JKAP (Jurnal Kebijakan dan Administrasi Publik)
Vol.28 (2), November 2024, 91-106
ISSN 0852-9213 (Print), ISSN 2477-4693 (Online)
DOI: 10.22146/jkap.89592

Neoliberalism, Governance, and Capital Accumulation: A Study of Development Debates and Social Dynamics in Indonesia

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Abstract

Governance is a concept for the development of good government management. On the one hand, it is a widely held view that this concept is a new breakthrough in providing public services and regional development, but on the other, it is believed that governance is driven by the neoliberal agenda for market development. This often causes environmental damage, class exploitation, and inequality. This article aims to portray the government development debate and social dynamics in Indonesia. The debate revolves around the government's development agenda, which is, in fact, leading to social conflicts. Cases of social conflict dynamics in Indonesia examined are: (1) the MP3EI development program, (2) social development, and (3) development of the cement industry in Central Java. This article shows the debate on the interpretation of the concept of governance and the various views that accompany it. Contrary to the notion that the governance perspective promotes enhancements in public services alongside social development, it rather fosters market access to facilitate capital accumulation in Indonesia. This article seeks to answer three main questions. First, how does neoliberalism shape the concept of governance? Second, how does the neoliberal understanding of governance encourage capital accumulation? Third, how does development debates shape social dynamics in Indonesia? This article argues that governance practices are intricately linked to the neoliberal agenda, which promotes the expansion of market access and wider capital flows. Such conditions may become a new problem in promoting community welfare.

Keywords: *neoliberalism, governance, capital accumulation, development*

INTRODUCTION

Governance is a concept developed in the fields of management, institutional organization, and administration. Generally, the term of governance is often understood as equivalent to that of the term of government. However, in its development, governance has a different connotation from the government. The term of governance has implications for economic, political, and administrative studies (Olowu, 2002). Some scholars have their own view on the concept of governance, such as Stoker (2018) who explains that governance focuses on governance that does not depend on government authority and sanctions. Governance is understood as a concept that creates a structure and order consisting of various actors in encouraging public services and government development.

There is a debate about the concept and practice of governance developing in the global academic arena. The debate underscores two perspectives regarding the implications of the emergence of governance, positing both positive and negative impacts on development. On the one hand, the concept of governance is believed to provide a good institutional reform in encouraging public services and development (Robinson, 2007; Stoker, 2018). The background of this assumption arises because of the socio-economic conditions in the government body of corruption, complexity of rules, and complicated regulations (Raj Kumar, 2012). In light of this background, the concept of governance has emerged as a vital component to cure existing socio-economic conditions.

On the other hand, if viewed critically, the concept of governance has a negative impact on its operations. Instead of encouraging participation and openness to actors such as civil society groups or non-governmental organizations (NGOs), the state opens large access to business groups to utilize public resources for the benefit of capital accumulation under the guise of multi-stakeholder governance (Angelis, 2003; Ray et al., 2015). Thus, it can be said that the concept of governance paves the way for the practice of profit-taking by private groups by utilizing shared resources that are ideally managed by the state. The private groups delineated herein encompass: (1) the capitalist class (pure private), representing capitalists not directly aligned with the political elite, and (2) capitalist-elite bureaucrats, denoting enterprises owned by elite politicians and bureaucrats. Indeed, the principle of openness in the concept of governance will provide opportunities for participation for the public and civil society in development. Often, however, those who benefit most from this 'public' openness are enjoyed by a handful of dominant individuals (Angelis, 2003). This phenomenon is evidenced by the substantial number of entrepreneurs concurrently holding positions as politicians and public officials in Indonesia. In 2019, approximately 63 percent of the parliament was composed of individuals with ties to business (Christy, 2019). The amalgamation of political power with business interests offers the potential to align their commercial pursuits and amass profits leveraging their authority. Consequently, each politician and public official possesses the capacity to formulate policies that tend to favor their business endeavors. This paper will show some of the dynamics of cases and social conflicts that arise from the application of this concept of governance.

This article aims to show the dangerous tendency of the concept of governance which needs to be viewed critically at its implementation practices. Indeed, there are some principles of governance that have seen significant progress such as transparency, public accountability, and participation. However, several other indicators that have dual functions and practices encourage the practice of neoliberalization in state institutions. By neoliberalization, I refer to the specific actions and policies taken to implement neoliberal ideas. This includes the privatization of state-owned enterprises, the deregulation of industries, the reduction of social welfare programs, and the promotion of free trade practices. The goal of neoliberalization is to create an economic environment that maximizes individual freedom and efficiency by relying on market forces (Harvey, 2006). Widespread participation encourages the role of markets as well as business groups to seize great opportunities in managing public resources. When governance has a tendency to be close to business groups, not civil society, ideally, the nature of the business sector is to reap profits by accumulating capital that has previously been invested in development and public services.

Empirically, this research is useful to critically explain governance practices often hailed by scholars. This view will provide critical evaluation of governance practices that have the potential harm to public interest. Furthermore, it will be able to clarify development practices and public services implemented using the conventional or mainstream governance approach. It is noteworthy that certain groups have benefited significantly from some development practices implemented under the governance scheme. These groups are private groups such as the capitalist class and capitalist-elite bureaucrats. Thus, a critical view of development is needed to ensure that the government initiatives are executed effectively and bring benefits to the public.

Theoretically, this article wants to counter the dominant discourse of some scholars' views that always give a positive impression on the practice of governance. Several previous studies looked at positive practices of governance in Indonesia, such as governance practices that are considered to have complexity of development participation (Fung, 2006). Governance is also considered as a component of openness and transparency of public finances to avoid corruption in the bureaucracy (Hood & Heald, 2012). In addition, the emergence of the concept of governance encourages collaboration of various actors and citizens, as well as public participation in development (Ansell & Gash, 2008; Newman et al., 2004; Vigoda, 2015).

This article looks at the other side of governance that has harmful consequences for the public interest. Some scholars identify the dangers of governance practices that are closely related to the neoliberal concepts (De Angelis, 2005). In Indonesia, several scholars doubt governance practices in the state as a facilitator of markets and privatization of public resources (Eppler, 2009). The implementation of governance also encourages political instability and slow economic growth (Rahmatunnisa, 2013). In addition, the implementation of good governance does not always guarantee that the anticipated outputs and outcomes will be achieved as previously projected. Rahmatunnisa (2013) took the example of Bosnia, where a good governance agenda was unable to overcome the corruption problem that plagued the country. On the contrary, it intensified social segregation and increased the country's dependence on international aid.

In addition, neoliberal governance practices may violate citizens' human rights in terms of development agenda (Wiratraman, 2007). Further, some argue that the implementation of governance is, in fact, a trap for the country's economy in international financial debt schemes (Arifin Rivai & Bastari, 2019). Despite aid and socio-economic development programs from affluent nations, good governance paradoxically ensnares countries in the global south into a debt trap. The implementation of governance further encourages the marginalization of economic, social, cultural, and political policies that are in line with neoliberal values (Prianto, 2011). Prianto shows the inclusion of neo-liberal ideas in the imagination of political, economic, and social changes that took place in the final years of Soeharto's leadership in the early 1990s. However, not many studies have looked at the link between governance and capital accumulation and development policies that benefit Indonesia's private groups. Indeed, there have been several studies that look at the practice of neoliberalism of social development in the practice of governance, but there is little published data on the practice of governance as a facilitator for capital accumulation in the business sector.

This article aims to answer the main question about how the neoliberal conception of governance shapes the dynamics or processes of capital accumulation in Indonesia. Further, it addresses the following derivative questions: first, how neoliberalism shapes the concept of governance, second, how the concept of governance encourages capital accumulation, and third, how development debates shape social dynamics in Indonesia. The social dynamics refer to social dynamics that have an impact on the economy and the environment sector. Some of these questions will further provide an overview of the concept of governance that drives the process of capital accumulation and profits of the business sector.

A critical examination of governance practices is warranted. Governance, ostensibly presented as a solution to public issues, conceals an underlying agenda. This agenda is intricately tied to neoliberalism, advocating for liberalized market access and the increased involvement of the private sector in public service management. Many public domains are, in fact, appropriated by the private sector under the guise of development and capital accumulation.

METHOD

A literature study approach was chosen because this paper will elaborate more on the theoretical and conceptual aspects of the subject matter. A literature study is carried out by collecting all references that have a connection with the research topic (Brown, 2008). The literature is then compiled and reviewed comprehensively. Systematic analysis is also carried out to obtain a conclusion and argumentation (Whittemore & Knafl, 2005). Various kinds of literature reviewed and collected include journals, books, mass media, social media, and various articulations and discourses that can support the information needed in research (Snyder, 2019). This literature study focuses on references to governance, neoliberalism, and capital accumulation literature.

There are several examples of cases of social dynamics that are used as examples and discussions in the concept debates. Various findings and information obtained from the literature will then be analyzed to compile arguments. Furthermore, the arguments built are directed to answer the research questions by elaborating the conceptual and theoretical frameworks.

FINDINGS AND DISCUSSION

The general explanation is divided into three parts of discussion. The first is the development of neoliberalism and the paradigm shift in governance. The first discussion extensively addresses the general view of the concept of governance, a critical view of governance, and the potential dangers associated with its implementation. The second discussion is about the relationship between the concept of governance and the partnership between development actors and capital accumulation. This discussion explains the relationship between the concept of governance and the principle of partnership, participation, and collaboration of development actors referred to as the "Third Sector". These actors further have a potential tendency to encourage capital accumulation. The third and the last discussion will show governance practices and socio-environmental conflicts in Indonesia. It thoroughly explores governance practices in several derivative concepts, programs, and policies that create the dynamics of socio-economic conflicts in society. A thorough explanation is provided in the next section.

The Development of Neoliberalism and Governance Shifting Paradigms

The paradigm shift from government to governance is closely related to the development of the concept of neoliberalism. This transformation is not solely a change in terms; it also embodies a significant ideological meaning (Angelis, 2003). This section will explain how the paradigm shifts from government to governance and the process of critically redefining governance in general, as well as its relationship with the development of neoliberalism.

The paradigm shift from government to governance brings values that can be used as a foothold for the development of neoliberalism and access to market expansion. The concept of governance reduces the role of the state by placing the state on par with other stakeholders, such as the market and civil society (Eppler, 2009). The concept of governance also places economic value as the mainstream in the achievement of each output compared to social value and environmental value (De Angelis, 2005). Thus, paradigm shifts are not a mere alteration in terminology, but they have a substantive impact on governance and management of public resources.

Let us now turn to a comprehensive examination of the concept of governance, delving into its definition with critical lens.

Generally, governance is perceived as the managerial oversight of development activities and services conducted by governmental bodies. According to the Oxford Dictionary of the English Language, governance refers to the act or manner of governing an individual or institution, typically exercised through position, function, and authority. The Oxford Dictionary emphasizes two key aspects of governance. Firstly, it is the administration or regulation of methods and regulatory systems, comprising sets of rules and practices within a framework of discipline. Second, the execution of life or business entails behaviors, attitudes, and modes of operation that culminate in action. In line with the general view, Stoker (2018) explains the concept of governance as an understanding through organizational characteristics, which include the existence of actors, goals, and processes.

The Commission on Global Governance also states that the concept of governance involves a series of actors that support sustainable processes and social stability through self-regulation. This definition underscores the involvement of many actors in the development process. In addition, the concept of governance does not depend on the state as one of the actors or agents of development and services for the community. Instead, it involves various actors, such as civil society groups and the private sector, in carrying out development and service activities (Stoker, 2018). The diversity of actors in the development is considered to be closely associated with ideas and values about openness and democracy in development. Furthermore, the emergence of the concept of governance encourages the concept of participation and collaboration in carrying out government activities (Ansell & Gash, 2008). Public participation is one concept that emphasizes the active involvement of actors, both the community and private groups, in decision making, program implementation, and others.

Meanwhile, the meaning of collaboration is largely similar to that of participation. Collaboration in governance studies developed into its own concept, namely collaborative governance. This concept becomes a reference to many scholars who study governance. Collaborative governance is understood as a governance concept that emphasizes the involvement of various stakeholders or actors in the process of planning, decision making, to policy implementation (Ansell & Gash, 2008). This participation and collaboration are then used as a benchmark for inclusive development in the view of governance.

In another view, the emergence of governance is considered to have a dangerous tendency. The concept of governance is critically seen from the practice of trimming the role of the state by placing its position on par with other stakeholders, such as the private market and civil society (De Angelis, 2005). Instead of shifting the central and dominant role of the state in development and services, the concept of governance provides great opportunities for the private sector to manage public resources. The minimal role of the state makes the conditions for the conflict of interests more open between public and private interests. The state, which ideally can mediate and guarantee the public interest, often provides opportunities for the business sector and the "Third Sector" to manage public resources.

Furthermore, the paradigm shift from the perspective of government to governance also has implications for the political and economic systems. As mentioned earlier, some studies show a close relationship between the concept of governance and the progressive development of the practice of neoliberalism. The concept of governance has a strong relationship with the development of global neoliberalism (Angelis, 2003). This relationship can be seen from the emergence of governance concepts, neoliberal policies, and the broader trends of globalization. Table 1 shows the phases of neoliberal development and the emergence of the concept of governance.

Thus, critical attention is needed for the transition process and the emergence of governance concepts and practices. There is a likelihood that governance practices promoted as an antidote to contemporary public problems could instead support the interests

Table 1. Phases of Neoliberal Development and the Emergence of Governance

PHASE	DISCOURSE	PHENOMENON
Phase 1 The emergence of neoliberal policies in the late 1970s and mid-1980s	There was no discourse on governance. Previously, the dominant course in this phase was development. International governments promote developmentalism in new public management (NPM) as a guide for southern countries to solve socio-economic and environmental problems.	The first phase, which coincided with the emergence of neoliberal strategies between the late 1970s and mid-1980s, was marked by pro-market policies, cuts in subsidies, unnecessary spending cuts from the public budget.
Phase 2 Washington Consensus in the mid-1980s to 1990s	The first discussion of governance was understood as "good governance" as a modality in government action. This concept has close ties with the World Bank, IMF, and other government agencies	The second phase is the phase of the Washington Consensus, characterized by elements that are widely recognized, such as: Fiscal discipline: strictly limiting the budget Public spending priorities: moving away from subsidies and administration into neglected areas with high economic returns Tax reform: expanding the tax base and cutting marginal tax rates Financial liberalization: Interest rates were ideally determined by the market, exchange rates were encouraged for economic growth and export levels Trade liberalization: tariffs were not quotas, and they were lowered by about 10% Foreign Direct Investment: unimpeded and equal with domestic firms, privatization of state enterprises Deregulation: removal of regulations that hindered the entry of new firms or limited competition. Property rights: rights that guaranteed without excessive cost and were available to the informal sector
Phase 3 Post-Washington consensus developments in the 1990s to the present.	Governance becomes important and is understood as the management of networks by "stakeholders". Some of the participating institutions are UN, World Bank, corporate governance, self-regulation, social and environmental management	Since the 1990s, talk of governance has been a necessity in the design of implementation of controversial infrastructure development projects. Neoliberal projects have been focused on massive infrastructure development, especially projects that encourage the speed of circulation of commodities (roads, railways, bands) or technology and information for the sake of increasing productivity, competitiveness, accumulation, and capital expansion. Various efforts are often met with local and trans local resistance at the community level for environmental reasons, land eviction, exploitation of nature, deprivation of community living space and others.

Source : Elaboration from Massimo De Angelis (2005) article.

of the neoliberal agenda that gives benefits for the business sector and market expansion. Without a critical view of governance practices, the private sector will derive substantial advantages in managing public resources.

If we refer to past socio-economic dynamics, notably in the immediate post-World War II in 1945, concepts such as governance and development, especially in the social, economic, and political contexts, were initially intertwined with Keynesian and social democratic political ethos. This period saw the rise of Keynesian economics, which emphasized government intervention in the economy to manage and stabilize it. Governments were regarded as holding the responsibility for ensuring full employment, economic growth, and social welfare. This led to the development of policies aimed at promoting economic development through public investment, social programs, and regulation of markets. In this context, governance was seen as a mechanism through which governments could implement these Keynesian and social democratic policies. It involved the management of public institutions, regulations, and policies to achieve economic development and social welfare. Development, on the other hand, was closely tied to the goals of Keynesian economics and social democracy, aiming to improve the standard of living for all citizens through government intervention and social programs.

However, there was a trend towards neoliberal ideology starting in the 1970s and gaining substantial speed in the 1980s and 1990s. The Keynesian and social democratic consensus were contested by neoliberalism, which promoted deregulation, privatization, free markets, less government interference, and personal accountability. The way that governance and development are understood and applied has changed significantly as a result of this transition. Under the neoliberal paradigm, governance became more about accountability, efficiency, and market-driven solutions. It highlighted how the private sector contributes to economic growth and the provision of public services. In this sense, development was interpreted as economic expansion propelled by free market forces as opposed to government-sponsored programs. The focus switched from equality and social welfare to market competitiveness and efficiency.

This shift in ideology had several implications. It led to the restructuring of public institutions, privatization of state-owned enterprises, deregulation of markets, and reduction of social welfare programs. Concepts such as "good governance" were redefined to align with neoliberal principles, emphasizing market-friendly policies, transparency, and accountability to investors rather than citizens.

Governance, Third Sector and Capital Accumulation

The emergence of the concept of governance encourages openness, participation, and collaboration in development and public services. The collaboration is referred to as partnership, which includes several actors and interest groups. The concept of governance itself allows for the inclusion of actors other than the state to support development and public services.

Mapping of actors in the concept of governance is based on regional coverage and social elements. In terms of the scope of the region, the mapping includes supranational (international), national, and subnational (local) categories. Of the three coverage areas, they are further divided based on social elements, namely private, public, and the "Third Sector". The details are presented in Table 2.

Table 2 shows that development actors in the concept of governance are complex and divided into several parts and elements. The supranational scope of the private element includes transnational corporations (TNCs). The public element comprises various intergovernmental organizations (IGOs), such as the World Trade Organization (WTO), International Monetary Fund (IMF), and the World Bank (WB). The "Third Sector" includes non-governmental organizations (NGOs), such as Amnesty, Oxfam, and Greenpeace. Furthermore, the national private element includes national corporations, the public element features the central government, and the "Third Sector" comprises national non-profit organizations. Finally,

Table 2. Actor Mapping in the Concept of Governance

	Private	Public	"Third Sector"
Supranational	Transnational Corporations	Inter-Governmental Organization (UN WTO, IMF, World Bank)	Non-Governmental Organization (Amnesty, Oxfam, Greenpeace)
National	National Corporation	**Central Government**	National Non-Profit Organization
Subnational/ Local	Local Business	State Local Government	Local Groups

Source : Elaboration from Joseph Nye (2003) article

the subnational or local space consists of private elements such as local business, from the public element there is local governments, and the "Third Sector" comprises local groups.

The delineation of actors in Table 2 illustrates the interconnectedness of actors across international, national, and local realms. The emergence of governance tends to favor the predominant influence of supranational actors, where international entities establish their own regimes to exert influence at national or subnational levels. In his book "Sound Governance," Ali Farazmand (2004) critiques the concept of good governance, which is perceived as overly prescriptive and directive, compelling Southern countries to adhere to the economic development blueprint of capitalist Western nations.

Additionally, certain conditions such as loans and foreign aid provided by international actors like international government organizations may become mechanisms through which developing countries find themselves trapped in debt. Consequently, developing nations become reliant on international institutional actors due to these debt relations, which then evolve into disciplinary regimes. Furthermore, other international actors, such as NGOs operating at both international and local levels, possess their own dynamics, which will be discussed in the subsequent subsection.

Reviewing the Emergence of the "Third Sector" in Development Partnerships

The following discussion is directed at the analysis of principles in the concept of governance. Some principles that exist in the concept of governance, such as the idea of partnership, participation, and collaboration have the nature of openness. Ideally, the principle of openness is closely related to the nature of democratization. However, this openness is also an opportunity for the private sector to expand its capital.

The idea of partnership is based on the principles of collaboration and participation in the concept of governance. This idea allegedly paves the way for the flourishing of the "Third Sector" in development and public services. The "Third Sector" is further touted to be an agent and partner for the state in carrying out development activities and public services. As shown in Table 2, the "Third Sector" is referred to as civil society.

Civil society thrives along with the development of the concept of governance. It is important to consider civil society developing in this period. Civil society is characterized by its diversity and complexity. It is also fragmented into plural groups within CSOs or non-governmental organizations. In the book “Civil Society and Political Change in Asia Expanding and Contracting Democratic Space”, Muthiah Alagappa (2004) explains two large spectrums of types of civil society. He highlighted the debate on types of civil society from Alexis de Tocqueville to Antonio Gramsci.

Alexis de Tocqueville, a French political thinker, had a more positive view of civil society as a space of voluntary associations and civic engagement that acts as a check on the power of the state. This perspective is closer to the neoliberal conception of civil society, which emphasizes the role of non-state actors (such as private businesses, NGOs, and community groups) in solving social problems and promoting individual freedom. In the neoliberal view, civil society is often seen as a more efficient and effective mechanism for delivering services and addressing social issues compared to the state. It promotes the idea of reducing the role of the state in favor of private initiatives and market-based solutions. In addition, Antonio Gramsci, an Italian Marxist thinker, viewed that civil society plays a crucial role in maintaining the hegemony of the ruling class by disseminating its ideology and values. These institutions are seen as tools through which the dominant class maintains control and reproduces its power.

The Gramscian notion of civil society sees it as a tool for maintaining hegemony and reinforcing power structures, while the Tocquevillean (closer to neoliberal) notion views civil society as a positive force for democracy and individual freedom. Unlike the Gramscian perspective, the Tocquevillean view of civil society is more optimistic about its potential to enhance democracy and protect individual liberties. Globalization has greatly encouraged the development of the "Third Sector", leading to the emergence of civil society organizations locally, nationally, and internationally (Brown et al., 2005; Keohane & Nye, 2020). Civil society organizations are one of the social actors in the process of development.

Since the market is unable to provide the entire range of people's reproductive needs, another way to drive market success is through the "Third Sector" of diverse civil society organizations or NGOs with local, national, transnational, and international relevance. Besides advocacy, such as campaign, education, and mobilization, the purpose of NGOs includes meeting basic needs and intervention in emergencies. There are several other functions that tend to have a dangerous nature, as they engage in partnerships with the private sector and the state to promote and support the neoliberal development agenda (De Angelis, 2005). The "Third Sector" that is developing today will also be referred to local elites (Santilli, 2022). This is because in practice it is not inclusive enough for society in general.

Furthermore, the risk of elite capture in the third sector, also known as civil society, refers to the potential for powerful or privileged individuals or groups to dominate and control the activities, resources, and agenda of civil society organizations (CSOs) for their own benefit. This can undermine the democratic and inclusive nature of civil society and hinder its ability to effectively represent the interests of marginalized or disadvantaged groups. Darmawan and Klasen (2013) argued that elite capture can manifest in various ways within the third sector. The first is control of resources, in which elite individuals or groups may have access to significant financial resources and can use these resources to influence CSOs. This might include funding projects or initiatives that align with their own interests or agendas, thereby shaping the priorities of the organization. The second is in leadership and decision-making, where elite capture can occur through the placement of individuals from elite backgrounds in leadership positions within CSOs. These leaders may steer the organization's activities to serve their own interests or those of their elite networks, rather than the broader community they are meant to represent.

The third is access to information and networks, in which elites often have better access to information and networks, enabling them to control the flow of information within CSOs and influence decision-making processes. This can lead to exclusion of other voices and perspectives. Finally, the fourth point concerns the co-optation of movements, where civil society movements advocating for social change can be co-opted by elites who may seek to dilute or redirect the movement's objectives to be more favorable to their interests. This can diminish the effectiveness of grassroot movements in bringing about meaningful change.

In addition, the idea of partnership and development collaboration within the concept of governance forms a system of co-regulation and regulation. This system suggests that partnership and collaboration relationships in development can lead to the establishment of rules between the parties involved. Thus, actors and interested parties, such as the private sector and the "Third Sector", can form their own rules in the management of a resource.

The implementation of self-regulation and co-regulation has been widely criticized as ineffective in addressing environmental problems, poverty, employment standards, and others (Richter, 2002). Neoliberal governance often promotes co-regulation, where industry actors are involved in creating regulations alongside government agencies. This can lead to "regulatory capture," where powerful corporate interests shape regulations to benefit themselves (Braithwaite, 2005; Tarko, 2017; Bernauer, 2020). As a result, regulations may be designed to favor capital accumulation for these corporations, often at the expense of workers' rights and protections. This diminishes democratic participation as the interests of corporations hold more sway than those of the working people. This coregulation is always within certain regulatory parameters defined in the framework of the system and regulation in the concept of governance.

The principle of self-regulation in development partnerships is similar to the concept of semi-privatization, where resources are managed independently, and only a handful of groups are appointed and/or selected by the government (De Angelis, 2005). Although there is a general rule that should not be discretionary and contradictory, independent regulation can create situations that foster potential corruption. Moreover, such conditions can encourage independent rule-making if not properly controlled and monitored.

A key issue about the idea of development partnerships is forcing conflicting actors into the same discursive foundation (Sidaway, 2004). In practice, there are often debates and discourses about the interests of several parties. The assessment process closes with the fact that development partnerships have internalized the perspective of the 'end of history' (Jackson & Xidias, 2017), where liberals are the winners of socio-political and economic dynamics. In this context, development partnerships are synonymous with political liberalism, recognizing not the universality of human needs, but the universality of market norms. Thus, the practice of this partnership has a tendency to provide opportunities and benefits to elite groups and businesses, all while being framed as a means of fostering development, growth, and economic or political stability.

Governance and Capital Accumulation

Having analyzed the mapping and actor relations, the following discussion addresses the relationship between the concept of governance and the phenomenon of capital accumulation and profit. First, it is going to explore the concept of governance which has two layers: layer I and layer II (Angelis, 2003). Both layers have significant implications for the scheme of capital accumulation and interest in the neoliberalism agenda. Layer I has a role and authority of the central government to various intra-government actors, which are divided into supra-national, national, and sub-national categories, and between private, public, and the "Third Sector". It focuses on issues such as reform of international organizations and institutions, such as WTO, IMF, WB, and UN (Angelis, 2003). The key to layer I is transparency and good governance. International regulations and laws often tend to undermine the power and enforcement of national laws.

Layer II emphasizes more on managing the network of flows between actors in the management process. This process is then encouraged to become a partner of the state in development and service (Angelis, 2003). One of Foucault's works concerns with the concept of governance layer II.

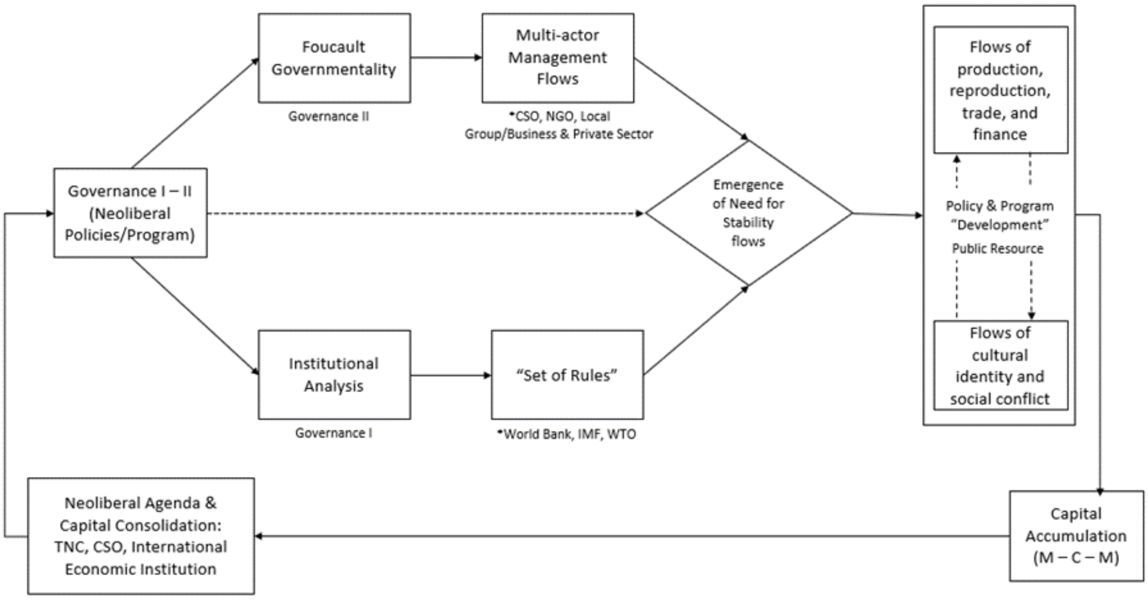

Figure 1. Governance, Neoliberalism, and Capital Accumulation
Source : Elaboration from Massimo De Angelis (2003) article

Foucault's idea of governmentality emerged as a phenomenon of social regulation in power relations (Burchell, Gordon & Miller; 1991; Rose, O'malley, Valverde, 2006; Wallenstein & Nilsson, 2013). The relationship between governmentality, good governance, and neoliberalism is that good governance in the neoliberal framework is often seen as a form of manifestation of governmentality, where the government acts to regulate society in a way that follows market principles and influences individual and group behavior in accordance with market logic (Wallenstein & Nilsson, 2013). This has implications in terms of how power and control are exercised in states and civil society governed by neoliberal principles.

This paper tries to frame how the concept of governance layers I and II through neoliberal development programs and policies encourages social stability. Through the approach of governance layer I, the emergence of the need for stability is formed through institutional analysis to form a set of rules (De Angelis, 2003). These rules pertain the submission of regulations that have been set by international economic organizations such as the World Bank, IMF, and WTO. Meanwhile, governance layer II encourages stability through governance and power relations in multi-actor management.

The stability to be realized in the concept of governance form the flow of production, reproduction, and circulation of capital behind the development policy and program agenda. The process has also triggered cultural crises and social conflicts. The policy agenda and development programs may subsequently lead to capital accumulation.

The accumulation of capital reinforces the neoliberal agenda through the consolidation of capital of global economic actors. Some of these actors include Transnational Corporations (TNCs), Civil Society Organizations (CSO), International Economic Institutions (IEI), and others. They consolidate to form agendas, programs, and policies that can be further implemented to enhance capital circulation and earn profits. Figure 1 shows the circulation of governance, neoliberalism, and capital accumulation.

Development Agenda and Social Conflict Dynamics in Indonesia

The use of the concept of governance as a way of development, in practice, triggers several social conflicts. As illustrated in Figure 1, the concept of governance that promotes development programs and policies encourages the flow of production, reproduction, market expansion, trade, cultural identity change, and social conflict.

This section will elucidate some cases of development program agendas and policies that in practice give rise to social conflicts in Indonesia. Some cases that illustrate the dynamics of governance development and the dynamics of social conflicts in Indonesia include (1) MP3EI development program, (2) social development, and (3) industrial construction of a cement factory in Central Java.

The previous discussion has shown that the concept of governance places economic value as the mainstream in achieving each output rather than social and environmental values (De Angelis, 2005). This is closely related to the economic development policy of the Masterplan of Acceleration and Expansion of Indonesia's Economic Development (MP3EI). The economic development policy is a strategic direction in accelerating and expanding Indonesia's economic development from 2011 to 2025 in the context of the implementation of the National Long-Term Development Plan (RPJPN) from 2005 to 2025.

MP3EI was created by the government of Indonesia for capital expansion of countries that experienced the 2008 financial crisis. This is intended to avoid accumulation of production and over-accumulation. Several events show that corporate interests are accommodated by MP3EI (Arifin Rivai & Bastari, 2019). This is particularly evident in the increased ease of making investment in Indonesia.

The MP3EI document states that this megaproject is based on three pillars: (1) economic development, (2) social development, and (3) environmental protection. Nevertheless, some practices have been observed to contradict these principles. Research conducted by (Rachman, 2006) identifies three main pillars of MP3EI: (1) large-scale natural resource concessions, (2) the establishment of special economic zones, and (3) development of infrastructure projects.

In addition, there are several developments in the implementation of MP3EI, such as the establishment of Special Economic Zone (KEK) and National Strategic Project (PSN). The two programs encourage the acceleration and concentration of economic and infrastructure development in several regions in Indonesia. The localized nature of the development concentration leads investors to interact directly with local governments regarding matters such as development, business licenses, and land clearing, all aimed at boosting the growth and accelerating the economy.

Regarding social development, it is pioneered by the World Bank and is included in several micro areas in Indonesia. The social development focuses on institutional development called socio-institutional neoliberalism (SIN) (Carroll & Hameiri, 2007). In Indonesia, SIN is manifested through the District Development Program (PPK) (Li, 2006). This program is designed to combat poverty by instilling governance principles, such as habitual transparency, accountability, efficiency, and adherence to the rules of law.

The principles promoted in the KDP further encourage conflict dynamics with various realities of interests in sub-district areas. According to KDP, conflict is necessary and is an inevitable byproduct of development (Li, 2006). Instead of promoting social stability for development, conflict is created and managed because it is seen as a force for reorganizing class structures and rearranging social systems. This arrangement and rearrangement are further shaped by global neoliberal ideas and agendas.

Having discussed the first and second cases, this part addresses the third and final case, which is the practice of corporate social response (CSR) in the industrial construction of a cement factory in Central Java. The concept was chosen because it aligns with the principle of partnership in the concept of governance. These two concepts were popular in the 1970s. Both embody the same spirit in development participation with the state/government in the name of cooperation and social responsibility from the private sector.

If viewed critically, CSR practices have a veiled agenda from corporations. In addition to its efforts to carry out 'socio-environmental responsibility', not a few found that there is a practice of profit accumulation behind it (Novianto et al., 2021). A notable example of this is an expansion of cement plant construction in Pati and Rembang, Central Java, Indonesia. The company implemented a CSR approach to garner support from local residents for the proposed development initiatives (Novianto et al., 2021). As a result, the local residents were divided, resulting in social conflicts. Some residents were in favor of and supported the construction of the cement plant, while others rejected it. This situation illustrates that CSR is used as a political instrument for the company's interests to advance its corporate agenda.

The concept of CSR requires a critical analysis in practice, particularly because some scholars problematize the meanings attributed to 'social or public' in CSR. Cutler sees that there is an interest in the accumulation of capital from private groups in the implementation of CSR (Cutler, 2008). Furthermore, criticism of CSR practices can be found in the results of Peter Newell's (2008) research entitled “CSR and the Limits of Capital”. Newell said that the role of CSR is only limited to 'alleviating' problems, such as poverty and environmental pollution (Newell, 2008). Therefore, CSR, which is one part of the development concept of capital accumulation, has limitations in environmental and social recovery in a fair and proportional manner.

The three cases presented above provide evidence related to development driven from the concept of governance and the paradox of welfare. Instead of promoting economic growth, welfare and good governance can create social conflicts and benefit only a few, especially private sector groups.

CONCLUSION

The emergence of the concept of governance cannot be separated from the development of neoliberal ideas and agendas. Some indicators and principles of governance are also linked to the neoliberal agenda. In the discussion and findings of this article, several phases of neoliberal development have been explored accompanied by the emergence of the concept of governance. This article has also shown that the paradigm shift from government to governance also has the intention of shifting the central role of the state in the process of development and public services.

The implementation of governance is known as the concept of participation and collaboration between development actors and public service providers. The concept of governance does not place emphasis on the development process and services provided by the state; instead, it recognizes the "Third Sector", which consists of civil society and private community organizations. Unfortunately, the collaboration process has a tendency to provide benefits for the private sector. The emergence of civil society organizations is also characterized by diversity. Some serve to support and advocate for the community, while others align themselves with neoliberal and private agendas. Thus, the concept of governance is referred to as an instrument for the accumulation of private sector capital.

Empirically, governance practices often encourage the dynamics of social conflicts, with some manifestations evident in development concepts, programs, and policies. It is exemplified in the third discussion, which shows three phenomena of the neoliberal governance agenda and the dynamics of social conflicts: (1) the implementation of MP3EI, which encourages economic growth and acceleration through its neoliberal agenda scheme, (2) social development assistance as a neoliberal strategy in infiltrating its agenda manifested in the PPK, and (3) CSR practices in the construction of cement plants which are only intended as a corrective measure to mitigate socio-environmental damage caused by the company. In addition, CSR may create a divide within the community, with some supporting, while others resisting development. Finally, the practice of CSR is often viewed as a mere marketing facade intended for profit accumulation by corporations.

Overall, it is essential to reassess and critically view the discourse of governance concepts. In practice, these concepts can be contested and problematized given their ties to the neoliberal agenda. This agenda further affects the dynamics of conflict and socio-economic turmoil in society. The limitation of this study lies in its descriptive approach, which is primarily based on literature review and theoretical texts. A more empirical case study is needed to provide a more robust analysis of governance practices that have a relationship with the global neoliberal agenda.

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