

The Two Edge Knife of Decentralization

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Abstract

A centralistic government model has become a trend in a number of developing countries, in which the ideosyncratic aspect becomes pivotal key in the policy making. The situation constitutes authoritarianism, cronyism, and corruption. To break the impasse, the decentralized system is proposed to make people closer to the public policy making. Decentralization is also convinced to be the solution to create a good governance. But a number of facts in the developing countries demonstrates that decentralization indeed has ignited emerges backfires such as decentralized corruption, parochialism, horizontal conflict, local political instability and others. This article elaborates the theoretical framework on decentralization's output as the a double-edge knife. In a simple words, the concept of decentralization does not have a permanent relationship with the creation of good governance and development. Without substantive democracy, decentralization is indeed potential to be a destructive political instrument threatening the state's future.

Key Words:

decentralization; substantive democracy; governance; social capital

Abstrak

Model pemerintahan sentralistik telah menjadi trend di sejumlah negara berkembang, di mana aspek ideosinkretik menjadi faktor dominan dalam penentuan kebijakan publik. Besarnya dominasi pemimpin dalam pola sentralistik itu seringkali berbuah otoritarianisme, kolusi, dan korupsi yang akut. Untuk memecah kebuntuan tersebut, maka sistem desentralisasi dihadirkan untuk lebih mendekatkan rakyat dengan proses pengambilan kebijakan publik. Desentralisasi juga diyakini menjadi kunci bagi terciptanya tata kelola pemerintahan yang baik. Tetapi sejumlah fakta di negara berkembang menunjukkan bahwa desentralisasi justru menimbulkan bumerang berupa suburnya korupsi di tingkat lokal, parokhialisme, konflik horisontal, instabilitas politik lokal dan lainnya. Artikel ini mengelaborasi penelusuran kerangka teoritik tentang output desentralisasi yang ibarat pisau bermata dua. Singkat kata, konsep desentralisasi tidak memiliki relasi permanen dengan terciptanya tata kelola pemerintahan yang baik (good governance). Desentralisasi juga berpotensi menjadi instrumen destruktif bagi kelangsungan sebuah pemerintahan.

Kata Kunci:

desentralisasi; demokrasi substantif; pemerintahan; kapital sosial

Introduction

Anthony Giddens in his *The Third Way and Its Critics* (2000:129) critically asserts that the fundamental problems of the third world countries “don’t come from the global economy itself, or from the self-seeking behavior on the part of the richer nations. They lie mainly in the societies themselves in authoritarian government, corruption, conflict, over-regulation and the low level of women emancipation”. The realities weaken the institutions of democracy and mechanisms of political accountability in the developing countries. Conceptually, by bringing power closer to people in the local levels, the public sector reform can be easily achieved to set up good governance for local ‘social well-being’ (McIntyre, 2003). That is why decentralization has been widely presented as an efficacious prescription for poverty in poor and developing countries (Colongan, 2003; Hofmann and Kaiser, 2002; USAID, 2006).

Conversely, plenty of experts are also pessimistic in capturing the correlation between decentralization and the local governance establishment leading to development (Crook and Manor, 1998; Moore and Putzel, 1999). They argue that, particularly in patron-client society cases, decentralization which is purposed to disperse central government’s power and authority to local level precisely often empower local powerful elites making people dependent upon them and encouraging pseudo-democracy which consequently perpetuate poverty and disparities (Faucher, 2005; Schiller, 2002; van Klinken, 2002; Crook and Sverrisson, 2001: 37). In that level, McIntyre (2005) has also reminded that democracy potentially does not represent the interests of citizens.

By using political approach, this paper is going to critically asses the debate about public sector reform trough decentralization system, while the Pierre and Peters’ (2000) and Kjaer’s (2004) ideas will be used for the point of departure. Does decentralization al-

ways successfully lead to democracy as the base of good governance? Why, in many cases, decentralization tends to be stagnant without glaring achievements in local economic growth or social welfare? If we point the quality of democracy as the main problem resisting governance while the political participation remains high, then why a ‘substantive democracy’ frequently disappear in the decentralized system? First of all, attention is going to be focused on the conceptual explanation of iron triangle of decentralization in democratization perspective, governance, and development’s relations, and then followed by the broader elaboration of the particular successful and failed cases of decentralization.

However, the writer strongly argues the triangle of decentralization, democracy and development in public sector does not have an entirely consistent relation. The numerous facts of either failed or successful decentralization exhibit both optimism and pessimism in its implementation resulting diverse implications for the political changes. As stated by Crook and Manor (1998: 304) that decentralization cannot guarantee to improve the local governance and accountability of local leaders. Simply, decentralization will be really meaningful only when the substantive democracy exists within both the realm of state apparatus and society (Ostrom, 1991; Oyugi, 2000). The existence of ‘substantive democracy’ is commonly signaled by an independent judiciary, free press, systems of transparency and accountability, freedom of association and speech which are strengthened by a democratic behaviour in which the majority of society qualitatively has a good political awareness and knowledge to proliferate public decision using rational political considerations (Putzel, 1997). Without that, the irony of decentralization would emerge the failed democracy leading to the political decay and perpetuating local economic inequalities.

The Convincing Promises of Decentralization

Pierre and Peters (2000: 16) perceived market globalization has reduced nation-state sovereignty and autonomy. The situation has been responded by the nation-state by developing transnational institutions and organizations such as European Union (EU), WTO, and others to control vast economic resources. But Pierre and Peters are still fully conscious that nation-state remains the key political actor to express collective interests of grassroots. To streamline its function, nation-state is suggested to transform its role from constitutional-centralistic to the coordinative and fusion governmental system (Pierre and Peters, 2000: 25; Evans, 1997; Payne, 2000).

In this level, the concept of decentralization has been convinced as one of the best models to set up governance (Pierre and Peters, 2000: 88). The decentralized management model is perceived effective to pursuit collective interests and to address grassroots' complicated problems, while the hierarchical-centralistic model is believed to be "too big to solve the small problems and too small to solve the big problems" (Bell, 1987; Pierre and Peters, 2000: 27, 89).¹ Decentralization

is also viewed as the effective and responsive system to reform public sector management for delivering the better public services which is often underestimated by the centralistic model of government.² That is in line with Geertz's (2004) suggestion that states are constructed to assert sovereign rights and to serve public interests.

In the centralistic system, various authoritarian governments are able to consolidate the power of patrimonial regime to control potential resources from locals to the hands of elites. The authoritarians often enforce their decisions and policies down to the local level make provincial, district, sub-district and village levels lose their roles. Whereas the centrally administration is a conducive nature for corruption and collusion in which states are potentially hijacked by the hands of destructive clique (Hadiz, 2004; World Bank, 2000; Lal, 2000). By fragmenting the central government's power and authority, decentralization is expected to be solution to establish a democratic local government where citizens will have rights and opportunities to express their demands on their state (Pierre and Peter, 2000: 88; Arghiros, 2001; Bardhan, 2002: 188).

The democratic decentralization needs the implementation of periodic elections as the democratic process providing more space for people's contestation, self-determination and evaluation on government. Schiller (2009: 150) and Mietzner (2009: 126) argue that election is an effective political instrument to support or to delegitimize government to create radical social and political changes. Fukuyama (2004) also suggests that every public decision should be taken from

¹ The implementation of decentralization has been conducted in most of the advanced democracies like France, the United States, the Scandinavian countries as well as the Netherlands for a couple last decades. The concept of decentralization has been then developed by international financial institutions such as the International Monetary Fund (IMF) and the World Bank for being imposed to the poor and developing countries as one of the precondition requirements to access loans. The basic idea is strongly correlated with the neo-liberal concept. Some are suspicious that the decentralization concept is part of the economically powerful governments to 'fine-tune' the global economy. Kjaer (2004) for example, admits that the international financial institutions and donors are able to significantly influence the states' domestic politics and weaken governments by introducing economic reforms and new political concept to access the states' recourses, which he called then as the "transnational reciprocity and exchange" (Kjaer, 2004: 165).

² Pierre and Peter (2000: 87) use the experience of Western Europe and the United States in the 1960s as the convincing example. In that case, these countries conducting centralistic model tended to be slower and irresponsive in targeting the public service problems, while the sub-national governments showed themselves as the capable and aggressive actors in delivering the better public service.

the lowest possible level. By accommodating the grassroots' voices, election will determine the will of people, to rotate leadership by giving a mandate and legitimacy to elected leaders for change key policies and government's directions.

The democratically elected leaders are then expected to improve public sector management and also the local state's self-identity to demolish cultures of discrimination commonly faced by minority groups by setting up productive dialogue for social well-being in the local level (McIntyre, 2003: 497). Bardhan (2002) is also in line with McIntyre (2003) by arguing that decentralization will open up the possibility for minorities and under-represented groups in market and state to more actively and accountably participate in the administration's policy making process.

Before discussing the role of democracy in the decentralized system further, it needs to be underlined that decentralization is not a determinant of democracy, but the instrument of democracy. Decentralization can run well if local participation and accountability can discipline political leaders, business elements, and other local stakeholders. By disciplining them, public policies will be sterile from vote-buying, bribery, and other corruption practices.

In another word, democracy is the "soul of decentralization". Without democracy, legal reforms and the healthy economic establishment programs would never have achieved. As stated by Amartya Sen (1999) that "political rights, including freedom of expression & discussion, are not only pivotal in inducing social response to economic needs, they are also central to the conceptualization of economic needs themselves" (Amartya Sen, 1999). Thus, political enlightenment and healthy economic growth can be develop together within the framework of democratic decentralization. Since the democratic regional autonomy is also

able to produce transparency, proper political and bureaucratic supervision, as well as reforms in various sectoral policies, and they must be continuously maintained to assure clean and lean governance in local level.

The next question is whether decentralization is able to guarantee in emerging democracy? If democracy is measured by using parameter of increasing people participation in the political matters, decentralization may guarantee of democracy. But, if the exits of democracy is viewed qualitatively as the emergence of the culture of accountability, it is strongly conceived decentralization cannot always lead to democracy (Crook and Sverrisson, 2001; Rahman, 2001; Johnson, 2001: 524). Moreover, several authoritarian and interventionist states without and less democracy in their governmental system such as Singapore, Taiwan, as well as South Korea are also proven able to perform their development and welfare as well.

Then, the next critical question is what kind of democracy needed by the system of decentralization? Because every government, no matter how patrimonial and authoritarian like Singapore, frequently claim as democratic. Indonesia under Suharto's regime also did the same thing, in which Little (1997) labeled it as 'pretended democracy', while others classify it as 'predatory democracy' (Robinson, 2002), 'façade or pseudo democracy' (Haynes, 2001: 5), and 'patrimonial democracy' (Webber, 2006) without performing an effective administration (McLeod, 2005) and absence of substantive and spirit democracy (Aspinall, 2005). Decentralization needs a substantive democracy emphasizing on the existence of democratic behavior hold by the state actors and elements of society, rather than on the establishment of democratic institutions and mechanisms only. Democratic behavior is the fuel of democracy. When the society has enough political awareness and knowledge strengthening rational political consider-

ations, the betrayal of state apparatus on democracy can be avoided.

That is why, when the system of decentralization has been implemented, but not supported yet by the enough democratic behavior, it will potentially emerge the phenomena of the 'shadow state' or "the emergence of rulers drawing authority from their abilities to control markets and their material rewards" (Reno, 1995: 1; Harris White, 1999). The shadow state as the irony of decentralization occurs in many contexts such as in Sierra Leone, Africa, Bolivia, Colombia, West Bengal, several locals in India, including in several provinces in Indonesia (Crook and Sverrisson, 2001: 37; Johnson, 2001: 525).

The substantive democracy itself can be achieved by implementing political education through political and democratic events. By conducting election democratically, the function of political education can be continually conducted for people, candidates, parties, and every element of societies. (2004: 160) believes the implementation of democratic elections will improve degree of civicism or Putnam (1994) called as the "social capital". Since the democratic elections will provide adequate political education to set up sustainable trust, norms, values, and networks which are crucial for society to conduct coordinated reformed actions efficiently and effectively (, 1994: 167; Fukuyama, 2004).

Because of that, decentralization in Karnataka and Kerala, India for instance, by Manor and Crook (1998: 302-4) in their comparative study in South Asian and West African countries, as the successful decentralization while others are failed. The key answer of the phenomena is located on the availability of social capital which is represented by a culture of accountability within the society which is constituted by competitive political parties, freedom of press, active civil society, and others. Thus, the quality of

political education must be improved gradually to perform the culture of accountability as the basic capital of successful decentralization.

Decentralization as the Two-Edged Knife

Bunte (2009: 113) admits that the twin processes of decentralization and democratization raise various effects. Beside the economic growth, social welfare, political accountability and infrastructure development in the good side, decentralization also potentially shapes decentralized corruption, collusion, political violence, parochialism and other side effects weakening the state. In case of corruption, slowly but sure, the practice experienced diasporas from the central to local governments and shifted horizontally once many agents had become involved. Treisman (2000) called the phenomena as the "overgrazing the commons". Moreover, in the transition phase from centralistic-corrupt regime to decentralized-democratic administration, as admitted by Heyden (1999) and Kjaer (2004), the state is potentially trapped on the uncertain future like what happened in Thailand, Philippines and Indonesia's democratic transitions.³

For instance, while the democratic behavior is weak, parochialism as one of the

³ The situation has been experienced by some South-east Asian countries for instance. In Philippine, the system of decentralization has been implemented after the demise of highly authoritarian regime in 1986. Because of the inability of dominant ones to continue their reformist interests, the system then re-established political clans dominating representative bodies and local governments (Rood, 1998; Hutchcroft, 1998). In Thailand, the 1997 Constitution has called greater development of decentralized governance. But, because of the reformists inability to articulate their voices, political corruption indeed developed rapidly. The similar thing happens in Indonesia after the Soeharto authoritarian regime toppled; decentralization has been conducted to improve economic growth, society welfare, political accountability and infrastructure development. But in the same time, decentralization also shapes decentralization of corruption, collusion, political violence, parochialism and other side effects weakening the state (Bunte, 2009: 113; Faucher, 2005; Schiller, 2002; van Klinken, 2002; Crook and Sverrisson, 2001: 37).

side effects of decentralization potentially rises, in which the sentiment of ethnicity is significantly performed in the local political contestation (Smith, 2002: 390). The parochial mobilization also potentially tends to be primordial even separatist, it is able to threaten the unity of nations. Moreover if the central government does not maintain the political communication as well, it would be more nationally destructive. When it occurs, the result of decentralization can be categorized as an over-exaggerated one.

Horizontal and communal conflicts also often emerge as implication of the rising primordialism in the regional autonomy and administrative fragmentation (Bunte, 2009; Hadiz, 2003, Honna, 2006; Schiller, 2002, Malley, 2003). It is frequently worsened by the involvement of local gangsters collaborating with local leaders and elite parties colouring the local democracy with violence, intimidation, discrimination and riots. The situation is called by Bunte (2009) as 'big bang decentralization' haunting state with more rooted corruption, a weak rule of law, a limited state capacity, and society disorder.

The pathological situation is indeed not conducive for local development since the public policies are more colored by the confrontation of elites' vested interests than the struggle for people welfare. Moreover, in the democratic cases, decentralization also can itself create new problems, in which the high participatory politics is able to multiply demands on the administration making public policies ineffective. The more significant economic disparities and poor population of the country, the more contradictions and the more ineffective the administration policies and approaches (Luckman, 2000: 36). According to the Deprivation Theory (Gurr, 1970), the raising expectations without offset by an increase in capacity and capability, will make people frustrated, commit acts of violence, even a revolution that leads to

self-determination struggles. That is towards decentralization.

To deal with the situation, Hyden (2004: 191) more emphasizes on the creation and maintenance of a system of rules, rather than the process of democracy.⁴ The system of rules is perceived able to govern the public realm and regulate how the elements of state, civil society and market can work synergistically (Kjaer, 2004: 165).⁵ Even though the legitimacy of rules changes up and down irregularly, Hyden still believes that the challenges can be overcome when the elements of society can be conferred authority to make rules and exercise power for improving the democratic governance and maintain the rules legitimacy.⁶ After the political communities in a cross-border context accept rules as legitimate, they are motivated to enthusiastically comply these rules by an internal sense of obligation rather than by the fear of retribution or self-interested calculation (Kjaer, 2004: 164; Hurd, 1999).

⁴ In analyzing the regime transition, Hyden (1992) strikingly separates the concepts of governance and democracy. He convinces democracy which is strongly associated with dominant Western norms and values cannot guarantee the improved governance. Many democratic countries have indeed conducted bad governance violating the principle of fairness, transparency, and accountability. Conversely, authoritarian and interventionist states without and less democracy in their governmental system such as Singapore, Taiwan, as well as South Korea indeed proved themselves as capable actors in performing good governance and showing their glaring achievements in development.

⁵ To institutionalize the rules, the rational-legal bureaucracy is strongly needed in the direction-giving function of rule and to clarify all elements' roles and priorities based on clear organizational structures, procedures, and set of regulations. But, the rules frequently face challenges related to the rule adherence and the rule design which is basically vary based on the social setting and timing.

⁶ That is why, the legitimacy of rules changes up and down irregularly (Hyden, 2004: 192; Franck, 1990: 24). In this case, "legitimacy is concerned with the social construction of inter-subjective beliefs in a defined political community and will be rooted in accepted norms of social justice in forms of democratic accountability of decision-maker to those affected prevail" (Underhill, 2008: 537)

In that level, Hyden convinces that governance will be well established, and then just needs trust, reciprocity, and accountability to strengthen the foundation of social capital and civil society for better governance realm.⁷ Without that, decentralization is going to be failed. Even though local governments are set politically stronger up by making the systems closer to people, the principles of governance such as transparency, accountability, and participation would be not established well.

'Informal Governance' and the Betrayal of Civil Society

Pierre and Peter (2000: 89) convince that decentralization can empower urban regimes through the coalition between local political elite and corporate actors. The coalition is hoped to trigger the local economic development and better public service delivery. Both of them are hoped to work collaboratively, harmonize their actions and complement each other since, as generally-known that, local governments commonly have limited capacity,⁸ limited financial resources and constrained autonomy.⁹

But, at the same time, the coalition between the local corporate actors and politi-

cal elites can change their partnership to be a 'destructive coalition' emerging unlawful practices which are called by Reno (1995: 3) and White (1999: 4) as the "informal governance" or "the emergence of rulers drawing authority from their abilities to control markets and their material rewards" (Hidayat, 2009: 125-126). The phenomena have emerged in many countries such as Sierra Leone, Africa, Bolivia, Colombia, West Bengal, other several locals in India, including in several provinces in Indonesia (Crook and Sverrisson, 2001: 37; Johnson, 2001: 525).

The informal governance is usually practiced by the state apparatus, local elites or politicians who need money as the political capital for local elections and other political contestations, by inviting investors, businessmen or other corporate actors to join into the network of informal governance. After receiving the money for political funding from the corporate actors, the elites or state actors will provide a political and legal protection formally for the corporate actors based on particular deals to run various beneficial grand projects of infrastructures, natural resources explorations, or laxness of tax collection, enforced privatization of state assets, and others. Then, the state actors and the political investors spending much money for the political contestation will rationally try to return the cost of their political and economic investments by extracting and exploring the local resources through the projects. The situation will emerge manipulation of public policies emphasizing on the vested

⁷ That is why Hyden (1992: 7) defines governance as "the conscious management of regime structure with a view to enhancing the legitimacy of the public realm".

⁸ The government's limited capacity may be caused by the complicated demands of society. Since theoretically, decentralization also can itself create new problems, in which the high public participation in politics can multiply demands on the administration making public policies ineffective and incapable. The more significant economic disparities and poor population of the country, the more contradictions and the more ineffective the administration policies and approaches (Luckman, 2000: 36).

⁹ Pierre and Peter (2000: 18) give the example of constrained autonomy suffered not only developing countries, but also happen in developed countries, in which the half-hearted decentralization has been implemented. For instance, "In Britain, the state-local relationships remained contested and

politicized and central government still exercise tight political control over local authorities (Goldsmith and Newton, 1993); some ideas of the labour government, for example the increasing use of audits (Power, 1997), are tending to centralize power even more similarly, in Germany, although the federal government has withdrawn some control over public services, allowing for greater regional and local control (Derlien, 1995), it is possible that the federal government, if it so chooses, can resume such delegated powers".

interests and ignoring the basic needs of ordinary people or society.

The dependency of the state actors on the informal governance makes the local administration powerless, in which the apparatus day to day tends to be totally under-controlled by outsiders' authorities. Their loyalty and dedication will be handed over to the informal authorities rather than to the state and society. Furthermore, the nature of economic-political transaction becomes more popular among parties, candidates, and political investors in which every political process is monetized. To gain the political funding, local politicians also try to corruptively extract local government's budget weakening the public sector management. The "creative" politicians often perform the innovative strategy of engineering civic protest against government by mobilizing people in order to access local government's budget and resources (Hadiz, 2003; Aspinall and Fealy, 2004; Erb, Sulistiyanto and Faucher, 2005; Sakai, 2002). At this level, the power of money performs its role in the political system resulting bad governance¹⁰ and 'pretended democracy'.

The pathological situation can be controlled by strengthening critical 'civil society' to deliver political pressures continually.¹¹ The collectively massive pressure is able to demolish the network and practices of informal governance or the 'shadow state' phenomenon. Ironically, the elements of civil society are also frequently weakened by the 'forbid-

den network' through money politics.¹² The situation has been identified by Rodan (1996: 4-5) and White (1994) arguing that civil society may be profoundly anti-democratic or anti-market. Kjaer (2004: 160) also realizes that civil society is not always democratic and even able to marginalize other groups entirely from participation in the public sphere. Kjaer gives examples of several non-government organizations may be more motivated by the opportunities to access funding rather than to promote the common interests in the public realm. That is what the writer calls as the 'betrayal of civil society' which is very dangerous for the future of democracy, governance, and development of state and society.

Rising Optimism of Decentralization for Good Governance

Although Florini (2003) and Hyden (2004) have critiqued some weak points of democracy, but they do not favor leaving democracy. Florini and Hyden still believe in democracy as the 'best worst option' to run the nation-state. Florini in particular optimistically convinces the transparency and ac-

society to protect and advance their interests or values (White, 1996: 182)". On the other hand, Hadiz (2004: 701) explains civil society from the neo-institutionalist perspective, in which civil society is defined as "the homogeneous, common set of fundamental interests, bound together by the nurturing of social capital. While these interests are often tacitly understood to favour free markets, rule of law, and democracy –and are thus basically associated with the vibrant and independent middle class or bourgeoisie—such a view cannot account for the competing interests within civil society itself".

¹⁰ By referring to the World Bank's definition, Kjaer (2004) defines the bad governance term as the situation to denote corruption and patronage practices in the public services of developing countries (World Bank, 1989).

¹¹ Kjaer (2004: 158) argued that civil society is one of the most important elements for democracy. The civil society terminology refers to an "intermediate associational realm between state and family populated by organizations which are separate from the state, enjoy autonomy in relation to the state and are formed voluntarily by members of

¹² In Indonesia's experience (Hidayat, 2009), the practice of money politics spreads over the grassroots level, involving the patrons who are politically influential to change ordinary people's political mainstreams and affiliations. In developing countries, money politics has become an effective instrument to mobilize constituents. When people as the basic element of society are politically contaminated, they will be not critical anymore. As a result, the democratic behavior tends to be blunt and decay lacking check and balance system in the local administration.

countability will be part of the coming democracy, supported by high participation, beyond voting in elections. Regarding to the decentralization implementation, even though decentralization has caused the irony of democracy and lack of good governance in some cases, but many still agree with Florini's optimism that democracy presented by decentralization is a very good strategy to set up good governance in the local level (Haynes, 2001; Bardhan, 2002).

The ironic phenomena of decentralization are viewed as a just temporal shock which can be overcome by engaging, educating and empowering people to enhance the basic principle of democracy. In the period of transition towards democracy, all elements of the state and society must be careful to escort and to win the democratic transition which is highly vulnerable to conflict, reconstituting status quo power hijacking the new democratic institutions, or even the state disintegration.¹³ The transition towards democracy is signed by the intensive interactions, confrontations, competitions as well as the compromising interests among apparatus, politicians and other societal actors, while the political process is less able to perform the good quality of governance (Kjaer, 2004: 155-157). Thus, simultaneous political education and participatory dialogue are defi-

nately needed. McIntyre has remained that "the closest we can get to truth is through dialogue" (McIntyre, 2000) which is important to avoid polarization of democracy caused by misunderstanding, mistrust and mutual suspicion among democratic actors.

After the political consciousness posed by the majority of society, the next step is a consolidation of democracy where both leaders and the people collectively agree that democratic system is better than any other alternative (Haynes, 2001: 11; Kjaer, 2004: 160). In this level, still Haynes explain, both the state apparatus and elites of society are willing to share power avoiding the nature of authoritarianism and parochialism, as well as willing to subordinate their own strategic objectives and conflict of interests for the common good interest. The struggle would be challenged by various barriers such as excessive executive domination, neo-patrimonial socio-political system, widespread poverty, rooted state-level corruption, unstable political parties, and complex ethnic and religious conflicts (Kjaer, 2004: 158; Heynes, 2001).

When the consolidation of democracy successfully finished, the next step is to rearrange and change the structure of power in the both local and national levels to be more democratic, responsive, and responsible to the agenda of public sector reform. In this stage, as Bardhan (2002: 202) suggests, the state should play its crucial role to mobilize people to join into the process of local participatory development, to neutralize the power of local oligarchs, to advocate local finance properly, to support the building local capacity by assisting them in the technical and professional levels, to empower a watchdog system for public accountability and others. When the software and hardware of local good governance can be performed properly, then decentralization will be meaningful to change pattern of production and

¹³ The transition theorists, O'Donnell and Schmitter (1986) often argued that liberal democratic governance is the benevolent result of a situation in which conservative hardliners and reformers have respectively failed to gain the upper hand, and therefore are inclined toward striking a bargain with each other, rather than engage in conflict. That is why, for them, democracy is assumed as the product of stalemate situation. But in fact, democracy has required the clear political defeat of the forces of the status quo regime by pro-democratic reformist interests; otherwise the new pro-status quo regime, which is usually more organized, coherent and endowed with material resources, will capture the transition situation by hijacking the new institutions, discourses, icons, and paraphernalia of democracy to protect and serve their predatory interests (McFaul, 2002; Hadiz, 2004).

accumulation of local economy as the basic foundation of local development.¹⁴

Conclusion

Decentralization is one of the popular major types of displacement of state power for strengthening democracy as the pre-condition of good governance. But we have to be selective in assessing the twin processes of decentralization and democracy producing various outcomes and mixed results. Decentralization is not a determinant of democracy, but the instrument of democracy. Decentralization can run well if local participation and accountability can discipline all local political, economic and social stakeholders. By disciplining them, public policies will be sterile from vote-buying, bribery, and other corruption practices.

Decentralization based on democratic system is also able to perform its role and function to generate good governance in the local level if that is fueled by the 'substantive

democracy'. The substantive democracy as the result of adequate social capital will produce democratic and accountable behaviors as the basic foundation of decentralization to gain glaring achievements in the local development, public sector management reform, and the better local social well-being.

Without proper social capital and substantive democracy, decentralization will create a more rooted corruption, informal governance, horizontal conflict, hijacked administration, political violence, parochialism, or even disintegration, another side effects weakening the state. So, the hard work which must be done by the infant decentralized regions is how to proliferate agenda of political education to grow values, trust, norms, and networks to strengthen democracy and governance in the local level. Without that, process of decentralization is going to be failed.

¹⁴ Another perspective argues that democratization will not strikingly improve the governance quality if not backed up by developed economy. Sun and Johnston (2009: 16) suggest that to achieve better result in the governance improvement, states should build economic base first then democracy follow the process gradually. The researchers presenting experience of India as the example, the country conducting democracy for more than 50 years but corruption and other problems of governance have remained the major problem because not back up by strong economic development. That is why Huntington (1968: 59-71) suggested to balance among political and economic development. Huntington explained that the establishment of governance is not simply about the presence and absence of democracy, but rather a variety of questions on many processes in the stage of politics, state, society, market, and others to streamline the function of democracy. Democracy is able to lead to development when it is steered by accountability, which is determined by elite autonomy, political accessibility, and equal opportunities and supported by independent judiciary, free press, systems of transparency, freedom of association and speech. Simply sum, when political and economic opportunities are in balance, governance can be suppressed. But, if elite autonomy and accessibility to power and wealth are out of balance, governance will be just utopia.

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