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Administrative Reforms and Decentralization: India and Indonesia

Mason C. Hoadley* and Neelambar Hatti#

Abstract

The paper compares the broad outlines of decentralization taking place in India, dating from the last decade of the past century, with that of Indonesia in the first decades of the present one. It focuses on the generally acknowledged least successful of reforms, namely that of public administration. Public administration tends to reflect the respective country's prevailing norms. The paper opens with the more important contrasts between India and Indonesia with reference to governmental structure, respective colonial heritage, and focus of decentralization efforts. The crux of the paper is whether administrative decentralization furthers, hinders, or is neutral with regard to bureaucratic reform. Assessment of successes and failures leads to discussion of continued, if not higher, levels, of corruption/dysfunctional behaviour at all levels in the civil service. After disposing of misconceptions of the Weberian bureaucratic system inherited from the colonial past, possible improvements are postulated. Not surprisingly these originate from application of New Public Management (NPM), with a couple of new wrinkles. Such reform depends upon general public engagement. In comparison with India's spontaneous mass demonstrations, hunger-strikes, and high-level public condemnation of mega public corruption, this is conspicuous by its absence in Indonesia, where concentration has been on an anti-corruption court supplemented by experiments with a fledging evaluation system to monitor local progress on decentralization.

Key words: Administrative reforms, Decentralization, India, Indonesia

I. Introduction

This paper poses the question whether the past decades of Indian reform and Indonesia's more recent *otonomi daerah* of the post-Suharto era have led to measurable administrative reform or only semblances thereof. While not denying real progress in democratization and regional/local autonomy, one can argue that the results these efforts has produced a national administration less reformed than *ersatz*, to borrow Kunitz's quotable term. This seems particularly so within a comparison of the experiences of India and Indonesia. In macro-perspectives neither the intention nor results of decentralization are compatible with administrative reform in its accepted meaning of the artificial inducement of administrative transformation against resistance.

Normally the degree of reform should be measured in before and after performance differentials. A number of such criteria concern quality of public service delivered. These include, among others, the ease of carrying out everyday transactions with governmental agencies in obtaining licenses and permits, access to public utilities as water and sewage, telephone, electricity, taxation, etc, and, more important, instruments for appeal and redress for erroneous decisions by civil servants. Unfortunately such measures are sufficiently difficult to establish even in the context of the European Union or the US. Hence, of necessity, one must resort to soft data as anecdotic impressions, citizen perceptions (cf. GDS 2002), or somewhat artificially created indices (cf. Transparency International, PREC, etc). The evidence, such that it is, suggests decreased quality of

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Indonesian public service rather than improvements, which could be expected in an era of *Reformasi*, a phenomenon shared, if not overshadowed by the experiences of India. Despite improvements in the political and economic fields, along with a few steps toward better administration as the ombudsman office, the anti-corruption court, etc which sound the right note for reform, it is basically "business as usual". Even this might be overly optimistic. There are those who would argue "again based on anecdote, perceptions, and indices" that decentralization has led to greater dysfunctional administrative behaviour, i.e. corruption.¹

Comparison

By its very nature comparison is dependent upon a balance between dissimilarities and similarities of the objects in question. Given the striking differences with regard to size, culture(s) including contrasts in membership organizations as caste, tribe, and religion "as well as political groupings, language, and historical experiences there would seem to be little in common. On the similarity side India and Indonesia, along with China, are not only BRICs or potentially so given Indonesia's ambition to become part of the BRIC block as the second "I" and "republics" of different shades but also share the dubious status of low levels of transparency. Clearly there are many roads leading to corruption or, more accurately, dysfunctional administration. Framework for further discussion is provided by a brief outline of the structure of the national government and the basis of laws and regulations.

Government

India is a union of federated states held together by the Republic's Constitution of 1950. The federal nature of the governmental system makes itself felt in the decentralization process, not the least in its terminology. "State" in the scholarly literature concerning India refers to the governments of the twenty-eight states comprising the Republic. Implicit in the terminology is that sovereignty lies with the states, which in only surrendered in degrees via agreement on the contents of the Constitution. The central government, i.e. the State writ large, is termed the "union" a usage harking back to British colonial usage.²

Emphasized by the phrase "*Negara Kesatuan Republik Indonesia*" (NKRI) repeated in most laws and ordinances, Indonesia is a unitary state. Historical experience, namely Dutch attempts to derail the independence movement through creation of a "Federal Indonesia" under continued Dutch control, made any talk of a federal system on the model of, say, the U.S., an anathema to Indonesian leaders from the early days of independence down to the present. That much of Indonesia's decentralization process took place during the presidency of Megawati Sukarnoputri meant that anything smacking of "federalizing" no matter how reasonable, was not politically correct. In contrast to India, Indonesian initiative came from bottom-up popular demand channelled through the thirty-odd provinces and over four-hundred local units of municipalities (*kota*) and counties (*kabupaten*), which remain integrated in a tiered political and fiscal structure extending from the central government at Jakarta down to the lowest level. To ensure that unity a hierarchy of valid authority for laws and regulations has been established. Any contents which conflict comes with ones at a higher level of governmental authority are in theory to be automatically invalidated. The Constitution of 1945 remains the ultimate authority. In keeping with the concept of a unified state, the central government also retains its monopoly within the key fields of defence, budget, internal security, customs and tolls, taxation, and as an afterthought, religion (cf. Hadna 2007; 202-203).

¹ Widespread corruption, inefficiency, wastage, and poor responsiveness to the needs of citizens are some of the commonly acknowledged problems afflicting administration. (Aurora, 2006)

² At the time of independence in 1947, India inherited three basic concepts of modern state, namely a rudimentary framework of a minimally representative structure of government, a predominantly *bureaucratic and administrative* state apparatus, and a popular party of mass appeal, namely, the Indian National Congress. These three factors have significantly contributed to democratic origin and democratic consolidation.

Laws and regulations

Nearly half the Indian colony was comprised of native states in which the British *raj* had on paper only nominal influence. Compromise with local praxis, which could be profitable for the colonial civil servant, was not uncommon. In Java the *Binnenlandsch Bestuur* was known to be riddled with irregularities in its budget. More telling was the official policy of the Dutch that in order to ensure loyalty the local bureaucratic elite, the *priyayi* were allowed exploitive practices over the colony's subjects sanctioned by neither local tradition nor Dutch law. In short, there was a built-in element of corruption in the colony's territorial administration.

A final element with regard to the introduction of Weberian ideals was what Das (2001) has called an administrative *esprit de corps*. Although a soft element, it played an important role in propagating the ideal of a neutral administration in which concern for and loyalty to the public weal took priority over private interests. In neither India nor Indonesia was this element passed on to post-colonial governments. A second area in which one could expect differences between the two countries is in the respective models for their laws and regulations. Because those of India and Indonesia have derived from contrasting European legal principles, they should have produced distinctive systems. India's legal system is steeped in the Common Law tradition of England and the English-speaking colonies of America and the Antipodes, Indonesia's derives from the Continental System of The Netherlands as influenced by French practice.

In actual practice, however, the differences were relatively minor. The common denominator lay in the activities of European colonialism, namely exploitation of the countries' inhabitants for the good of the metropole and/or the indigenous elite in cahoots with international capitalism. In the administrative practice of colonial India, Common Law i.e. case-led law forged by legal precedent via trial by one's peers, was abandoned. District Officers, the linchpin of the colonial system, and other civil servants were given sweeping judicial authority over the local population unthinkable (and probably illegal) in Great Britain. The converse situation developed in the Dutch East Indies. Characterized by set regulations enforced by an appropriately appointed official, Civil Law practice was supplemented by development of a de facto system of precedent. Successive generations of inexperienced, newly-arrived Dutch officials looked naturally for guidance to their predecessors' actions. Lacking alternatives, fledgling officials followed the accepted manner of doing things. Moreover, through successive handling in Dutch-dominated courts of law and minutely recorded in the *Adatrecht Bundel* and other governmental gazettes, even the *adat* (oral customary law) was subjected to statute-ization. This developed into a type of written precedent through which a decision in an earlier case to a great extent determined the outcome of a pending one (Hoadley, 2008).

That Asian laws and regulations were supplanted by European standards via a process known as legal transfer is a side issue here. More important is the fact that Western legal and administrative principles were imposed on Asian peoples, mainly by European civil and military personnel. As a result, the reigning administrative paradigm was irretrievably altered by the assumption of the superiority of Weberian concepts of bureaucracy. Even though this was a relatively late innovation of the early 20th century ó thus proceeding the demise of the colonial system by only a few decades ó the convention has haunted the regions' governments ever since. Moreover, the principle of a rational and efficient administration governed by knowable rules for governmental service was easier to introduce in the newly formed technical services than in the conservative territorial administration led by District Officers, Residents, Controllers, etc. Health services, education, communication, and finances were not only new innovations in the Asian context but also were staffed by trained personnel fresh from the metropole.

In contrast, territorial administration in the colonies tended to accommodate local norms, which were pre- (or anti-) Weberian. This is partly explained by the fact that the European bureaucrats of the Indian Civil Service (ICS) or Nederlands Indië's *Binnenlandsch Bestuur* were dominated by old boy ties of schools (Oxbridge or Delft), class preferences, and, most of all,

racial prejudice. For obvious reasons this was lacking among those taking over the task of administering the new nations. While upwardly mobile Indians and Indonesians could acquire the prerequisites of education and class, in fact many did, they remained in the colonial jargon –nativesø. It can be argued that part of the élan of the colonial service rested on a –weø feeling of being called to guide the locals in order that they could aspire to European standards of civilization. No matter how much individually-acquired merits or inherited status and position, locals were either only partially or not at all acceptable in the higher orders of the colonial administration. This meant that the political and economic transition from colony to independent nation entailed a radical alteration in the character of the bureaucracy. While the abstract Weberian ideals continued to be taught, the more practical demands of caste, class, and other membership groups quickly took precedent. These could be fulfilled mainly through alliance with political power vis-à-vis political parties. In Indonesia the break was particularly strong as the only local group with hands-on administrative experience, the *priyayi*, were suspect in the eyes of the independence movement due to their lack of enthusiasm for the struggle against the Dutch to whose position they aspired. Although the bookish ideal of the committed civil servant continued to receive lip service, the practical identification and mutual reinforcement have disappeared, leaving the new Asian bureaucracies highly politicized at an early period in the nationsø history. In short, India decentralized via neo-traditional institutions of the *panchayat* which further emphasized its basically federalized system; Indonesia reformed its authoritarian, centralized system within the framework of a unitary state, now decentralized and democratized to a high degree.

II. Administrative Decentralization

Decentralization, which has been undertaken by a host of developing nations during the last decades (Johnson, 2003 citing Crook & Manor 1998:1), is commonly divided into political, administrative, and fiscal decentralization. While both India and Indonesia get high marks for political decentralization via devolution, it is Indonesia which has changed most. Over three decades of authoritarian rule have been transformed to the present system of direct elections for virtually all political positions at all levels of government.³ There remain, however, constraints to a more thorough democratization process. The most obvious one is the requirement that all local political parties must be part of national ones. This hinders local initiatives aimed at realizing popular local goals. By retaining the power of political parties at the national centre it also fosters corruption. Would-be candidates must come to terms with the party bureaucracy, in practice to pay for the right to campaign under that partyø colours, which then must be recouped through exploiting the official position. On the positive side Indonesiaø efforts in specifically devaluing of funds from the centre to provincial and local governments has given those levels the wherewithal to act autonomously in response to local demands. Where both countries show less than satisfactory results is in the area of public administration dominated by a central, self-perpetuating bureaucracy whose reluctance to lose their grip is as understandable as it is regrettable.

Realistically, one must reckon with fundamental characteristics of administration/ bureaucracy, namely continuity, longevity, and conservatism. While not negative in theory they often are so in practice. Translated into policy, continuity refers to the senatorial function contributing to social/governmental stability at the price of flexibility; longevity to the predominance of seniority over performance in determining civil servantsø position and rewards; and conservatism to the application of rules or accepted ways of doing things which are often not related to the actual situation. Administration by nature is –rule boundø bringing it into close alliance with law, itself, as we have seen, a product of the colonial past. The danger always lies in a

³ As a result of the intense political rivalry during the presidential election of 2014, the opposition faction of Parliament passed a law reversing the direct election of regional and local functionaries. This was made possible by the outgoing presidentø party abstaining during his absence at the UN. Since then the law has been countermanded by Presidential Decree and ultimately abrogated by the new Parliament.

time gap, i.e. behaviour based upon out-of-date norms. Politics and economics are in comparison more volatile and changeable. They articulate closely with the political will, as for example whether decentralization is that of market demands, whose violent swings are seldom predictable, but have great impact on society. Innate administrative conservatism makes it natural for almost every writer on Indian administrative concepts begin by tracing the origins of the present ISA from the colonial ICS, if not the Moguls or earlier. Not only does the bureaucracy enjoys considerable authority granted by its principles but also tends to accumulate more. Even incremental gains of power over time without periodic review and reform demanded by their principles which is rare can result in an accumulation of powers over and above those originally bequeathed.⁴

Decentralization in India

At risk of over simplifying, India's can be characterized as gradualist, constitutional, and neo-traditional. It also aims at diminishing socio-economic inequalities. The idea of developing the grass roots institutions of the *panchayat* dates from traditional system of governance in the more or less autonomous village republics so admired by early colonial administrators. Anything outside the village was left to state control. As a result, the leaders of independent India felt the need to address directly the issues of poverty and inequality; Art. 40 was inserted into Part IV of the Constitution. Known as the 'Directive Principles of State Policy;

1 the state shall take steps to organize village panchayats and endow them with such powers as may be necessary to enable them to function as units of self-government.

However as the Article's contents were not mandatory they were largely ignored at both Union and State levels. It was only a decade later that there was a concerted attempt to implement them at the district and block levels, which became the origins of the Panchayati Raj Institution (PRI) via the Balwantrai Mehta Commission of 1957. Yet means of financing them came only in 1963 with recommendations for limited powers to raise funds via special tax on land revenues and homes, as well as by consolidation of grants from the State devoluted to the PRI (1963 K. Senthnam Committee). Even these modest proposals failed to be implemented, mainly through lack of political will, local elite capture, and general ambiguity over the PRI's role. A decade and a half later the Asoka Mehta Committee not only recommended that the PRI's role be defined by constitutional amendment but also that the district be designated as the key administrative unit. However only in 1993 did the 73rd amendment for rural *panchayat* and the 74th for municipalities came into force. The amendments made it mandatory for all states to establish the three-tiered *panchayat*-s, which would be filled by direct elections. Open village assemblies (*gram sabha*) were to be held regularly within the respective *panchayat* areas. And finally a number of places were reserved for scheduled castes, scheduled tribes, and women. The main points are graphically summarized in Johnson (2003) as the 'Milestones in Indian decentralization'.

The focus of decentralization most definitely separated Indian decentralization from that of Indonesia. For India, the *panchayat* was the ideal, the 'village republics' so admired by British apologizers as Duff since the middle of the 19th century. The name *panchayat* derived from earlier councils of five wise men, although they were more associated with negotiations over caste and sub-caste conflicts than day-to-day civil administration⁵. Their reputation as extending back to the

⁴ A striking example is seen in the case of the FBI. During the long, unbroken tenure of its first director, J. Edgar Hoover, the relative modest powers of the federal police agency became a center of power and influence in its own right rather than as an extended arm of the executive branch as originally planned.

⁵ The word "panchayat" literally means "assembly" (*ayat*) of five (*panch*) wise and respected elders chosen and accepted by the local community. However, there are different forms of assemblies. Traditionally, these assemblies settled disputes between individuals and villages. India has decentralized several administrative functions to the local level, empowering elected gram panchayats. Gram panchayats should not to be confused with the extra-constitutional khap panchayats (or caste panchayats) found in some parts of Northern India.

origins of the sub-content's history was a plus factor in emphasizing continuity with a pre-colonial past. The modern-day *panchayat* at district, *taluk*, and village level were, in fact, created in order to fulfil the India's goals of development and reduction of inequalities within a democratic framework. India chose to re-create semi-traditional institutions with a historical reputation as the main instrument of decentralization. These were hived off the state (province) area of power at the behest of the union government, in sum making a five-tiered governmental structure of union (state), state (province), and the three *panchayat* institutions at district, *taluk*, and village level, plus the equivalent municipality *panchayat*.

Indonesian decentralization as regional autonomy

In contrast to India, Indonesia's decentralization ó actually measures for local autonomy (*otonomi daerah*) ó was neither gradual, constitutional, or neo-traditional. It, in fact, opened with a ðbig bangð in 2001 based on legislation passed during the tenure of President Habibie, ironically Suharto's designated successor. Much of the motivation for what by international standards has been an impressive decentralization stemmed from the threat of proclaiming a federated state, discussed in the mass media in, among others, *Kompas* (see St. Sularto dan T. Jakob Koekerits 1999). Decentralization through regional autonomy was seen as an instrument for defending the Republic's unity. Although the precise linkage is not entirely obvious, it was also seen as the instrument for kick-starting the economic development so grievously interrupted by the Asian crisis of 1997-98.

Decree No. XV/MPR/1998 passed by an extra-ordinary session of the Peoples' Consultative Assembly set in motion the process of revision. As a result of that decision, the Ministry of Home Affairs with the advice of senior civil servants, academics, and advisors drafted the basis of what would become of Law No. 22/1999. The Ministry of Finance aimed at reforming intergovernmental finance, one that resulted in a draft for Law No. 25/1999 and hence started a parallel process. Both were subsequently approved by the DPR in May 1999, with the proviso that the new decentralization organization would come into effect in May 2001. The date was subsequently moved up to 1 January 2001 so that its beginning would coincide with the fiscal year.

Law No. 22/1999 provided for devolution of a wide range of public service functions to the regions. Elected regional councils (*Dewan Perwakilan Rakyat Daerah*, DPRD) were strengthened and received wide-ranging powers to supervise and control the regional administration. The primary winners were *kabupaten* and *kota* which were given considerable autonomy. According to §7.1 they are responsible for all governmental matters except in the areas of foreign affairs, defense and security, justice, monetary and fiscal affairs, and religion.⁶ Responsibilities specifically entrusted to the *daerah* included public works, health, education and culture, agriculture, transport, industry and trade, investment, environment, land matters, co-operatives and manpower (§ 11), as well as planning, financing, implementation, monitoring and evaluation, and maintenance (Elucidation § 8). In cases where *daerah* (regional) governments are not able to handle these tasks they can be transferred back to the provinces. In addition the *daerah* could be given additional tasks as co-administrator of specified functions, on the condition that these be accompanied by the means to carrying them out in the form of funds, infrastructure, and staff (§ 13.1). In short, *daerah* were given control over their finances, civil services, and organizational set-up.

The looser in the decentralization of 1999 were the provinces. *Daerah* regional autonomy was defined as ðwideð (*luas*); that of the provinces as ðlimitedð (*terbatas*). Provincial governors continued in the double function as head of an autonomous region (*kepala daerah otonomi*) and as representative of the central government under powers delegated by the President via the Ministry

⁶ To this was added other matters as ðmacro-level planning, fiscal equalization, public administration, economic institutions, human resource development, natural resource utilization, strategic technologies, conservation, and national standardizationð (§ 7.2).

of Home Affairs. According to § 9, the main functions of the provinces are intra-regional co-ordination involving *kota* and *kabupaten*, as well as regional macro-planning, human resource development and research, management of regional ports, environmental protection, promotion of trade and tourism, pest control/ quarantine, and spatial planning. Moreover the *kabupaten/kota* level was removed from the chain of command, which under the *Orde Baru* government ran from the president through the provincial governor to the village level. Election of *bupati* and *walikota* (rural and urban heads) no longer required vetting by higher levels of government, being accountable only to their respective local councils. And finally, Law No. 22/1999 drew a clearer distinction between the DPRD as local legislative body and the administration as the executive branch.

Deconcentrated agencies of the *pusat* (central government) located in the regions were merged with the respective *daerah* agencies. Staff and assets were transferred to the regions, with the exceptions of the five areas of responsibility monopolized by the central government mentioned above. Sub-districts (*kecamatan*) became deconcentrated units of the local government. Village level councils and village chiefs are directly elected and their institutions can be fashioned in accordance with local traditions (*adat*) and needs. Basic to this decentralization is fiscal responsibility; deconcentration must be supported by sufficient funding from the central government (§ 8.2). This was to ensure that the central government did not transfer so-called -unfunded mandates to the local level. More important, income must be balanced with expenses in the local budget (*Anggaran Pendapatan Belanja Daerah*, APBD). Although regions may borrow from national capital markets, borrowing from abroad requires prior approval by the central government. Interregional cooperation is encouraged by § 87. In a reversal of the *Orde Baru* top down manner of government, under decentralization supervision and development (*pengawasan, pembinaan*) by the *pusat* are to -facilitate as opposed to control, the activities and capacities of regional governments (§ 112).

The second pillar of Indonesian decentralization was Law No. 25 /1999 on -Fiscal Balance between the Center and the Regions. Its intention is to raise regional economic capabilities. This includes creating a system of finance, which is -just, proportional, rational, transparent, participatory, accountable, and provides certainty. It also aims at reflecting the division of functions between levels of government and reducing regional funding gaps. The major income of regional governments (*Pendapatan Asli Daerah*, PAD) comes from local taxes, local charges and fees, and revenue from local enterprises. Additional sources of revenue are equalization funds (*dana perimbangan*), borrowing and special imposts. The primary instrument for this is provided by the central government budget (APBN). A floor of 25 per cent of domestic revenues is earmarked for the equalization fund, 22.5 per cent to be transferred to the local level and 2.5 per cent to the provincial level.⁷

The decentralization process did not draw on tradition or even neo-traditional mechanisms as the Indian *panchayat*. That this was a conscious choice is attested to by the existence of a variety of neo-traditional institutions, especially on Java, which were not utilized. These would include the so-called -traditional village, the whole *adat* law structure, self-help or *gotong royong* - all, in fact, creations of or developments during the colonial period - and even the concepts of the Indonesian cooperatives and Indonesian (non-Marxian) socialism as enshrined in Article 33 of the

⁷ As a result of the speed with which they were passed some 200 Government Regulations were needed to implement the two laws (Hadna 2007, 212ff). Ambiguities included 1) the unclear distribution of functions between levels of government, 2) an ineffective system of supervision of regional governments by the central government and the lack of clear responsibilities of the provinces, 3) the failure of the current intergovernmental fiscal system to ensure equalization between resource-rich and resource-poor regions and a mismatch between the assignment of expenditures and the assignment of revenues, 4) lack of policy coordination with sectoral laws and regulations leading to contradictory regulations, for instance, in the forestry and in the mining sector, 5) the strong role of money politics in the election of Head of Regions (*Kepala Daerah*) by the regional councils (DPRD), 6) the unsatisfactory accountability mechanism which focuses on the annual report of the Head of Region to the council, the lack of capacity at the regional level to fully implement the new decentralization framework, and 7) lack of programs of the central government to support capacity building in the regions.

1945 Constitution. Instead of looking to the remnants of the past, the focus of the movement was to empower the existing regional and local units, which were also inherited more or less as is from the colonial past.

And finally the goals of Indonesian decentralization were clearly political. After close to four decades of authoritarian rule, if one adds Sukarno's "Guided Democracy" there was considerable bottom-up pressure for a real sharing of power throughout the Republic. This seemed best served extensive political decentralization accompanied by fiscal redistribution so that the newly empowered units could function appropriately. However the ambiguities of the movement, falling somewhere in between the experiences of India's federal system and the Chinese very unified state, led one scholar to observe that

The power sharing between the center and the region was implemented with [in] the unitary state principle, but with a spirit of federalism (Hadna 2007; 202).

III. Bureaucratic/Administrative Reforms?

Expectations that decentralization axiomatically results in administrative reform tend to overlook the essential character of bureaucracy. In contrast to politics and economics, which maintain neutrality, administration in its alter ego of bureaucracy has definite negative undertones. According to many observers much of the behaviour of the Indian Services Administration (ISA)

conforms to what Michel Crozier calls "bureaucratic behavior" the normal association that people have with the "vulgar and frequent sense of the word "bureaucratic" which Crozier explains, "evokes the slowness, the ponderousness, the routine, the complication of procedures, and the maladapted responses of "bureaucratic" organizations to the needs which they should satisfy, and the frustrations with their members, clients, or subjects consequently endure" (Crozier 1964, 3 cited in Das 1996, 170).

For India under the rubric "Bureaucratic Behaviour" Das (1998, 169ff) quotes Jain & Dwivedi (1989, 295) to observe that

The Indian civil service suffers from an obsession with the binding and inflexible authority of departmental decisions, precedents, arrangements, or forms regardless of how badly or with what injustice they may work in individual cases. Additionally, the civil service suffers from a mania for regulations and formal procedures, a preoccupation with activities of the particular units of administration and an inability to consider the government as a whole.

This also seems to describe the Indonesian case (cf McLeod 2006; 8-9).

Decentralization = Reform?

Reduced to essentials the question is whether the administrative decentralization experienced by India, Indonesia, or any of the other decentralization projects, is positive, negative, or neutral with regard to administrative reform. Does it contribute to progress toward basic governmental reform, failures to do so, or has no discernible effect? For convenience sake it is easiest to start with the question of decentralization vs. reform in general before tackling the more specific issue of administrative reform. Despite the fact that "better public service" or the like is most often an integral part of arguments for decentralization ó along with decreasing inequalities, as well as fostering development (India) and bringing about democracy (Indonesia) ó the literature on the subject is less sanguine about the results. In theory, so the argument goes, bringing administration closer to the public it is supposed to serve should bring about positive results in terms of greater accountability, ease of local initiatives, and openness to social control. After all,

the political, administrative, and economic personnel are part of the local community where they live and act. Thus decentralization should make them more receptive to pressures to conform to society's norms, i.e. not be corrupt or exploit the common weal of fellow citizens, than within the more anomalous central bureaucratic structure. Yet such expectations are hard to document.

The problem of establishing a definitive, positive connection between decentralization and administrative reform or, expressed in negative terms, between decentralization and corruption is illustrated by, among others, the exposition of Fisman and Gatti. In "Decentralization and corruption: evidence across countries" they note the "ambiguous predictions about this relationship" namely decentralization of governmental activities and the extent of rent extraction by private parties, which have "remained little studied by empiricists." (2002, 325). Their paper examines the issue by employing a number of sophisticated indices of corruption, including International Country Risk Guide, Transparency International, and Business International/EIU, as well as other indices of competitiveness, civil liberties, schooling, population & government size, legal origins, etc. These are plotted against a measure of the degree of decentralization, i.e. IMF's Government Finance Statistics (GFS) (341-3). Through the information thus collated, they come to the conclusion that at least in the case of fiscal decentralization there is a positive correlation between lower levels of corruption and decentralization.

Anecdotal evidence from specific cases tends to point in the opposite direction, namely that decentralization tends to lead to greater corruption rather than to less. Johnson (2003, 19) quoting the World Bank's skepticism on the results of Indian decentralization, maintains that

Using the conventional classification of "political, administrative and fiscal decentralization," the World Bank's three-volume study of Indian decentralization (World Bank, 2000a; 2000b; 2000c) ranks India "among the best performers" internationally in terms of political decentralization, but "close to the last" in terms of administrative decentralization.

...The World Bank study goes on to argue that although Indian States and the Union government have been willing to recognize the Panchayats, to hold elections and to respect stipulations governing reservations for Scheduled Castes (SCs), Scheduled Tribes (STs) and women, they have been unwilling to vest them with sufficient "administrative control over significant or fiscal autonomy," (World Bank, 2000a: xi). In most States, Panchayats have been handed a wide array of responsibilities without the necessary fiscal and administrative resources (19).

This has been primarily due to federal constraints, most noticeable the "resistant" bureaucracy (24-5) and, most important, "Elite capture" (28-31). The latter has also been emphasized by Das (1998, 2001) and others, who point to the fact that the Panchayat Raj Institution (PRI) has been captured by local caste, tribal, or political elites. It has thereby become another tool of illegal influence. This dates back to Congress Party rule and the actions of Mrs. Gandhi during the Emergency of 1970-73, only to be strengthened two decades later after the decentralization acts as amendments to the Indian Constitution mentioned above.

Despite the fact that in Indonesia fiscal decentralization has been more regulated and its membership groups are far less developed as alternative sources of loyalties, decentralization seems to have contributed more to corruption/dysfunctional governance than the reverse. Curiously enough, the Indian pattern seems to hold, although the "elite" of "elite capture" is more along the lines of ad hoc groups than standing semi-formal societal institutions. Even so, "the decentralization process had been effectively hijacked by predatory interests" Although the neo-institutionalist literature sees a decentralization leading to democracy through greater transparency, accountability, the enhancement of practices of good governance, the realities of the process are different.

Here decentralization has given rise to highly diffuse and decentralized corruption, rule by predatory local officials, the rise of money politics and the consolidation of political gangsterism (Hadiz, 2003, 16).

The general tenor of the evidence argues against decentralization's neutrality with regard to dysfunctional administrative behaviour. While the theoretical and general literature claim a positive correlation between decentralization and good governance, specific case studies tend to emphasize the negative correlation in the form of increased corruption. Due to Indonesia's experience in progressing out of authoritarian rule, a decentralization of corruption was almost inevitable. However the question remains as to whether there has been an increase of the quantity of corruption or merely redistribution of the rewards.

Gains and losses

Here it seems worthwhile to pause in order to summarize the balance between gains and losses of decentralization as seen in comparative perspectives. On the positive side are the undeniable gains, mostly in progress towards functional democratization. This has been especially noteworthy in Indonesia where direct and free elections now prevail at all levels of government. For India the decentralization acts of the 1990s seems to have increased democratic participation by scheduled castes, scheduled tribes, and women. To this comes at least a great potential for better public service via the respective regional and local governing bodies. On the fiscal side, Indonesia seems to have performed better just because the acts initiating decentralization provide for funds allotted regional and local bodies as the wherewithal for the process to function more or less as planned. India in this respect seems caught up in tensions between State governments and the *panchayats* with regard to various sources of funding for the many development projects. And finally on the administrative side, India's conservative ISA has in the past decades functioned well as the heir of the British *raj* in holding the country together in times of crisis, man-made and natural (Das 1996).

As with much in this world, losses are more easily reckoned than gains. Given the structure of the state, the two that come most readily to mind prevail in Indonesia. First, unlimited decentralization could pave the way for extremes, possibly even threatening the continued existence of the NKRI. A couple of examples illustrate the types of centrifugal forces at work. Surprisingly enough, the first concerns Bali. The island's relative prosperity and high employment attracts relatively large numbers of outsiders, mainly from neighbouring East Java. However, local feelings run high that these 'migrants' not only take jobs away from locals but also their culture undercuts continued predominance of the Balinese majority. For obvious reasons the immigrants, overwhelming Moslems, do not support with funds or voluntary work the myriad of local Hindu-Balinese festivals and ceremonies. Yet moves to discriminate or restrict the activities and/or residence via local regulations, which are made possible by administrative decentralization, clash with the idea of *Negara Kesatuan Republik Indonesia* open to all citizens (see Nyoman 2009). An even more unlikely scenario would be local regulations on the basis of religious prejudice, e.g. shamanism in West Papua, Christianity in the Moluccas, or Islam in, say, Aceh, discriminating against or laying down requirements of dress or behaviour deviating from national usage. Given too free a hand, such could even exacerbate regional and local differences, as for example the Outer islands vs. Java, not seen since the days of PRRI of the 1950s. In other words, there is a constant need for a trade-off between centre and periphery, one faced daily by decentralized governmental structures.

The second danger is a more specifically administrative one, namely that of duplication of services. This is particularly the case if there is no effective coordination between national, regional, and local governments. Theoretically the problem can be illustrated by postulating that if each of Indonesia's 450-plus regional and local governments produced only one hundred laws, regulations, or ordinances per year, then the total sum of local enactments whose constitutionality has to be controlled by the Ministry of the Interior is at a minimum four to five thousand per year,

i.e. some fifty thousand since the beginning of decentralization and growing.⁸ As such an additional work load is nearly impossible to fulfil in sufficient detail, there is a high possibility of deviations from the intention of the Constitution of 1945 actually becoming de facto the law of the land at the regional or local level.

Yet when all is said and done, it is the third feature that dominates the minus for decentralization, namely corruption. If our reasoning to date has been correct, then to political, administrative, and fiscal decentralization should be added dysfunctional administrative behaviour more popularly known as corruption. Even if decentralization has improved administrative effectivity, which no one argues, it would still have brought about the daunting prospects of now having over four-hundred fifty more or less autonomous units only loosely arranged in a governmental hierarchy in which to eradicate corruption.

Ersatz European or common sense?

In the normal course of events there is an almost organic relationship between the goals of public institutions, the methods used to reach these, and the behavioural norms common to the society in which they operate. A good example is a judicial system. Virtually all societies provide a means of settling disputes between its members and between them and the ruling body, i.e. civil and criminal jurisdiction. Both those presiding over formal or informal settlements and those submitting their affairs – or which are submitted in the case of criminal actions – conform to the norms set by either oral tradition, as the *adat*, or more formal written texts as law books of various kinds. These follow the traditions of the society in question. Traditionally in India they tended to be concerned with ritual (caste) purity as in the original function of the *panchayat*; in Indonesia/Java they were negotiable within the limits set by acceptable social/legal behaviour. In principle the same applies to other public activities as regulation of taxation, trade and commerce, organization and application of labour, access to the means of production as land, and materials, and so on.

But what happens when public services and responsibilities are alien to social values? Here one thinks of the introduction in colonial times of technical services as transportation, health and welfare, tolls and taxation, as well as the entire apparatus connected with modern governmental activities as elections, politics, right to information, etc. Initially these raised few problems, as they were innovations of the colonial powers, i.e. the British *raj* and the Netherlands Oost Indiës government. Foreign institutions were established in the region, run by foreigners (with some indigenous input as in India), and imposed on the local population. The latter reacted positively (increases services provided as health, education, and welfare), negatively (taxes and imposts), or indifferently (if they did not directly touch upon their way of life).

The crucial juncture is just this interface between imported institutions and indigenous staff. Modern and internationally –standardized– public services were developed within a European social and legal context where Weberian bureaucratic ideals prevailed as the (relatively) best administrative procedures. In Asia the alien institutions organized along the Weberian rational model demanded equally alien capacity to run them effectively. Yet they had to be staffed in the decades following World War II by those attuned to their own way of doing things in accordance to local custom. There were very few trained locals in the, for them, exotic manners of administrative behaviour. Of necessity the newly established national states had to run the alien public business as best they could within the context of their own worldview. This was truer of the middle and lower echelons of the vastly expanded administrations emerging in the wake of de-colonialization of Asia than for the often European-trained or at least experienced indigenous elite.

⁸ The discrepancy in practice can be seen from the fact that, for example, in 2007 some 1,900 local and regional ordinances and regulations were abolished by the central government.

The argument put forward is not that India or Indonesia had by nature a 'culture of corruption' (*The Jakarta Post*, December 2007). Rather traditional values either fostered or did not oppose behaviour, which measured in an assumed all-pervading Weberian bureaucratic system, is dysfunctional, e.g. corrupt. It is definitely not a case of departing from a Weberian system because it was never fully implemented in Asia. In any event dysfunctional administrative behaviour is a definitional issue rather than one of realities (cf. Hoadley 2011).

The reasoning leads to an, albeit academic, dilemma, namely that the BRI(I)C countries must become European/Weberian, including use of NPM, if their public administration is to function effectively and efficiently. Because the institutions themselves are modelled on international ones ultimately stemming from Europe, the remaining transition is that of those staffing them. In short, it is a question of human resources management. Broadly speaking this is the assumption common to the demands by international donors as USAID, UNDP, those of the EU, the World Bank, IMF, Ford Foundation, and so on. In essence the message is to 'bring the copy-cat administrations into closer continuity with the (Weberian) ideal'. Yet with the lessons of a half-century of independence before us, such reasoning seems neither realistic nor necessary.

It is not only unrealistic to demand conversion of the region's public administration to a Weberian ideal but also the current worldwide trend would seem to be moving more toward dysfunctional administrative practice and corruption than less so. Examples are all-too well known. The continuing prevalence of corruption is not one of lack of knowledge concerning possible remedies. Many have either been presented long ago or are readily available in the scholarly and administrative literature. It is often remarked both at home and abroad that it is simply a question of lack of political will to implement policies, which would be painful to vested interests. In the present condition of a 'cultural of corruption' virtually the entire population is involved, both on its own volition (greed) and by force of circumstances (need to conform). In a corrupt world the honest are seen as deviants.

With regard to the necessity to do so, we beg to differ from mainstream assumptions. For the first Asia has been managing its own affairs, including sizeable empires, under its own administrative traditions since time immortal. Only relatively recently in history have these been forcibly replaced by first rapacious European exploitive ones and later by those now considered as the international standard of efficient and effective institutions. The logical conclusion would be to look to one's own traditions of modifying foreign institutions to cater to local needs. Elsewhere it has been argued that particularly Southeast Asia has been adept at exercising 'local genius' in adopting and adapting alien institutions (cf below 'Inferences'). In more practical terms this would mean abandoning the futile attempt at administrative ideals through coercion. Here the Democratic Party's speaker of the DPR, Marzuki Ali, would seem to have a point in questioning the effectiveness of the KPK in eliminating corruption nationally (*The Jakarta Post* 8-02-2011). No one denies the individual contributions of the KPK (cf. Napitupulu, 2010) and other bodies fighting corruption, but do they actually decrease the amount of corruption in the Republic in proportion to their costs in scarce resources of money, material, and human beings? Do they bring back public funds to the national treasury? This seems especially to be the case as 'corrupt' behaviour does not differ generically from normal practice, which maybe questionable or morally offensive, but legal.⁹ One can even praise corruption as containing the essence of the entrepreneurial spirit (Hoadley 2011). A practical and realistic solution would be to de-emphasize the so far more or less result-less hue and cry over dysfunctional/corrupt behaviour in favour of selecting from the arsenal of good governance a few tools that can contribute to more effective and efficient public administration. A few of them can be mentioned here.

⁹ Vote buying, money politics, and manipulation of voting districts for one party's advantage are generally considered as corrupt practices undermining the democratic process. Yet paying poll workers to 'get out the vote' for a specific candidate or party with un-audited funds, vast sums contributed to parties or candidates to pursue goals desired by the donors, and gerrymandering are acceptable practices in the US.

Mechanisms for better governance

If we turn from the abstract to the practical, what should we think about? As pointed out by many, the first step would be through implementation of more precise administrative laws (Brietzke 2002). While the laws of the land contained in central, provincial, and local governmental regulations are plentiful and relatively specific, those regulating the conduct of members of the respective administrations are not. In both India and Indonesia what can be termed 'job description' for respective office holders is far too discretionary. Despite India's Common law origins, the heritage of the colonial past has meant the building up of an administration aimed at controlling the population rather than serving it. In Indonesia the broad and unspecified Civil Law tradition expects statutory acts to be implemented by administrative directives, which are sometimes *ultra vires* and almost always grant broad state

discretion, lacking in transparency and accountability. They seldom descend to the level of specificity needed to define particular tasks and require that they be performed (*Ibid*, 112).

While the situation has improved during the last decade, the lack of this type of administrative law hinders bureaucratic effectiveness and efficiency in two major ways. First, the tasks and responsibilities of the official are not spelled out in sufficient detail to allow redress or disciplinary measures of behaviour generally considered as inappropriate or at odds with minimal expectations, i.e. corruption. Perhaps even more damning, that official cannot be formally faulted for not doing anything. Thus putative action, even if the courts or superiors would condemn him, is powerless if they cannot show a breach of specific rules. Second, the lack of clarity in what each official is bound by law to carry out creates a situation in which coherence or consistency with regard to inter- and intrastate relations are conspicuous by their absence. This is especially true where an errand touches out two or more areas of competence, which they often do.

The last point brings up another aspect, namely accountability in a more general manner. Das argues that the Indian bureaucracy relies on an age-old *ex post facto* budgetary audit. That is, after the period has passed one looks at the accomplishments and tries to see if they match up with the resources, which had been granted. The underlying assumption is that mismatches or failures will be corrected in the next budgetary term. Yet this most often remains a point of belief when the next budget is approved, one based on the previous one with a few percentage additions. Hence there is little congruence between resources allotted from outside the administrative system and the work done, which in turn tends to lead to Parkinsonian activities to consume available funds and functionaries rather than being allotted resources calculated to cover the accomplishment of specific tasks. The picture could have been taken from almost anywhere in the Indonesian bureaucracy.

New Public Management (NPM)

A popular attempt at a solution has been to take a chapter from the New Public Management (NPM), which has been functioning for decades in, say, New Zealand or parts of the EU. Whatever the model, the idea is to introduce *ex ante* budgetary procedures. By this is meant that before the funds are allocated the projected actions and necessary resources are presented for appraisal. Like the issue with more specific job descriptions, it allows a more precise evaluation of performance of the organization and its members, which in turn should provide the basis for rewards and punishments. This is, of course, only one of the many ideas for greater administrative efficiency and effectiveness associated by the NPM concepts. From the 1970 onwards under the influence of the Thatcher and Reagan the basic premises of the welfare state began to be questioned. A paradigm shift occurred in which the new model was the 'entrepreneurial government'. This can be said to provide the cornerstone of the subsequent NPM.

Elements

New Public Management can be succinctly described as a package aimed at improving public administration through utilization of concepts taken from the private sector. Although the exact nature of what is included or not included in New Public Management has yet to be determined, a somewhat abstract definition includes,

...deregulation of line management; conversion of civil service departments into free-standing agencies or enterprises; performance-based accountability, particularly through contracts; and complete mechanisms such as contracting-out and internal markets (Aucoin 1993, Hood 1991). Various authors also include privatization and downsizing as part of the package (Ingraham, 1996; Minouque, 1998) (from Polidano, 1999).

A more recent and practical summary of its basic features would include the following:

- hands-on, entrepreneurial management, not traditional bureaucratic forms
- explicit standards and measures of performance
- emphasis on output controls
- importance of *disaggregation and decentralization of public services*
- competition in the provision of public services
- stress on private sector styles of management
- promotion of discipline and parsimony in resource allocation, and
- separation of political decision-making from the direct management of public services (Osborne & McLaughlin, 2002: 9-10, italics ours).

The heart of the concepts lies in the middle three points of desegregation/ decentralization, competition, and privatization of public services. These give the package its characteristic features, which have combined with the worldwide moves toward decentralization to the extent of being almost inseparable. They are used in the following discussion to provide the core of the new approach to public administration based on ideas deriving from the school of thought identified as New Public Management. More to the point here, the combination decentralization/privatization and NPM has been embraced wholeheartedly by the donor nations contributing to international funds.

A debate has also raged both to the extent that it [NPM] is a globally convergent or a more nationally specific (an Anglo-American) phenomenon (Kickert, 1997) and to whether its apparent prevalence is due to its universal applicability or its adoption and promulgation by such international bodies as the World Bank and IMF as a universal panacea for both public service and civil society failures across the world (McLaughlin, Osborne, & Ferlie 2002:11, McCourt, Chapter 14)

Implicit or explicit pressure to conform to new ways of thinking, or at least of its expressions, would seem to account for many uncharacteristically modern features of laws and regulations governing Indonesia's decentralization. NPM speak is found in such diverse sources as Law 22/1999's separation of political decision making from public management organizations and the reconstruction plan for Aceh (R3WANS, *Buku Utama*, 26 March 2005), whose goal description strikes a common cord with the tenants of NPM. Such thinking has even found its way into the circles of *Ekonomi Rakyat* (Peoples Economy) associated with Art 33 of the Indonesian constitution, especially in summing up differences between it and traditional administration (Mardiasmo, 2002).

Computerization/HP

More detailed discussion of possibilities for reform can be read in almost any publication on revising the administration, be they at the national, regional, or local level. Literature by Indonesian scholars and authorities is not exceptional. Of the many, which could be named, one that seems to offer particular advantages to Indonesia is the whole realm of computerization of the administration. That is one can possibly increase administrative effectiveness while at the same time reducing corruption via electronic means. With new techniques of the Internet, both via computers and cell phones one can connect customers/end users directly with administrative services. These fall into roughly two categories:

Information

Through data bases available on the Internet, end users, i.e. customers can receive direct and full information on rules, regulations, possibilities, and restrictions. This should be a free public service function as the existing governmental home pages, news, weather reports, market prices by private companies or public service communication, etc. By expanding such neutral and free services one cuts out one set of middlemen whose regulation of information is a source of income. In the best of cases the customer/end user would no longer have to pay for information (knowledge is power). They are then better able to utilize the possibilities and make more realistic decisions.

Pay by internet

Paying via the Internet is already pretty well developed in the West, but only slowly catching on in Asia. The basic idea is that public authorities via computers bill directly customers and users of their services. These in turn pay their bills directly to a computer-bank via the Internet. The problem to date that one must have an Internet bank account or a valid credit card, both of which are rare in Asia, would seem to be a temporary one. Indonesia, like India, has a very high density of mobile telephones but low density of computers. Many of the latest developments here are aimed at putting this to use by finding ways of transferring funds via mobile telephones-cum-computers as the latest developments. Several social networks and game programs already have ways of giving the customer or winner credits. Many software developers believe that a way can be found to make payments over the mobile telephones. If so, or more realistically, when this happens then for at least certain payment to authorities, an i.e. tax, licenses, permits, automobile registration, etc. can be done electronically. This again cuts out the need for bribes usual for every transaction (note: new e-phones, etc.). Moreover the costs of setting up the program would of necessity have to be done by the public authorities on their own budget. Although seemingly daunting in the start-up phase, it in the long term a minor problem. The gains for the state in efficiency of information distributed and income received via impersonal payment would in a very short time pay back the costs of the set up.

Public anger

Just to show how far the Internet can lead imaginative developments, one can cite the very popular site <http://paidabribe.com> from Bangalore, Karnataka. Here ordinary citizens can register in some detail, but anonymously, the bribes they were forced to pay to obtain services the state government is supposed to supply for free. The impact of the idea comes from another Indian reaction to what is seen as overproduction of corruption by public authorities, which by any standards is mega-corruption. Not long ago the idea was launched to differentiate between demanding/taking a bribe for free/public services and paying one. It was argued that the former is clearly illegal action on the part of public servants, i.e. corruption and a hindrance to public service; the latter is only a survival technique born of necessity to get the services in question. It was further pointed out that by forcing citizens to pay a bribe for services, the official in question brings them into the illegal sphere of breaking the law, in the Common Law system an even more

criminal act by conspiring with the public official to break the law which carries a greater punishment. Thus corruption in the providing of public services is doubly criminal. The solution is to de-criminalize the paying of a bribe as a necessity in a culture of corruption, but retain or increase the penalties for demanding and/or taking one. The idea of differential status before the law is not without its followers as a means of curbing what is seen as unsocial behaviour. The argument has been made by no less than a chief economic advisor of the Indian Ministry of Finance (Basu, 2011) that the victim of corruption should not be forced into collaboration with illegal demands. It is not only expensive and demeaning for citizens but also has the effect of undermining any thought of reporting corruption to the appropriate authorities because one has in the process become guilty of conspiracy to cheat the state. Not unexpectedly the suggestion has been met with enormous protest, especially among public officials. This was, of course, not argued on the grounds of protecting the corruptors. Suddenly they became the bastion of defence of law and order. By making legal the paying of bribes, even for public services, so the argument ran, one was encouraging lawlessness and immorality, as if mega-corruption was not. Whatever the merits or lack of such of the concept, it does raise the difficult issue to choices by society. Does the decriminalization of paying a bribe undermine law and order more than the apparent hopelessness in the face of massive and institutionalized demands for bribes for receiving public?

Accountability from politics to public

It seems clear that the bottom line in decentralization-administrative reform is public opinion. Again one can learn from the Indian case. There mass protests have erupted from the revealing of public corruption. Not only demonstration, but also fasts by influential religious leaders as Baba Ramdev (*The Economist*, 'The swami's curse') and Anna Hazare (*Ibid*, 'Hazed Again') attest to an outraged public aversion to the shenanigans of its public servants. Where is Indonesian public reaction? Demonstrations and worse are common vis-à-vis religious thought seen as deviant or even controversy over a patient criticizing hospital services. But where is an engaged and demanding public in face of institutionalized corruption? Here one should again emphasize that it is the corruption that hinders citizens in carrying out their daily lives or the government in fulfilling its responsibilities that are in focus. The history of countries which have cleaned up corruption, the U.S. and Sweden, both of which would have been on the bottom of TI corruption/transparency index had such existed in the late nineteenth century, show that it is the political will backed by public opinion that are crucial (cf. Hoadley, Rothstein, et. al.).

IV. Inferences

Aside from being an exercise in academic analysis, what have we learned from the comparison? Here we can content ourselves with two major aspects, namely holistic and Asian eclectic.

Holistic

Failure to bring about administrative reform, which should be an important goal of decentralization, can slow down or even adventure gains in economic development. For example, India's massive red tape, regulations, and rules administered by a corrupt bureaucracy threatens the otherwise blooming economy. Certain states, particularly Gujarat, have come to grips with the problem through easing up on restrictions to trade and industry, an action that would seem to account for the relative upswing in the economy (*The Economist*, 'India's Guangdong'). That this is an administrative problem rather than one of corruption *per se* is shown by the fact that these developments have taken place despite the high and apparently growing instances of corruption (*Ibid*). The same could be said of the Chinese economic miracle, which has been supported by simply revamping the rules of the game ó i.e. centres of trade and commerce, allowing private capital and profit motives, etc ó in a land still dominated by an authoritarian party government increasingly tainted by corruption. In both countries seemingly unbridled corruption on the part of

public servants threatens political stability by undermining trust in the respective government's integrity, which, if allowed to go unchecked, could dampen the pace of economic growth.

At least from an outsider's point of view, the danger for Indonesia would seem to be to assume that *otonomi daerah*/decentralization is an end in itself. That done, the Republic could then rest on its impressive laurels in political decentralization without addressing a number of aspects that constitute the core of administrative reform in its accepted meaning. In addition, increased levels of corruption threaten continued Direct Foreign Investment so needed for economic development.

Asian eclectic

The other inference is to be more Asian eclectic, i.e. using Asian solutions for Asian administrative challenges. Again China is the source of inspiration. Chinese pragmatism in seeking practical policies for running the country's public business has led to an ease of stepping outside the bounds of European models. By doing so this has removed a hinder from their more effective working within an Asian context. In politics this is patently the case where the response to Western demands is met with the slogan of something like 'Chinese solutions to Chinese issues.' Similarly in economics the PRC has borrowed from and brazenly modified conventional wisdom in among others building a 'socialist market economy' logically a conflict in terms. Be that as it may, Chinese eclecticism opens the way for rearranging the elements of conventional institutions to make them more serviceable within the local context.

Examples of the application of local concepts ('local genius') to resolving challenges in a unique manner are found in a number of traditional and neo-traditional institutions. A relative new and distinctly Filipino example is that proposed by the *Gawad Kalinga* (Bahasa Indonesia: *Gerakan Peduli*) movement. The movement is basically a socioeconomic NGO aimed at providing 'an alternative solution to the blatant problem of poverty not just in the Philippines but in the world, guided by its motto 'less for self, more for others, enough for all.' (Brillantes & Fernandez 2008, 24-29). Yet it has been put forward by established experts in public administration as a possible model of governance. More to the point, it embodies

Key concepts in new public administration, reinvented government and governance: enhancement of social equality as a key question (Frederickson, 1971) effective delivery of services as a core concept (Osborne & Gaebler 1992); and cooperation between government, business and civil society as a key principle (Carino, 2000) (cited in *Ibid*, 24)

As such it can be seen within the scope of India's *panchayat* model or for that matter Bangladesh's Grameen Bank, Thailand's 'Buddhist Economics' and various versions of *gotong-royong*, *Ekonomi Rakyat*, 'Indonesian socialism' etc. propagated by among others the late Prof. Mubyarto. Common to these consistently bottom-up development schemes is that scarcity of economic resources forces them to work for a maximizing effectiveness and efficiency in the running of their businesses. Herein might lay a model for carrying out the public business on the local level, which in turn helps to reach the ideals of such movements.

The backside of the Asian-centric inference is a final nail in the coffin of outmoded European models. More specifically, this refers to the so-called Weberian model particularly inappropriate in Asia. As a complete package it has long outlived its 'best before' datum. Here one recalls Das's argument concerning the importance of a *esprit de corps* crucial to the Weberian bureaucracy, one, which comes very close to, a moral commitment as a basis for governmental reform often advanced from a religious/moral vantage point. The argument rings false for two reasons. First, as pointed out earlier, much of that spirit, at least in Asia, contains by implication fairly strong overtones of ethnic superiority. For obvious reasons this was not passed on to the local bureaucrats inheriting the European tradition, although Das implies India came close. Second,

it parallels that of moral-religious arguments that were one to become a better Moslem, Christian, Hindu, Buddhist, etc, dysfunctional and illegal administrative practice could be stemmed. Precisely this notion was advanced in a session on religion and development at the first NU world conference at Jakarta in 2005. With varying degrees of enthusiasm most of the session's participants agreed. This compliancy was effectively punctured by Nigerian *ulama*, who was also a high up in the banking world. Using his own country as an example, he pointed out that deep religious commitment, both Islamic and Christian, could also go hand in glove with high-level corruption. Basically there seems little except faith to connect causally religion or morals and corruption.

A solution would seem to be selectivity with regard to both the basis and instruments imported from abroad. This, of course, requires a good deal of soul searching as to what is most important in providing services to the public, how it should be done effectively and efficiently, and who should do it, after which the nation should tailor its public administration to fit its needs and goals rather than the reverse. All said and done, we realize that it seems premature to talk of administrative reforms without concomitant reforms in political and fiscal institutions.

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