. Brutal fighting between the guerrilla Free Aceh Movement (*Gerakan Aceh Merdeka*, or GAM) and the military had intensified greatly since Suharto's fall in 1998, culminating in a massive bombing effort by the military in 2003, reportedly inspired by the American "shock and awe" approach in Iraq that same year.⁹⁹ What finally brought GAM leaders to the negotiating table was not these counter-insurgency measures, however, but the 2004 Boxing Day Tsunami, which affected Aceh more than any other area on the Indian Ocean coast, and ultimately left 166,000 people dead or missing.¹⁰⁰ In the wake of such devastation and loss of life, the Indonesian government and GAM agreed to a set of even vaster autonomy measures, which were passed as the Law on the Governance of Aceh in 2006.¹⁰¹

While the resolution of conflict in Aceh did successfully occur, albeit at the cost of large-scale military suppression, a devastating natural disaster, and the granting of increased autonomy, resolving other regional struggles in the country proved more difficult. The Free Papua Movement (*Organisasi Papua Merdeka*, or OPM), another guerrilla movement on the opposite end of the archipelago, has repeatedly denied attempts by the central government to introduce supplementary

⁹⁷ Ibid.

⁹⁸ Abinales and Amoroso (2005), 236

⁹⁹ Crouch (2010), 291

¹⁰⁰ Ibid., 299

¹⁰¹ Ibid., 307

autonomy arrangements in Papua, and by 2004 Indonesian troops were once again committed to the region.¹⁰² Yet the Papuan insurgency has led to much less violence than the civil conflict in the region of Maluku, where the devastating aftermath of the Asian Financial Crisis and the political turmoil of Suharto's collapse sparked long-simmering disputes between Christians and Muslims in the region. The widespread violence ultimately led to over 4,000 casualties and the long-term presence of Indonesian military forces in what was deemed a regional "failed state." A peace agreement was signed in 2002, but small-scale violence occurred until 2004, almost five years after the implementation of decentralization.¹⁰³

In short, while the Philippines and Indonesia both intended to suppress and pacify separatist agitation through the decentralization of political power and fiscal responsibility, these conflicts ultimately ended through other means, or in some cases never concluded in the first place. While Indonesia was able to prevent secession in Aceh and Papua and conclude large-scale violence in Maluku, this was only at the cost of military suppression and large-scale natural disaster in these regions, none of which were able to enjoy the local autonomy and fiscal responsibility benefits outlined in the decentralization legislation until only recently. Uncharacteristically, the Philippines has achieved arguably even less progress in this area, as it has not provided for autonomy in either of its autonomous regions, but rather continues to informally govern these spaces from the center. Neither the Philippines nor Indonesia have truly succeeded in utilizing decentralization as a means to settle these lengthy and deep-rooted secessionist conflicts, demonstrating that political decentralization may not be able to play a large role in mitigating separatist sentiment in historically rebellious regions in the first place.

¹⁰² Turner (2006), 260

¹⁰³ Crouch (2010), 270

Conclusion

While political decentralization has long been a favored solution of neoliberal theorists for a wide variety of issues in governance, the actual implications of political decentralization in states with historically weak political institutions and lower income economies have not been decisively investigated. The Southeast Asian states of Indonesia and the Philippines both have long histories of centralized authoritarian government over highly diverse communities, resulting in high degrees of economic corruption and political patronage. Following the collapse of these dictatorships in the close of the 20th century, both countries engaged in significant programs of decentralization; however, these policies have ultimately engendered a higher degree of political accountability and effective service delivery in the Philippines than in Indonesia.

It was predicted that the long-term success of a decentralization program ultimately depends on the political and social environment in which it is conceptualized and implemented. In particular, “big bang” decentralization, referring to a rapid and dramatic process of devolution for the primary purpose of staving off regional secession, will likely succeed in the short-term goal of maintaining territorial integrity, but will carry long-term political and economic ramifications, due to the breadth of its affected areas and the haste of its implementation. By contrast, a program of decentralization engendered in a stable and politically popular legislative environment, in which the retention of national sovereignty is not a high priority, will be more methodologically designed, more effectively implemented, and contain greater mechanisms for the moderation of local political autonomy and the encouragement of innovative service delivery.

Decentralization in the Philippines largely followed the model espoused by many of the proponents of decentralization, in that it occurred under the popular and established regime of Corazon Aquino for the purpose of greater political enfranchisement and increased economic

prosperity, as opposed to any concerns over secession or sovereignty. The 1991 Local Government Code was constructed and deliberated on for close to four years, during which many of the mechanisms for delivering political accountability and ensuring quality service delivery were effectively implemented. The executives of the Philippines' Local Government Units were therefore empowered and motivated to deliver high quality governance in their provinces.

In the case of Indonesia, the national trauma of a recently successful secessionist movement in East Timor, along with threats of the same in Aceh and Papua, ultimately spurred the regime to rapidly draw up and implement a radical program of decentralization. Because this legislation was both broad in nature and vague in definition, and purposefully by-passed the contentious regional level for the 300 plus district governments instead, political and economic power in these districts was easily corruptible. The executives in these districts, many of whom were retained from the Suharto era, gained immense political power almost overnight, and were able to construct local political patronage networks and coopt the revenues from the communities they governed. The long-term result has been a high degree of political and economic corruption in many of Indonesia's districts, and today, the Philippines regularly outperforms Indonesia in surveys of perception of political accountability and service delivery in those states.

Ultimately, the implication of this investigation is that political decentralization is a much more nuanced and unpredictable process than its traditional advocates would suggest, particularly in the context of newly emerging middle-income states in developing regions like Southeast Asia. The factors of territorial integrity and political stability are rarely mentioned in the literature, but, as demonstrated in the case of Indonesia, can play a large role in the degree of success of a decentralization program. It is worth noting that, despite motives to the contrary, neither the Philippine nor Indonesian experiences of decentralization have led to increased ethnic stability or

political legitimacy in those states' most dissenting regions. This is a problematic failure by both cases that deserves future investigation, as it may represent a critical caveat to most theories of decentralization, which do not take into account ethnic or other identity-based relations in the absence of a historically institutionalized national identity.

Ultimately, this paper should not be considered evidence against decentralization as a general political process. Despite the tumultuous implementation of devolutionary policies in Indonesia, it is undeniable that the country's path since 1998 has largely been a progressive one, as a fragile but consistently capable democratic government has led one of the longest and most sustained economic turnarounds in the country's history. Very few Indonesians would claim that their lives were better under Suharto than they are today, and those who would were likely responsible for the corruption and repression that characterized that era in the first place. This comparison is instead intended to illustrate the need for a more comprehensive model for political decentralization, one that incorporates the experiences of middle-income, newly democratic, and ethnically diverse states, where quality political accountability mechanisms and service delivery effectiveness are not necessarily guaranteed, but may in fact be hindered by over-autonomy and political retrenchment in the long run.

Works Cited

Abinales, Patricio and Donna Amoroso. *State and Society in the Philippines*. Oxford: Rowman & Littlefield Publishers, Inc. (2005).

Agoncillo, Teodoro. *History of the Filipino People* (8th ed). Quezon City: Garotech Publishing (1990).

Alicias Denden, M. Djadjono, T.A. Legowo, et al. *Decentralization Interrupted: Studies from Cambodia, Indonesia, Philippines and Thailand*. Quezon City: Institute for Popular Democracy (2007).

Anata, Aris. *The Indonesian Crisis: A Human Development Perspective*. Singapore: Institute of Southeast Asian Studies (2003).

The Asia Foundation. "Indonesia Rapid Decentralization Appraisal, Fourth Report" (2004).

Aspinall, Edward and Greg Fealy. *Local Power and Politics in Indonesia: Decentralisation & Democratisation*. Singapore: Institute of Southeast Asian Studies (2003).

Bowles, Nigel, Desmond S. King and Fiona Ross. "Political Centralization and Policy Constraint in British Executive Leadership: Lessons from American Presidential Studies in the Era of Sofa Politics." *British Politics*, 2 (2007).

Capuno, Joseph. "Incumbents and Innovations under Decentralization: An Empirical Exploration of Selected Local Governments in the Philippines." *Asian Journal of Political Science* 19:1 (2011).

Chang, Myong-Hun and Joseph Harrington Jr. "Organizational Structure and Firm Innovation in a Retail Chain." *Computational & Mathematical Organization Theory*, 3:4 (1998).

Crouch, Harold. *Political Reform in Indonesia After Soeharto*. Singapore: Institute of Southeast Asian Studies (2010).

Darr, Eric, Linda Argote and Dennis Epple. "The Acquisition, Transfer, and Depreciation of Knowledge in Service Organizations: Productivity in Franchises." *Management Science*, 41:11 (1995).

Delhaise, Philippe. *Asia in Crisis: The Implosion of the Banking and Finance Systems*. Boston: Willey Publishers (1998).

Eaton, Ken. "Political Obstacles to Decentralization: Evidence from Argentina and the Philippines." *Development and Change*, 32 (2001).

The Economist, "The Miracle They Call Ceboom." 11 May 1996.

- Ezcurra, Roberto and Andrés Rodríguez-Pose. "Political Decentralization, Economic Growth and Regional Disparities in the OECD." *Regional Studies*, 47:3 (2013).
- González, Paula, Jean Hindriks and Nicolás Porteiro. "Fiscal Decentralization and Political Budget Cycles." *Journal of Public Economic Theory*, 15:6 (2013).
- Guillot, Claude. *The Sultanate of Banden*. London: Gramedia Book Publishers (1990).
- Hadiz, Vedi. "Power and Politics in North Sumatra: The Uncompleted Reformasi." In *Local Power and Politics in Indonesia: Decentralisation & Democratisation*. Ed. Edward Aspinall and Greg Fealy. Singapore: Institute of Southeast Asian Studies (2003).
- Javate-De Dios, Aurora, Petronilo Bn Daroy and Lorna Kalaw-Tirol. *Dictatorship and Revolution: Roots of People's Power*. Kuala Lumpur: Conspectus Foundation Incorporated (1988).
- Joaquin, Nick. *Culture and History*. Pasig City: Anvil Publishing, Inc. (1988).
- Kollman, Ken, John H. Miller and Scott E. Page. "Decentralization and the Search for Policy Solutions." *Journal of Law, Economics & Organization*, 16:1 (2000).
- Kollman, Ken. *Perils of Centralization: Lessons From Church, State, and Corporation*. New York: Cambridge University Press (2013).
- Kompas*. Jakarta, Indonesia, 2003-2005. Located online at <http://www.kompas.com/>
- Lacsamana, Leodivico Cruz. *Philippine History and Government* (2nd ed). Manila: Phoenix Publishing House, Inc.
- The Legatum Institute. "The Legatum Prosperity Index" (2015). Located online at <http://www.prosperity.com/>
- Lewis, Blane. "Indonesian Local Government Spending, Taxing and Saving: An Explanation of Pre- and Post-decentralization Fiscal Outcomes." *Asian Economic Journal*, 19:3 (2005).
- McBeth, J. "Power to the People." *Far Eastern Economic Review*, 14 August 2003.
- McCullough, Martha. "Political Decentralization as a Strategy to Maintain Sovereignty: An Example from the Hasinai During the 1700s." *Plains Anthropologist* 46:177 (2001).
- New State Ice Co v. Liebmann*. U.S. Supreme Court. 21 March 1932.
- Oates, Wallace. *Fiscal Federalism*. New York: Harcourt Brace Jovanovich Publishers (1972).
- Pineda, Virginia. "Health Management: Strategies from Selected Cities." *Philippine Institute for Development Studies*, discussion paper series no. 98-36 (1998).

- Pisani, Elizabeth. *Indonesia Etc.* London: Granta Books (2014).
- Ricklefs, M.C. *A History of Modern Indonesia Since c. 1300* (2nd ed). London: MacMillan Publishers (1993).
- Ryas Rasyid, M. "Regional Autonomy and Local Politics in Indonesia." In *Local Power and Politics in Indonesia: Decentralisation & Democratisation*. Ed. Edward Aspinall and Greg Fealy. Singapore: Institute of Southeast Asian Studies (2003).
- Segal, Lydia. "The Pitfalls of Political Decentralization and Proposals for Reform: The Case of New York City Public Schools." *Public Administration Review*, 57:2 (1997).
- Shah, Anwar and Theresa Thompson. "Implementing Decentralized Local Government: A Treacherous Road with Potholes, Detours and Road Closures." In *Reforming Intergovernmental Fiscal Relations and the Rebuilding of Indonesia*. Ed. James Alm, Jorge Martinez-Vazquez, and Sri Mulyani Indrawati. Cheltenham UK/Northampton MA, USA: Edward Elgar, (2004).
- Silbey, David. *A War of Frontier and Empire: The Philippine-American War, 1899-1902*. New York: Farrar, Straus and Giroux (2008).
- Spyer, Patricia. *Fire Without Smoke and Other Phantoms of Ambon's Violence: Media Effects, Agency, and the Work of Imagination*. Ithaca: Southeast Asia Program Publications at Cornell University (2002).
- Tiebout, Charles. "A Pure Theory of Local Expenditures." *Journal of Political Economy*, 64:5 (1956).
- Turner, Mark. "From Commitment to Consequences: Comparative Experiences of Decentralization in the Philippines, Indonesia and Cambodia." *Public Management Review*, 8:2 (2006).
- Treisman, Daniel. "Political Decentralization and Economic Reform: A Game-Theoretic Analysis." *American Journal of Political Science*, 43:2 (1999).
- Vickers, Adrian. *A History of Modern Indonesia*. New York: Cambridge University Press (2005).
- Volden, Craig. "States as Policy Laboratories: Emulating Success in the Children's Health Insurance Program." *American Journal of Political Science*, 50:2 (2006).
- The World Bank. "Combating Corruption in Indonesia: Enhancing Accountability for Development." East Asia Poverty Reduction and Economic Management Unit (2003).
- Yates, Douglas. *Neighborhood Democracy: The Politics and Impacts of Decentralization*. Lexington: Lexington Books (1973).