Chapter I

Democratisation and Good Governance in Indonesia

This chapter presents the theoretical framework. First, this chapter explores theories on democracy, democratisation and decentralisation in Indonesia’s post-New Order regime. Second, it describes a set of concepts related to good governance, basic needs and public services. In particular, two selected public services, education and health, are elaborated further.

1. Democratisation and Decentralisation

1.1. Understanding Democracy

In the last quarter of the twentieth century, Huntington (1991: pp.3, 6) described the third wave of democratisation which began in 1974 when the dictator regime of Portugal was successfully overthrown by military leaders. Since the tragedy (named “the 25 coup”), a number of countries around the globe transformed from authoritarian to democratic. Democracy has been defined in terms of the source of authority for government, purposes served by government and procedures for constituting the government. As proposed by Huntington (1991: pp.9–12, 35), the result was the death of the dictatorship regime replaced by the democratic regime to establish free and fair elections where people could choose political leaders to achieve stability in all aspects of life. At the simplest level, democratisation comprises three stages. First is the end of an authoritarian regime. Second is the installation of a democratic regime. Third is the consolidation of a democratic regime. Regarding the impact of democracy, according to Diamond (1999:
people should have multiple avenues to express their interests and preferences not merely to influence policies, but also to monitor and check the exercise of state power continuously. Likewise, Dahl (2000: p.45) argued that the democratic system will create desirable objectives: avoiding tyranny, protecting essential rights, ensuring general freedom, allowing self-determination, providing moral autonomy, promoting human development, protecting crucial interests, striving for political equality, promoting peace-seeking and creating prosperity.

In the first stage of Huntington’s democratisation category, the downfall of the dictator regime and, in turn, a new democratic-oriented regime is the sign of the end of authoritarian rule. Categorising the democratic transition process as the second stage, Henders (2004: pp.9–10) offered three fundamental processes in this step. First is a continual adjustment of rights and relationships in a political system. Second is the reconstitution of political institutions and collective identities. Third is a shift in pre-existing patrimonial relations with implications for inter-ethnic relations in society. Therefore, Linz and Stepan (1996: p.3) posited that the democratic transition is complete when sufficient agreements have been reached about political procedures to produce an elected government, when a government comes to power as the immediate result of a free and popular vote, when the government de facto has the authority to generate new policies, and when the *trias-política* power generated by the new democracy does not have to share power with other bodies de jure.

With respect to the third stage, Rustow (1970: pp.337–363) argued that democratic consolidation denotes the internalisation of democratic norms, procedures and expectations where actors instinctively conform to the agreed rules even when they compete intensively. According to Diamond (1999: p.66), consolidation needs more than a commitment to the idea that democracy is the best form of government; it also requires a shared conviction among elites, political organisations and the public at large that democracy is worth obeying and defending. Hence, Huntington (1984: pp.214–215) offered a number of driving factors to implement democratic consolidation. First, the transition can be a gradual one. Second, the violence and conflicts amongst social forces are minimised. Third, extreme inequalities in wealth and income are absent with higher levels of economic earnings among soci-
ety. Fourth, a more market-oriented economy emerges. Fifth, greater social pluralism exists particularly a strong and autonomous bourgeoisie. Sixth, a culture is less monistic and more tolerant of diversity and compromise. In addition, these six factors must be provided and the negative strength of any factor should be removed. The powerful absence of one favourable condition, or, conversely, the presence of a powerful negative condition, that overrides the presence of otherwise favourable conditions, may prevent democratic development. Similarly, extreme poverty, economic inequalities and deeply ingrained Islamic cultural customs could have harmful effects on democratisation in a state.

Furthermore, democratic consolidation, as stated by Hadiwinata and Schuck (2007b: pp.12–15), is desirable because it guarantees popular representation, stability and good governance which developing countries so desperately need. It is like climbing a steep ladder where the chance of falling is as great as the chance of reaching the desired peak. In many cases, the positive development of a consolidated democracy is counterbalanced by conditions which render the new democracies increasingly unstable and defective. Scholars concur that unconsolidated democracy is characterised by weak democratic institutions, the dominance of patrimonialism in social relations, poor law enforcement, the lack of separation of power, the use of violence in political competition, the instrumentalisation of ethnoreligious sentiments by political leaders and so forth. Thus, Schuck (2003: p.64) and Hadiwinata and Schuck (2007b: p.17) argued that the consequence of the democratic transition process does not merely provide the phase of democratic consolidation named “embedded democracy”, but also presents two other possible alternatives: the decline of democracy (consisting of disintegration and autocratic regime) and the phase of democratic stagnation namely defective democracy.


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\(^2\) The concept of *embedded democracy* was developed in the Research-Project “Defective Democracies”, funded by the German Science Foundation (DFG) and headed by Wolfgang Merkel (Heidelberg/Berlin), Hans-Jürgen Puhle (Frankfurt am Main), Aurel Croissant (Heidelberg) and Peter Thiery (Heidelberg).
Stable constitutional democracies are embedded in two ways. Internally, the specific interdependence/independence of the different partial regimes of a democracy secures its normative and functional existence. Externally, these partial regimes are implanted in spheres of enabling conditions for democracy which protect it from outer as well as inner shocks and destabilising tendencies. Conversely, if one of the partial regimes of the embedded democracy is impaired, it tends to be typified as a defective democracy. Therefore, there are several driving factors which cause defective democracy, i.e., the path of modernisation, the level of modernisation, economic trends, social capital and civil society, state and nation building, the type of authoritarian predecessor regime, transitional modus, political institutions and the international context.

As explained by Merkel (2004: pp.36–42; 2007: pp.34–40), five partial regimes in embedded democracy demonstrate that the concept of democracy goes beyond the definitions put forth by Downs (1957), Dahl (1972; 2000), Huntington (1991) and Przeworski (1991). First is the electoral regime characterised by elected officials, inclusive suffrage, the right to candidacy and free and fair organised elections. Second is political liberties with freedom of press and freedom of association. Third is civil rights where the state or private agents have to protect individual liberties from violations of rights and guarantee equality before the law. Fourth is the division of powers and horizontal accountability through separation between the legislative, the executive and the judiciary branches. Fifth is effective power to govern where the elected officials have an ability to rule the government effectively. The first and second partial regimes are part of the dimension of vertical legitimacy and control. The third and fourth partial regimes denote the dimension of liberal constitutionalism and the rule of law. Meanwhile, the last partial regime is the dimension of effective agenda-control.

Concerning the prospect of the third wave of democratisation, Merkel and Croissant (2004: p.207) argued that although almost one hundred political regimes changed from dictatorship to (electoral) democracy, most of them did not become consolidated as liberal democracies based on the rule of law. At the commencement of the twenty-first century, the prospects for such a ‘second transition’ are not so bright. Many of the new democracies seem to stabilise themselves as diminished subtypes of democracy, that is, as defective democracies.
Nonetheless, the equilibrium of defective democracies is not the sole trajectory which might explain the future. Merkel and Croissant (2004: pp.207–211) provided three different scenarios which can be sketched here. First is the regression scenario of being caught in a ‘cycle of political crisis’. Some partial regimes are seriously damaged in this scenario as seen in Belarus, Russia and Chechnya. Second is the stability scenario where we can expect to see neither a trajectory towards a consolidated democracy in the near future nor a regression. The Philippines, Thailand, Ukraine, Russia (a border case) and most central American countries serve as examples. Third is the progression scenario, which is the best scenario where the case of Slovakia can be depicted as transforming from a defective democracy to a consolidated democracy. Other examples can be found in Taiwan and Chile. It is unclear which of the three scenarios will develop in new democracies. However, the experiences of the First and Second Waves are inherently durable in the long run because they underpinned liberal democracies based on the rule of law. The experiences of the Third Wave, in fact, confirm this point of view. If it is true, then ‘electoralists’ will have to give up their minimalist concept of democracy: it is analytically weak and it is misleading in its capacity to predict the future of democracies.

In developing countries, Diamond and Morlino (2004: p.21) highlighted that the ideal quality of democracy in this region depends on the performance of key institutions and procedures to realise the following: adult suffrage; free, fair, competitive, and recurring elections; more than one political party; alternative sources of information; political and civil freedom, popular sovereignty (control over public policies and the officials who make them), political equality (rights and powers) and broader standards of good governance such as transparency, legality and responsible rule. Kedourie (1994: pp.12–14) described that democracy in the so-called “Third World countries” is typified by oriental despotism which means the state is stronger than society such as in China, India and the Ottoman Empire around the eighteenth century. The other form of governance for the Third World is a primitive or tribal government where democratic institutions are

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3 The World Bank (2001: p.xiv) defines developing countries as states having low and middle-income economies and thus may include economies in transition from central planning, as a matter of convenience.
controlled by tribal chiefs or elders. Such a government is held together by ties of blood, whether real or presumed. It can also be defined as the kin-group government. By 2015, Freedom House (2015: p.21–27) released regional trends in world freedom and for Southeast Asia, none of the 11 countries is categorised as democratic. Of these, five were semi-democratic: Indonesia, Philippines, East Timor, Malaysia and Singapore. The rest were not democratic.

1.2. The Democratisation Wave in Indonesia Today

The democratisation waves in Indonesia can be traced back to the era of parliamentary democracy in 1949–1957 (Feith, 1962: p.xi). This period nonetheless is not part of the analysis of this study. The following democratisation started on May 21st, 1998 signalled by the downfall of Soeharto as the second president through a reformation movement led by a number of prominent leaders such as Amien Rais, Megawati Soekarnoputri, Nurcholish Madjid as well as various youth and student movements across the country. It was a historical moment because for more than three decades. Indonesia was led by an authoritarian regime. Schuck (2007: p.158) posited that the collapse of autocratic rule occurred for three reasons. First is the high degree of nepotism by Soeharto and his cronies. Second is the vast dissatisfaction among the inhabitants, led by a range of elites both the nationalist and the Islamist groups who had a common target of removing Soeharto. Third is a number of leading elites in Golkar encouraging the reformation movement where the protests emerged from the grassroots-level; instead, it would have been political suicide for them to insist on the continuation of the Soeharto regime.

Applying Schumpeter’s (2008) theory that the procedural standard of democracy is “free competition for a free vote” and Dahl’s (1972) criteria of democracy related to contestation and inclusiveness, this study believes that Indonesia passed the first and second stages of democracy as categorised by Huntington (1991) above. Furthermore, Hadiwinata and Schuck (2007b: pp.18–19) postulated that Indonesia is oscillating between a defective and a consolidated democracy. Some developments indicate signs of positive consolidation, conversely, oth-
ers of democratic stagnation. Specifically, Hadiwinata and Schuck (2007a: pp.395–407) attempted to assess Indonesian democracy on the basis of eight different fields by rating them on a four-point scale from “stable”, “increasingly stable”, “conditionally unstable”, or “unstable”.

1. Electoral regime: Increasingly stable
2. Political liberties: Between increasingly stable and stable
3. Civil rights: Conditionally unstable
4. Horizontal accountability: Conditionally unstable
5. Effective power to rule: Conditionally unstable
6. Stateness: Between conditionally unstable and unstable
7. Civil society: Conditionally unstable
8. Economic-social requisites: Conditionally unstable

These data indicate that Indonesia succeeded in the electoral regime while political liberties are still on track towards democracy. Unfortunately, it has yet to overcome the status of defective democracy. Indeed, great effort is needed for Indonesia to move further towards a consolidated democracy and to convince Indonesian people that, as Winston Churchill once stated, democracy is “the worst form of government except all those others that have been tried from time to time”.

Most scholars concur that despite many developments in Indonesian democratisation, the weaknesses occur in five arenas: civil society, political society, rule of law, state bureaucratic performance and economic society alike (Abuza, 2007: pp.35; Bünte & Ufen, 2009: pp.22–23; Ufen, 2009: p.153; Aspinall, 2010: pp.103–123; Hilmy, 2010: p.65; Liddle & Mujani, 2013: pp.25–50). The positive developments can be presented here. First is the emergence of various political parties with distinctive types. Second is four free and fair election cycles. Third is the amendment of the 1945 Constitution. Fourth is empowering women in public spaces. Fifth is removing police-military representatives in the legislature and state control over societal organisations. Sixth is freedom of association and press. Seventh is the separation of powers into *trias politica*: legislative, executive and judicial. Meanwhile, the weaknesses are the deprivation of basic human needs in many regions, rampant corruption and bribery of officials, with failure by the government to punish the corrupt officials. Third is patrimonial ties and
nepotism encroaching on democratic institutions. Fourth is the lack of religious and tribal tolerance amongst society. Fifth is the fairly stagnant economy. Sixth is the powerlessness of human rights enforcement for marginal people, which indicate that the law is sharp for marginal groups and blunt for people who have power and money. Seventh is the rise of extreme-radical religious groups, separatist movements and terrorist deeds.

Hence, Magnis-Suseno (2013: pp.30–35) put forward that Indonesian democracy will be realised when it goes together with a number of commitments to safeguard human rights, the rule of law, pluralism and religious freedom, social justice and the establishment of stability between centralised and decentralised power. Democracy in Indonesia still copes with five main challenges: anti-pluralism, ongoing impunity of perpetrators of violations of human rights, extreme regionalism or regional separatism, social injustice and rampant corruption embracing bribery. Moreover, Ramage (2007: p.152) argued that Indonesia in 2006 was “a normal country and quite strong on the politics, security and democracy”. Merkel (2007: pp.46–47) himself categorised Indonesia as “the domain democracy”. ‘Veto powers’ such as the military, guerrillas, militia, entrepreneurs, landlords, or multi-national corporations take certain political domains outside the elected representatives. Meanwhile, Mietzner (2009: pp.124–146) labelled Indonesia as “low-quality democracies” and Tan (2012: pp.175–176) called it between 1998 and 2008 as “the reign of the parties”. Moreover, due to the increase of oligarchic power and the feeble legal officials in various political aspects, mainly in democratic institutions, Winters (2013: pp.11–33) predicted that the prospect of democratic consolidation in Indonesia is equally grim.

Other scholars are seemingly optimistic that Muslim society in Indonesia will encourage democratic and plural cultures. Hefner (2000: pp.xviii, 221; 2009a: pp.27–28; 2009b: pp.281–298) is really confident that sociologically and anthropologically Indonesia still commands significant resources for democratic citizenship, civil decency and pluralist participation, although a number of “uncivil societies” have been emerging in political life. This simple and valuable wish will remain a powerful force in public politics and religion for years to come. Similarly, Mujani (2003: pp.ii-iii, 334–350) found that Islam and Muslims,
indeed, did not have a negative association with the components of democracy. Almost all components of Islam have a positive relationship with secular civic engagement, political engagement and political participation. Thus, Mujani (2003: p.iii) argued that Islam helps Muslim citizens to be active in politics and this activity is congruent with the democratic system. Furthermore, Abdulbaki (2008: pp.242–244) also stated that neither Islam nor Islamic activism constitute an obstacle to democracy. Therefore, Diamond (2010: p.46) put forward that Indonesia between 1998 and 2009 is a free country and a more vigorous, stable and legitimate democracy.

Mujani and Liddle (2009: pp.575–590) hypothesised the dominance of secular parties in Indonesia is a good sign for short-term democratic stability. Therefore, Liddle (2013: p.83) attempted to underline that if Indonesians do increase and distribute political resources more equally, an imagined democracy will be achieved. Moreover, Aspinall (2013: pp.126–146) examined Indonesian democracy by comparative views on state disintegration and democratic integration. He theorised that Indonesian experiences, primarily in the case of Aceh, East Timor and Papua display that state structures which accommodate ethnic and regional diversity may be a source of state fragility during democratisation, but it can be a source of democratic robustness indicating that Indonesia has obtained democratic progress and state survival. Hence, Mietzner (2013: p.240) is optimistic that one and a half decades of Indonesia’s democratic journey have been a surprising success, but there is no guarantee that in the next 15 years the country’s democracy will survive if its parties remain financially unsustainable as reform of party financing is essential. Mietzner (2014a: p.124) argued that there are three main reasons Indonesia’s democracy will survive. First, although significant discontents were had in the 2014 election, political and economic conditions have been stable. Most people were satisfied with the way in which the government and the democratic system were working. Second, Jokowi is a humble official who did not originate from the country’s conventional elite. His experiences also demonstrate that he embodied the desire of ordinary voters to be ruled by one of their own. Third, there is a common tendency that people prefer to choose the leaders who promised to undertake the hazardous trial of restoring Indonesia’s pre-democratic order.
Globally, Mietzner (2014b: pp.435–449) compared Indonesia’s successful democratic transition to the failed one in Egypt.

Some independent organisations have released annual reports related to democracy status in the world. The Economist Intelligence Unit (EIU) and the Freedom House both centred in London and America respectively can be representatives here. The EIU (2007–2015) has published a report on the world democracy index. Methodologically, the democracy index is based on five categories (electoral process and pluralism, civil liberties, the functioning of government, political participation and political culture) and classified into four types of regimes: full democracies, flawed democracies, hybrid regimes and authoritarian regimes. Based on this report, Indonesia from 2007 to 2015 was classified as a flawed democracy. This state still has free and fair elections, despite many problems such as infringements on media freedom. In addition, basic civil liberties are respected. Nonetheless, weaknesses remain significant in some aspects of democracy, including problems in governance, an underdeveloped political culture and low levels of political participation. Despite merely reaching the status of flawed democracy, its development is increasing year-to-year. The EIU ranked Indonesia 69 out of all countries around the globe in 2008, 60 in 2010, 53 in 2012 and 49 in 2014 and 2015 respectively. In Southeast Asia, Indonesia can be categorised as the most consolidated democratic state since 2012 until 2015.

Likewise, the annual reports released by Freedom House, a nonprofit organisation, demonstrate that from 2006 to 2013 Indonesia was categorised as “a democratic state” with a rating of 2 for political rights and 3 for civil liberties (with numerical ratings from 1 representing the most free to 7 the least free). Regionally, during this period, Indonesia can be classified as the most consolidated democracy in Southeast Asia. Its position declined to “a semi-democratic state” from 2014 to 2015 due to the weakening of the rate of civil liberties from 3 to 4. The latter rate indicates the country’s status as an electoral democracy. Nevertheless, the Freedom House’s (2006–2015) report confirms that Indonesia is still a leading state for political rights in Southeast Asia from 2006 to 2015. It is an overwhelming achievement and, thus, Indonesia can be considered the most democratic Muslim country in the
world. This evidence also provides a successful benchmark for the compatibility between Islam and democracy.

1.3. Decentralisation and its Impacts on Local Politics

During the New Order regime, the central government had a dominant role in controlling local politics. Governors, district heads and mayors across the country came from military personnel. These local elites had an overriding power in taking over all legislative functions such as policy-making and budgeting. According to Wignjosoebroto (2010: pp.67–68), the regional parliament during the New Order period was dominated by a majority of legislators originating from Golkar, strongly controlled by President Soeharto. Subsequently, the phrase “in line with the valid regulation” can be understood as “in line with the desire of the ruler in the central government”. As a result, the legislative wing served merely as a rubber stamp for almost all decisions issued by the central government through the executive branches of the regional government. Thus, Wignjosoebroto (2010: p.68) posited that the decentralisation and regional autonomy during this period was not significant. Instead, he called this regime “pseudo-decentralisation” or “the elite autonomy of the regional government” mastered by the elite in the central government.

After the downfall of the New Order regime, the political situation in Indonesia altered dramatically. The Habibie administration attempted to issue Law No. 22/1999 in the Regional Government. This Law provided broad authority to the municipal and district governments to rule their own local affairs, primarily in the field of public works, health, education, culture, farming, transportation, industry and trade, investment, environment, defence, cooperative and manpower. Nevertheless, they were banned from particular affairs: foreign policy, security defence, justice, monetary and fiscal, religion and other national and provincial policies. Per this Law, governor, district head and mayor were elected by the legislative wing. Hence, people’s votes were represented in the legislative council in electing a pair of local leaders and the president and vice president. Moreover, the governor is the representative of the central government in its own provincial territory...
mainly in controlling municipal and district governments. In the meantime, the DPRD tool fitting consists of merely the board, commissions and committees.

Under the Megawati Soekarnoputri administration, the decentralisation system was revised by Law No. 32/2004 in the Regional Government. In this Law, some significant rules were revised. The electoral system of mayor and district head transformed from being elected by the legislative to voted by the people, from an indirect election to direct election. Thus, after the realisation of this Law in 2004, all governors, district heads and mayors were elected directly by the people. For the DPRD tool fitting, it contains not merely the board, commission and committees, but also the deliberation committee, the budgetary committee, the honorary body and other necessary tool fittings. The following revision was carried out by the Susilo Bambang Yudhoyono administration with Law No. 23/2014 on the Regional Government. Some revisions included the DPRD tool fitting consisting of seven parts: the board, the commissions, the consultative body, the legislation body, the budgetary body, the honorary body and other necessary bodies established by the DPRD plenary session.

The decentralisation system affected financial distribution between central and regional governments. It was ruled in Law No. 25/1999 on Fiscal Balance between Central and Regional Governments and the revised Law No. 33/2004 on Fiscal Balance between Central and Regional Governments. Both Laws require that all decentralisation functions in district or municipal governments are financed by the APBD. Regarding the sources of revenue, the former Law consists of four parts: local-owned revenue, balancing fund, regional loans and other legal revenues while the latter contains only three sources except the regional loans. More specifically, the sources of local-owned revenue comprise local taxes, local retributions, the outcome of local asset management and other local legal revenues. Moreover, the balance fund encompasses revenue-sharing, DAU and DAK. For the regional loans, the regional government can borrow from other sources inside the country through the central government for local development. Meanwhile, the other legal revenues contain grant and emergency revenues. The grant is based on the memorandum of understanding between the grant provider and the local government. If the grant comes from
abroad, the local government has to involve the central government. In Law No. 23/2014, there are four sources of local finance. First is local-owned revenue: local taxes and retributions. Second is the balancing fund between central and regional governments. Third is providing funding for the implementation of special autonomy for a certain regional government decided by the regulation. Fourth is providing loans or grants, emergency funds and incentives (fiscal).

Still based on Law No. 23/2014, the regional government has been separated into three kinds of levels: province, district and municipality. The provincial government is divided into either districts (kabupaten) in a rural area or municipalities (kota) in an urban area. Both districts and municipalities are partitioned into sub-districts and sub-municipalities (kecamatan). Then, each sub-district and sub-municipality is partitioned into villages with so-called desa in the rural areas and kelurahan in the urban areas. Based on Regulation of Indonesia’s ministry of home affairs No 56/2015, up to June 2014, Indonesia had 34 provinces, 416 districts, 98 municipalities, 7,094 sub-districts and sub-municipalities, 74,093 desas and 8,412 kelurahans.

The realisation of the decentralised system, in fact, has had positive and negative impacts. For positive developments, the local government has a wide authority in controlling and ruling its own administration and local resources. There is no longer strong intervention from the central government. Procedurally, local leaders are directly elected by the people such that political participation has been implemented in society. Moreover, each person has rights to freedom of expression, freedom of press and freedom of organisation. Nevertheless, the negative impacts are the weaknesses in improving social prosperity of the local population. Numerous driving factors contribute to this condition. At the level of bureaucracy, Antlöv (2003: pp.72–86) argued that it is still dominated by the apparatus trained under the New Order regime and many people who lived comfortably in this regime are still in power.

Most scholars believe that a new feudalism and a patronage system are growing in many provinces, districts and municipalities (Vel, 2005: pp.81–107; Buehler & Tan, 2007: pp.41–69; Choi, 2007: pp.325–354; Mietzner, 2009: pp.124–146). Local power outside the official elected government emerges in those who have more authority in deciding the
precise officials elected in the executive and legislative branches. There is the so-called Jawara network in the Banten Province (Alamsyah, 2009) and the Blatèr group in Madura Islands, East Java Province (Raditya, 2011). The emergence of local strongmen and the kinship politics also took place in a number of local areas (Savirani, 2004; Purwanningeh, 2015). In particular regions, the role of entrepreneurs is frequently significant in the local elections so that the elected officials are shadowed by this voting power. In addition, the practices of money politics are still rampant in the local elections either executive or legislative (Choi, 2004: pp.280–301; Aspinall & Sukmajati, 2014) and local elites plowed the realisation of the decentralised system to serve their own individual interests (Hadiz, 2004: pp.615–636).

In the case of corruption, up to February 29\textsuperscript{th}, 2016, according to Anti-Corruption Clearing House (2016), between 2004 and 2016 there were 71 corruption cases in the provincial governments, 107 corruption cases in the district and municipal governments and 28 corruption cases in either BUMN or BUMD. In the context of the perpetrator, still referring to Anti-Corruption Clearing House (2016), during this period there were 17 corruption cases conducted by governors, 49 corruption cases carried out by district heads and mayors and vice mayors and 109 corruption cases conducted by legislators either at the national or local levels. Indonesia’s ministry of home affairs (2014) released that since the beginning of pilkada on June 1\textsuperscript{st}, 2005 until January 2014 there were 318 out of the 524 regional heads who suffered the corruption. That is why the former vice minister of Indonesia’s Law of Human Rights, Denny Indrayana, estimated approximately 70 percent of regional heads in Indonesia were entangled in corruption cases (Jawa Pos News Network, 29 May 2013). Even the local leader as the result of the first pilkada, Syaukani Hasan Rais, the district head of the Kutai Kartanegara, was arrested by the KPK due to corruption. Hence, some local corruption cases occasionally involve certain national elites. This includes the bribery case in the Pilkada of the Gunung Mas District, Central Kalimantan, and the Lebak District, Banten, which involved the chairperson of Indonesia’s Constitution Court, Akil Mochtar, in 2013.

In addition to rampant corruption, religious tolerance is still feeble in many regions, including the interreligious tragedies between Mus-
lims and Christians in Poso, Central Sulawesi, 1998 and Ambon, Maluku, 1999 (ICG Asia Report, 2000, 2002; Global IDP, 2004: pp.42–46; Fuad, 2007: pp.53–63). In Bekasi, on March 21st, 2013, the local officials bowed to the demands of the local Islamic People’s Forum and demolished a church built by the Batak Protestant Christians. The church, in fact, had fulfilled local requirements, but had been denied a building permit for five years running due to pressure from groups opposed to all church construction in the area (Human Right Watch, 2014). Horizontal conflicts amongst Muslim society took place in various regions. In terms of Ahmadiyah, the refusal started in 2002 in Selong City, East Lombok. In the same year, a clash took place in the Manior Lor Village, Kuningan, West Java. By 2005, it was in Parung, Bogor, West Java. Similar conflicts occurred in 2006 in West Lombok and in 2011 in Cikeusik, Pandeglang, Banten.

In the case of Shiite, one of the extraordinary cases took place in Sampang, Madura. The 2014 report released by the Human Right Watch indicated that on June 20th, 2013 a mob of more than 800 Sunni militants pressured local authorities to evict hundreds of displaced Shiite villagers from Sampang and attacked their homes, killing one resident. On September 11th, 2013, a long-simmering dispute between two Muslim communities took place in Puger, Jember, East Java. The peak of the conflict was when a group of 30 machete-wielding militants vandalised the local Darus Sholihin Islamic boarding school. More than a 100 policemen failed to intervene. One of those militants was found dead. All these cases indicate the local government’s inability to address local problems and barriers.

2. Good Governance and Public Services

2.1. Governance and Basic Needs

In the contemporary world, there has been a common consensus that good governance is essential for human resource development in any society or state. The concept of good governance was developed primarily by multilateral development institutions. The World Bank (1992: p.1) described good governance, synonymous with sound de-
velopment management, as the manner in which power is exercised in the management of a country’s economic and social resources for development. Good governance is central to create and sustain an environment which fosters strong and equitable development, and it is an essential component for sound economic policies. Therefore, the government plays a vital role in the provision of public goods and establishes the rules which make markets work efficiently and corrects for market failure. In order to play this role, the government needs revenues and agents to collect revenues to produce public goods.

Likewise, the UNDP (1997a) defined good governance as the exercise of economic, political and administrative authority to manage a country’s affairs at all levels. Economic governance encompasses the decision-making process which affects the country’s economic activities and its relationships with other economies. Political governance is the process of decision-making to formulate policy. Administrative governance is the system of policy implementation. As a result, the UNDP (2010: p.5) assumed that democratic governance should embrace mechanisms, processes and institutions which determine how power is exercised, how decisions are made on public issues, and how citizens articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.

Meanwhile, the IMF (2014: p.1) argued that good governance is a broad concept covering all aspects of the way a country is governed, embracing its economic policies and regulatory framework as well as adherence to the rule of law. It emphasised promoting good governance when providing policy advice, financial supports and technical assistance to its member countries. In addition, it also has strong measures in place to ensure integrity, impartiality and honesty in the discharge of its own professional obligations. However, the IMF (1997: p.3) expressed concerns related to macroeconomic stability, external viability and orderly economic growth in member countries. Its involvement in governance should be restricted to economic aspects of governance. Moreover, a research project organised by Tim Indonesia Governance Index (2014: p.49), defined good governance as the process of formulation and implementation of rules, regulations and development priorities through interaction among executive and legislative branches and bureaucracy with participation from civil society...
and economic society. Hence, the UNDP (1997a) and Tim Indonesia Governance Index (2014) agreed that there are four key actors in the governance arena: executive wing, legislative wing, civil society and economic society. These institutions should contribute to sustainable human development. For technical reasons, the concepts related to these four governance actors are provided here.

1. The executive wing refers to the executing body consisting of governor/mayor/district heads and vice governor/mayor/district heads as well as the bureaucracy structure within. A pair of leaders have executorial power to govern and coordinate the development of the government. In the meantime, the bureaucracy comprising government agencies and offices at the provincial/district/municipal level serves as a bridge between the government and the public.

2. The legislative wing or the DPRD is the policy-making body which has authority in formulating local regulations, controlling the regional government and budgeting the government’s receipts and expenditures. In other words, the local legislature has exclusive rights to scrutinise the executive and bureaucracy and monitors their developments.

3. It is better to classify civil society as encompassing individuals, formal and non-formal organisations and networks, both religious and secular, in the public and political sphere outside state institutions. Thus, business corporations, government institutions as well as organisations and political parties established by the government are not included in this study (Nyman, 2009: p.253). In this context, civil society can be defined as an organisation with non-profit orientations, usually outside the government structure. It can be represented by religious-based organisations, voluntary associations, foundations, labour unions, professional associations and education or research institutes.

4. The economic society consists of business entities and associations which aim for profit and the protection of business interests through the conduct of economic exchange and production and advocacy for a better business climate.
Regarding the governance principles, based on the findings of the World Bank (1994: pp.1–36), the UNDP (1997a) and Tim Indonesia Governance Index (2014: p.50), the most suitable in terms of the socio-political context of Indonesia is six principles. First is participation or the involvement of the stakeholders in the decision-making processes within each arena and sub-arena. Second is fairness, the condition where policies and programmes are applied fairly to everyone without any discrimination. Third is accountability, the condition where officials, institutions and organisations in each arena are held responsible for their action and inaction. Fourth is transparency, the condition where decisions made by officials in the state, civil institutions and private organisations in each arena and sub-arena are open to the public to observe, scrutinise and evaluate and where public information is available and accessible. Fifth is efficiency, the condition, where policies and programmes implemented have utilised the resources in an optimal manner. Sixth is effectiveness where the output of the programmes has been achieved in line with the intended purpose.

Therefore, this study defines good governance as the manner and bridge for people’s basic needs, social justice, stability and freedom by utilising local resources and revenues as well as applying the six principles above. This can be achieved through the legal and elected government (political official) and other legal democratic institutions such as bureaucracy and the legislative body which are incorporated with other non-government actors: civil society and economic society.

Furthermore, this study explores the concept of Basic Needs (BN). The concept can be traced back to the discourse on whether poverty is an absolute or a relative phenomenon which is caused by a dispute on the measurement of poverty. The genesis of BN is found in the ILO Employment Missions and in the ILO’s research programme in the 1970s and developed at the World Employment Conference in 1976. The result of these activities was that the concept of BN focuses on ensuring that the poorest group in each country must gain a minimum standard of living within a certain time, at the end of the twentieth century. The BN here includes two main components. First are certain minimum requirements of individual households for private consumption such as adequate food, shelter and clothing. Second are essential services for the community at large such as safe drinking water, sanita-
tion, public transport, education and health. Hence, to achieve BN, each person should have adequately remunerated employment and participate in the decision making which affects the lives and livelihood of the people and individual freedoms (Weeks & Dore, 1982: p.132; Jolly, 2010: pp.15–16).

Although there is a conceptual problem in the measurement of the poverty line and levels of human welfare, it is an obvious aspect of poverty: child mortality, life expectancy and access to certain services (education, health, water etc.). Thus, the first step to measure poverty is applying the concept of “primary poverty”, characterised by a family who lacks income to satisfy physical efficiency. It means that their food consumption is below what is necessary to maintain health, normal efficiency and vigour. It is absolute poverty or “material poverty”. It is clear that physical hardship can affect the death. The other alternative to measuring poverty is merely a matter of “convenience”. It correlates with income inequalities in society. In the second concept, alleviating poverty can be solved by reducing the income gap between the rich and the poor (Weeks & Dore, 1982: pp.132–135).

Therefore, the best solution to meet BN is state intervention in the production and distribution of goods and services which are essential. Indeed, a successful strategy to satisfy BN and eliminate the worst symptoms of poverty requires state intervention. The redistribution of resources by the state would be more equitable than that provided by the market. This strategy will lead directly to the development of human resources which are a prerequisite to economic growth. If an assumption states that the satisfaction of BN is an investment in human capital and essential to increasing the productivity of the working population, it would seem advantageous to satisfy BN as swiftly as possible. Ideological considerations have to be cast aside and non-market measures should be integrated with market mechanisms in the provision of BN. The state has to be encouraged to play an active role in the organisation, production and distribution of those goods and services (Weeks & Dore, 1982: pp.143–144).

If excellent public services can tackle basic human needs, good and clean governance will be reached soon. Hence, this study selects two main BN as public services: education and health. In this context, the realisation of public services is an indicator of successful local gover-
nance, because, according to the UNDP (1997b: p.16), the deprivation in reaching BN is one of the driving factors in the emergence of poverty.

2.2. Two Major Public Services

People who live in modern urban areas, as explained by Michael B. Tietz in Lineberry (1977: p.10), are born in a financed hospital, earn their education in supported schools and universities, spend their time travelling on built transportation facilities, communicate through the post office and other electronic devices, drink public drinking water, dispose of their garbage through the public removal system, read public library books, picnic in public parks, are protected by public police, fire and health systems. Then, they eventually die in a hospital and may even be buried in a public cemetery. Their everyday life is bound with government decisions in numerous local services. Thus, Lineberry (1977: pp.12–14) argued that public services are the grist of urban politics and the principal responsibility of municipal governments. Urban politics is itself a politics of spatial allocation of advantages and disadvantages.

According to Indonesia’s Law No. 23/2014 in Regional Governments, the concept of public service is fulfilling basic services for citizens. It is compulsory for regional governments to ensure the realisation of public services and its management based on these values: public interests, legal certainty, equal rights, balance between rights and obligations, professionalism, participative, non-discriminative, openness, accountability, special treatments for vulnerable groups, punctuality and rapidity, easiness and affordability. The public service management consists of the following elements: the implementation of services, the management of societal complaints, information management, internal control, counselling for society, consultation services and other public services in line with the provision of the Law. More technically, Law No. 23/2014 obligates regional governments to publish information related to public services to society through accessible places. The information on public services contains, at least, four standards. First is the type of service. Second is condition, procedure, fi-
nance and timeline. Third is right and obligation of the regional government and society. Fourth is the agency or the institution which is responsible for the service.

Furthermore, Lineberry (1977: p.10) classified some vital services in a municipality. First is the preservation of life, such as police, fire, sanitation and public health. Second is liberty like police, courts and prosecutors. Third is prosperity, for instance, zoning, planning and taxing. Fourth is public enlightenment, for example, schools, colleges and libraries. Moreover, Lineberry (1977: p.17) posited that service decisions are the product of municipal policy-making. The process involves lots of stakeholders such as municipal elites, elected officials, interest groups and the delivery bureaucracies of the municipal government. Applying Lineberry’s (1977: pp.105–142) theory of two types of urban public services, this study will combine these two types. First is immobile facilities and capital intensive, usually found in various points around the community. Schools, universities, hospitals, parks, fire stations and libraries can represent this type. Second is mobile facilities and labour-intensive. Policing and garbage collection are some of the best instances. Currently, schools/universities and hospitals have been providing mobile facilities such as online registration and services, online exams, mobile libraries, mobile healthcare and online method payments meaning these activities can be conducted not merely in a fixed or immobile place, but also in any place.

2.2.1. Education Affairs

Education is one of the fundamental public services for society. Its resources come from taxation. Educational policies and practices can only be understood as part of an organisation of personal and social services for the public, financed by their taxes, governed by their elected legislators and administered by public servants. Resource allocation, the cost-effectiveness of developments, the rights and responsibilities of the public which provided the money and political sensitivity to public concerns are the context in which educational decisions are made (Shipman, 1984: p.11). Therefore, Dewey (1975: p.34) postulated that education has a vital, reciprocal and mutual relationship with
democracy. In the meantime, democracy itself is an educational principle, an educational measure and policy.

The term “education” etymologically is derived from Latin. First is educare, meaning to raise and to bring up. Second is educere: to lead forth or to come out which indicates that education nourishes and develops the good qualities or the inner potentialities of humans and draws out the best in each person. Third is educatum: the act of teaching or training. Hence, education is a life-long process, including all experiences which children receive whether in school, home, community or society through various activities (Uppal, 2014: pp.3–5). Moreover, John Dewey frequently said that education is identical with growth and the growth is the education’s aim. Growth is analogous to “life”. What is the purpose of life? The purpose of life is simply more life (Noddings, 1998: p.23). Likewise, Dewantara (1977: pp.14, 20) defined education as an effort to improve the growth of moral and intellectual development within children. It implies that education guides children towards the real human in reaching wished-happiness. As said by Dewantara (1977: pp.16–18), there are five features in education. First is that the school is a home for leaders where teachers and students live together. Second is that the school teaches how to lend a hand to others and how to live humbly and peacefully. Third is educating children based on their age. Fourth is that the teaching has to be directed to students’ intelligence, and curiosity. Fifth is that physical education is really crucial in order to gain health, good attitudes and so forth.

More radically, a Brazilian scientist, Freire (1985: pp.113–114) defined education as the way for true liberation of humans from oppression, as there is no humanistic dimension in oppression, nor is there dehumanisation in true liberation. Thus, as a humanistic and liberating task, education is not merely a pure act of transference of knowledge, but also an act of knowledge. Still according to Freire (1985: p.125), the concept of education for liberation is a social praxis, helping to free people from the oppression which strangles them in their objective reality. This study concurs with the Freire concept. Brighouse (2009: pp.36–41) proposed five aims of education: personal autonomy, the ability to contribute to social and economic life, personal flourishing, democratic competence and the capacity for cooperation. Simi-
larly, Feldman (2009: p.80) proposed that the central goal of education is to teach students the fundamental reasoning and thinking skills needed to be effective citizens.

In organising education affairs, Shipman (1984: pp.37–59) introduced the concept of “national system locally administered”. It means that education should be decided by the central government as a national system, but managed and administered by the local government: district and municipality. Consequently, in financing education, it should be the responsibility of the government to fulfil this basic human need. However, Shipman (1984: pp.61–89) argued that there are some difficulties in education affairs related to finance. First is the weakness of economic resources owned by the government. Second is that the finance for education issues compete with other services so that its budget is controlled by the government. Third is that as education is extremely expensive, it is scrutinised closely as a core item of public expenditure. Fourth, the competition in education finance also takes place inside the service itself at different levels. Fifth is the weight of previous commitments largely determines future developments. Sixth is the budget for education is dominated by wages and salaries of labourers. Seventh is the strains at different levels of the service, whether between central and regional government, inside the school or inside the college.

In the context of Indonesia, education has made outstanding improvements since the 1970s. The years of schooling increased significantly. In 1973, the government succeeded in building a primary school in each village. A decade later, it made six years of education compulsory in 1984 and extended this to nine years in 1994. In the following step, although lots of children were still unable to complete their compulsory junior secondary education, the government plans to extend this to 12 years. In addition, the illiteracy rate decreased gradually and the financing for education improved in budget allocations across the country. Other vital policies included lifting the standard of education encompassing the decentralisation of education to the regions, an emphasis on pro-poor initiatives and the improvement of the teaching force and teacher quality. Indonesia has a surplus of teachers which to some extent leads to shorter working hours (Suharti, 2013: pp.15–50).
Nonetheless, some barriers are still apparent. There is a fivefold proof. Firstly, although boys and girls have similar rights of access to education, the children from poor families suffer high discontinuation rates. Secondly, the transition rates from primary to junior secondary school and from junior to senior secondary school are low and require serious attention. It should be addressed if nine and even 12 years of compulsory basic education will be achieved. Thirdly, teacher training providers seem unlikely to fulfil the demand for pre-service and in-service training generated by the new qualification and certification requirements. Fourthly, the increase in budget for education has no positive impact on students’ performance so that it is not merely the size of the government budget for education, but also how the money is used. Fifthly, the financing system requires lots of incentives for efficiency such as the local government and schools have a low incentive to hire the number of teachers they need (Suharti, 2013: pp.48–50).

Hence, some critics attempt to illustrate the recent reality of education in Indonesia such as Roem Topatimasang in 1998 with an aphorism “Sekolah Itu Candu” (school is opium) or Eko Prasetyo in 2004 with his proverb “Orang Miskin Dilarang Sekolah” (no school for the poor). Other scholars prefer to build an alternative concept of education like Mansour Fakih with his notion on Pendidikan Kritis (critical pedagogy) in 2001, Munif Chatib with his Sekolahnya Manusia (the school for human) in 2011 and Anies Baswedan with his breakthrough and sparkling project, the Gerakan Indonesia Mengajar (Indonesia teaches movement) since 2009. Some activists tried to realise alternative education in the local context such as Ahmad Bahrudin in the Village of Kalibening, Salatiga City, Central Java with his successful programme, the Qaryah Thayyibah, since 2003. Various other concepts and practices on education issues in Indonesia, indeed, have been realised for people to achieve equality in access, quality and governance of education.

2.2.2. Health Affairs

Health is also considered one of the vital public services in many countries around the globe whether in urban or rural areas. Therefore, discussing health issues is discussing a difficult quality, as it is a biological
status, an affair of how well all the body’s parts are working. In a basic
definition, health is a vital principle of bliss (Insel & Roth, 1977: p.xiii).
The WHO defined health in 1974 (in Insel & Roth, 1977: p.xiii) as “a
state of complete physical, mental and social well-being and not merely
the absence of disease or infirmity”. Thus, in the simplest form, the
word “health” can be compared with the other opposite term namely
“disease”. Moreover, Boorse (1987: p.362) defined health as freedom
from the entire range of medically abnormal conditions or, in short,
freedom from disease. Meanwhile, disease itself is, referring to Good-
win and Guze (1979: p.68), any condition related mainly to discom-
fort, pain, disability, death, or an increased liability to these states. In
accordance with this, Allen (2011: p.571) argued that health is a right
for every human in the world, as health is not only an essential good,
but also it should be more highly valued than other non-intrinsic, in-
strumental goods such as wealth and income.

Consequently, health capability should be owned by each person.
It entails a body and mind capable of functioning well. Nevertheless,
not all healthcare capabilities have the same priority in life. Some will
capability itself is a good for all human beings equally. To realise health
equality, we need sincere commitments to distribute resources and, in
turn, political mechanisms of legislation and regulation. Therefore,
health capability is close to the concept of ‘universal health insurance’
with a ‘universal benefits package’ and, hence, financing health care is
extremely vital. It is also related to equal access to health (Ruger, 2010:
pp.6, 11, 157). Ruger’s concept underlines the vital role played by both
public and private institutions to realise universal health for all people.
In addition, empirical research carried out by Edwards and Grossman
(1979: pp.273–303) in America postulated that the poor health suf-
f ered by children has significant effects on the retardment of their in-
tellectual development primarily on IQ and school achievement. Some
specific health indicators such as birth weight, breastfeeding, nutri-
tional status and poor hearing have a contribution and a vital relation
with IQ and achievement.

The social climate between urban and rural areas is drastically dif-
ferent. Cities have larger populations, a large population density and
less space for each person who dwells inside. They have great diversity
in the population, whether in terms of religion or ethnicities. Numerous kinds of people interact and communicate with one another. Thus, most people inside the city have higher rates of cancer, heart disease and psychiatric disorders. Moreover, they are estranged from the social life environment. It causes a lot of internal conflicts related to physical and mental illness. The absence of direct interaction and integration with the surrounding people makes the municipal dwellers “an alienated man” according to Erich Fromm (in Insel & Roth, 1977: pp.15–17).

According to Chen and Bush (1979: pp.19–22), there are two indicators to measure the population’s health in a certain area. First are life expectancy and mortality indicators. These indicators cover a single health condition: life (or death). Death indicates the complete dysfunction of a person at present and in the future. Moreover, the mortality index represents the most prominent measure of health status. Therefore, mortality statistics have been developed by biostatistics and related areas, mainly as a measure for population monitoring and for programme evaluation. Even a mortality index is applied by entrepreneurs as a starting point for benefit evaluation. In addition, mortality by causes or by population features are vital yardsticks in health decision making. Second are morbidity indicators, denoting counts of diseases, disability and utilisations. The diseases and disability are beneficial to measure societal health in a particular area. These two indicators are usually used by scientists in their analysis. In particular, the utilisation rates are the number of health care activities such as physician visits and cases treated. It is frequently used as a health status measure.

In the case of Indonesia, health issues are part of the major concern of the government. Many developments have been made. The number of health facilities increased since 1998 until 2014. According to Indonesia’s Central Bureau of Statistics, the number of villages in Indonesia which have public hospitals increased from 1,556 in 2008 to 1,783 in 2011 and to 2,006 in 2014. Similarly, the quantity of villages which have Puskesmas increased from 8,570 in 2008 to 9,070 in 2011 and to 9,908 in 2014. In addition, the number of villages which have pharmacies has also been improving significantly from 5,537 in 2008 to 7,076 in 2011 and to 8,977 in 2014 (BPS Republik Indonesia, 2014). At the level of budgeting, the realisation of the budget in Indonesia’s ministry of health affairs denotes the increase from 2009 to 2014. In
2009, it was more than 18 trillion IDR. In 2012 more than 30 trillion IDR and in 2014 more than 47 trillion IDR (Kemenkes Republik Indonesia, 2015: pp.69–70).

To implement Universal Health Coverage (UHC) as mandated by the WHA in 2005 in Geneva, Switzerland, the Indonesian government attempted to ensure health for society through the JKN system by issuing a set of programmes. They are called “ASKES” and “JAMSOSTEK” for civil servants, pensioners, veterans and private employees, “JAMKESMAS” and “JAMKESDA” for lower-class people. Nevertheless, all these programmes are still not effective to address the health crisis in society. The emergence of Law No. 40/2004 on the SJSN and Law No. 24/2011 on the BPJS in fact cannot minimise health problems in society mainly in disadvantaged regions. Instead, these systems add to the complexity of coping with health affairs (Kemenkes Republik Indonesia, 2015: p.74).

3. Summary

This chapter has presented the development of democratisation and good governance in contemporary Indonesia as the theoretical framework of this study. Starting with the selected theories of democracy, this study reviewed the brief democratisation wave in contemporary Indonesia since 1998 until 2015. The democratisation wave in Indonesia is moving in a positive trajectory. Indonesia can be classified as the most consolidated democracy in Southeast Asia. Nevertheless, the development of the decentralised system has both positive and negative impacts on local politics. Thus, much effort and energy are needed for Indonesia to accelerate the development and governance mainly in disadvantaged regions. Likewise, the development of the reforms of good and clean governance and the realisation of public services in society is still moving slowly towards embedded democracy. The fulfilment of two major BN, education and health, for Indonesian society has positive developments merely in the quantity of facilities. Nonetheless, the increase of facilities is not in line with the improvement of the quality of education and health services. This is a dilemma in the process of democracy and governance in Indonesia.