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Decentralisation and National Integration in Indonesia

A Case Study of Post-New Order Riau

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Contents

	<u>Page</u>
Contents	i
List of Tables	iv
Foreword	vi
Acknowledgements	viii
Glossaries and Abbreviations	x
Chapter 1: Introduction	1
• Background	1
• Research Questions and Objectives	13
• Scope and Limits of the Study	14
• Methodology	16
• Structure	25
Chapter 2: National Integration and Decentralisation	29
• Introduction	29
• Nation, Nationalism, and National Integration	30
• Factors Contributing to National Integration	35
• Centralisation and Decentralisation: a Consideration	41
• Various Reasons for Decentralisation	44
• Decentralisation and Globalisation	50
• Linking Decentralisation and National Integration	52
• Summary	54
Chapter 3: National Integration and Decentralisation: the Indonesian Experience	56
• Introduction	56
• The Risks to the Indonesian Nation-State	58
• The Necessity of Nation-Building and Decentralisation in Indonesia	66
• Reforming Decentralisation Policies	78
• Indonesia's Integration under Decentralisation: Retrospect and Prospect	86
• Summary	91

Chapter 4: Understanding Riau through Drake's Concept of National Integration	93
• Introduction	93
• Drake's Concept of National Integration	95
• Drake's Original and a More Recent Analysis of the Socio-Cultural Dimension of National Integration for Riau	100
• Drake's Original and a More Recent Analysis of the Interaction Dimension of National Integration for Riau	108
• Drake's Original and a More Recent Analysis of the Economic Dimension of National Integration for Riau	119
• Limitations of Drake's Concept: Lessons from Riau	133
• Summary	142
Chapter 5: Riau's Views of Itself and Its Place in Indonesia	144
• Introduction	144
• Historiographical Considerations	147
• Riau in Pre-Colonial Times: the Origin of Riau	149
• Riau under the Colonial Rulers	156
• Riau in the Early Indonesian Independence	170
• Riau in the New Order Period	181
• Summary	190
Chapter 6: National Integration in Riau during the Early Reform Period	196
• Introduction	196
• The Multi-Dimensional Crisis and Demonstrations: Weakening National Integration	200
• <i>Riau Merdeka</i> (Riau Independence): Small Disturbances in Centre-Region Relations	216
• The KRR II (Second Riau People's Congress): a Strategy for Increasing Bargaining Power	228
• Riau's Integration into the NKRI: Local Perspective	234
• Summary	239

Chapter 7: Decentralisation and National Integration in Riau	242
• Introduction	242
• The Implementation of Decentralisation	244
• Decentralisation: the <i>Putra Daerah</i> ('Native Sons'), Economic Benefits, and the Revival of Riau Cultural Identity	250
• National Integration in Riau under Decentralisation: Combining Drake's Approach and Subjective Experiences	259
• Summary	270
Chapter 8: Conclusion	272
• Studying National Integration in Riau: the Relevance of Drake's Approach	275
• Decentralisation and National Integration in Riau: What Can Be Learned?	280
• National Integration in Indonesia: the View from Riau	285
Appendices	288
1. Maps of Study Area	288
2. Respondents/Key Persons	290
3. Invited Participants of the KRR II	294
4. Attendance List of the KRR II Participants	296
5. The KRR II Recommendations	305
6. Pictures	307
Bibliography	315

List of Tables

	<u>Page</u>
Table 4.1: Drake's scores on socio-cultural dimension of national integration	101
Table 4.2: Percentage of households owning a television set and radio/cassette recorder in four provinces, 1995 and 2005	102
Table 4.3: Percentage of movie shows in Riau classified by country of origin, 1994-1997	105
Table 4.4: Percentage of urban population in four provinces, 1995 and 2005	106
Table 4.5: Muslim population in four selected provinces, 1990-2005	107
Table 4.6: Literacy rate and school participation in four selected provinces, 1995-2005	107
Table 4.7: Number and percentage of the population 5 years of age and over speaking the Indonesian language daily in four provinces, 1995	108
Table 4.8: Drake's scores on interaction dimension of national integration	110
Table 4.9: Number of telephone line subscribers and domestic telegrams in four provinces, 1995-1997	111
Table 4.10: Number of fixed telephone line subscribers in Riau, 2000-2003	111
Table 4.11: Number of registered motor vehicles per 1000 people in four provinces, 2000–2002	112
Table 4.12: Number of domestic flight passengers per 1000 people in four provinces, 1999-2002	113
Table 4.13: Volume of inter-island imports (sea-borne cargo) per 100 people in four provinces (in Tons), 1998-2002	114
Table 4.14: Volume of unloaded and loaded of inter-island and international sea-borne cargo in four provinces (in 000 tons), 1998-2002	115
Table 4.15: Value of international imports per capita in four provinces (in US\$), 1999-2003	116
Table 4.16: Length of roads per 1000 square kilometres of province's area in four provinces (in Km), 1999-2002	117

Table 4.17: Percentage of roads classified by condition in Riau, 1999-2002	118
Table 4.18: Drake's scores on the economic factors of national integration	121
Table 4.19: Drake's conclusions about provinces based on the scores of three economic factors	123
Table 4.20: Per-capita GRDP of four provinces, 1999 and 2002	125
Table 4.21: The 'richest' provinces in Indonesia ranked by per-capita GRDP and consumption per annum (in US\$), 1985	127
Table 4.22: Approved domestic investment projects (in billion Rupiah) in four provinces, 1967-1999 and 1967-2003	128
Table 4.23: The central government support for provincial development programs and routine budgets per capita (in billion Rupiah) in four provinces, 1998/1999 and 2002/2003	129
Table 4.24: Provincial government expenditures per capita of four provinces (in million Rupiah), in 1999/2000 and 2002	130
Table 4.25: Percentage of labour force employed in agriculture sector in four provinces, 1999 and 2003	131
Table 4.26: Percentage of households using electricity, gas and kerosene for cooking and electricity for lighting in four provinces, 1998-2003	132
Table 4.27: Number and percentage of households owning a sideboard in four provinces, 1995	133
Table 4.28: Riau's revenue contribution to the central government (in billion rupiah), 1999	137
Table 4.29: Central government subsidy to Riau local governments (in billion rupiah), 1999	137
Table 6.1: The chronology of protest demonstrations in Riau approaching the fall of Soeharto (1 April – 20 May 1998)	203
Table 6.2: The chronology of demonstrations in Riau following the fall of Soeharto (28 May 1998 – 22 March 2001)	207
Table 6.3: The ethnic composition of Indonesian citizens in Riau, 2000	223
Table 6.4: Respondents' opinions on the sense of national integration in Riau during the reform period (1998 – 2004)	239
Table 7.1: Riau provincial income (in million rupiah), 1998/1999 to 2002	266

Foreword

This book, which is my PhD Thesis, discusses the interplay between decentralisation and national integration in Indonesia during the reform period from 1998 to 2004. Decentralisation, which is also known as *otonomi daerah* (regional autonomy), in this context refers to Laws No. 22/1999 and No. 25/1999. Since decentralisation implemented in this country at that time had the notion of national unity, this study examines how and the extent to which the implementation of decentralisation has been able to preserve national integration. In discussing this issue, Riau province was selected as the area of study with Pekanbaru city and Bengkalis district as the samples. The reason for choosing Riau as the area of this study is that it is one of the resource-rich provinces in Indonesia, whereby the demand for decentralisation was quite strong with independence as the ultimatum if decentralisation was not quickly implemented. This indicates that the sense of national integration of local people in this province into the Unitary State of the Republic of Indonesia was somewhat fragile.

In analysing the degree of Riau's integration into the Indonesian nation-state, this study employs and contests Christine Drake's concept of national integration. By analysing quantitative measures, Drake (1989) concluded that Riau at the end of the 1980s was one of "the most economically developed and highly integrated" into the country. My argument against Drake is that Riau has been the most economically developed, but was by no means highly integrated into the country. Local people perceived that the high rate of economic development in Riau was not for this province, so that they felt it was being exploited and economically marginalised by the national government. Likewise, people of this province also felt that they were marginalised in political aspects since the governors of this province used to be dropped in from the centre instead of native people. These have increased regional dissatisfaction with the central government that eventually triggered a separatist tendency. Thus, even though Riau demonstrated high scores on quantitative measures, this by no means it was among the provinces most strongly integrated into the country. Since there is a gap between Drake's conclusion and the reality, this study suggests that measuring the degree of national integration is not enough by analysing only quantitative data. Subjective

experiences are more relevant to depict the degree of national integration in Indonesia.

Finally, this study concludes that Riau, which has been significantly contributing to the valuable national assets in the forms of national language and revenues, would not be restless if the central government had been just and wise in distributing the country's resources, including economic resources and political power. Therefore, the implementation of decentralisation based on two laws mentioned above, that has given a larger proportion of revenue sharing and political power to the sub-national governments, has been able to accommodate people's demands in Riau thereby preventing national disintegration though it still brings about some unpleasant consequences.

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Glossaries and Abbreviations

APBD	: <i>Anggaran Pendapatan dan Belanja Daerah</i> (Provincial or Regional Budget).
Adat	: Custom, or customary.
ADB	: Asian Development Bank.
Bahasa Daerah	: Local language based on ethnicity. There are more than 300 different ethnic languages in Indonesia.
Bahasa Indonesia	: Indonesian language; the national language for Indonesia, adopted from Riau-Malay language since 1928 and renamed as Indonesian language.
Bangsa	: Nation; national community.
Bhinneka Tunggal Ika	: Unity in Diversity; the national motto of Indonesia.
BKR	: <i>Badan Keamanan Rakyat</i> (People's Security Body). This body was the foundation of the present Indonesian Armed Forces.
BMMR	: <i>Barisan Muda Melayu Riau</i> (Riau Young Malay Front), a paramilitary group in Pekanbaru.
BP3R	: <i>Badan Penghubung Persiapan Propinsi Riau</i> (Liaison Board for the Preparation of Riau Province).
BPKI	: <i>Badan Penyelidik Kemerdekaan Indonesia</i> (Investigation Committee for Indonesian Independence); formed in May 1945 by the Japanese to deal with the independence of Indonesia.
BPS	: <i>Badan Pusat Statistik</i> (Central Board of Statistics), formerly known as <i>Biro Pusat Statistik</i> (Central Bureau of Statistics).
BPUPKI	: <i>Badan Penyelidik Usaha-Usaha Persiapan Kemerdekaan Indonesia</i> (Investigation Body of Preparation Efforts for Indonesian Independence); a temporary Indonesian parliament prior to the independence in 1945.
B-TV	: Bengkalis Television, a local state television station in Bengkalis.
Budi Utomo (Boedi Oetomo)	: The first nationalist organisation in Indonesia established in 1908 by Dr. Wahidin Sudiro Husada.
Bupati	: Regent; the head of a District (Regency/ <i>Kabupaten</i>).

Buta aksara Latin	: <i>Buta huruf</i> (literally: letter blind – illiterate); unable to read and write using the Roman alphabet (in which Indonesian is written).
Buta angka	: Number illiterate, innumerate; unable to count or calculate using Arabic numerals.
Buta Bahasa Indonesia	: Indonesian language illiterate; unable to communicate in Indonesian.
Camat	: The head of a Sub-district (<i>Kecamatan</i>)
CPO	: Crude palm oil.
CPP	: Coastal Plains Pekanbaru, oil field in Riau held by the U.S. oil company CPI (Caltex Pacific Indonesia).
DAK	: <i>Dana Alokasi Khusus</i> (Special Allocation Grants); grants provided by the central government for the sub-national governments to support governmental activities and development programs.
Dana perimbangan	: Funds allocated by the central government to the sub-national governments in order to achieve equal distribution of revenues between regions.
DAU	: <i>Dana Alokasi Umum</i> (General Allocation Grants); unconditional grants provided by the central government for the sub-national governments to finance routine expenditures, including the salaries of civil servants.
Desa	: Village, term used in rural Java
Desapraja	: Village government; referring to Law No. 19/1965.
Dewan Banteng	: The Banteng Council; the Army division in Central Sumatra under which the PRRI rebellion was carried out.
DI/TII	: <i>Darul Islam/Tentara Islam Indonesia</i> (Islamic State/ Islamic Indonesian Army); a rebel organisation in West Java from 1949 to 1962 led by S.M. Kartosoewirjo.
Dinas luar	: Out of office duties
DOM	: <i>Daerah Operasi Militer</i> (Military Operation Region); implemented in Aceh during the 1990s.
DPD	: <i>Dewan Perwakilan Daerah</i> (Regional Representatives Council).
DPOD	: <i>Dewan Pertimbangan Otonomi Daerah</i> (Advisory Council for Regional Autonomy).

DPR	: <i>Dewan Perwakilan Rakyat</i> (People's Representative Council); the Indonesian Parliament
DPRD	: <i>Dewan Perwakilan Rakyat Daerah</i> ; Regional Assembly at provincial, district, or city/municipality level.
DPRDS	: <i>Dewan Perwakilan Rakyat Daerah Sementara</i> (Temporary Regional Assembly).
DPR GR	: <i>Dewan Perwakilan Rakyat Gotong Royong</i> ; the non-elected 'Cooperative' Indonesian Parliament 1959-1973 during the Guided Democracy years of the Old Order period under President Soekarno and the first years of the New Order under President Soeharto.
Dusun, marga	: Village, term used in southern part of Sumatra
Dwi Fungsi ABRI	: Dual function of the Indonesian Armed Forces; the position of or the role played by the military in Indonesia during the New Order government, both in social and political affairs.
Ethische Politiek	: Ethical Policy; a statement in 1901 of the intention of the Dutch colonial government to improve the condition of Indonesians as a compensation of the exploitation of Indonesia's natural resources.
FKPMR	: <i>Forum Komunikasi Pemuka Masyarakat Riau</i> (Communication Forum for Riau Community Leaders)
GAM	: <i>Gerakan Aceh Merdeka</i> (Free Aceh Movement); a rebel organisation in Aceh from 1976 led by Hasan Tiro.
Gapi	: <i>Gabungan Politik Indonesia</i> (the Union of Indonesian Political Associations); established in 1939 by a number of the diverse Indonesian political organisations.
Garuda	: Eagle, a mystical bird used as the official seal of the Unitary State of Republic of Indonesia.
GRDP	: Gross Regional Domestic Product.
Gerakan Riau Merdeka (GRM)	: Riau Independence Movement; a separatist tendency in Riau during the reform era (1998/99) led by Prof. Dr. Tabrani Rab and supported by a number of university students, intellectuals, NGO activists, and other components of society.
Gestapu (G-30S/ PKI)	: <i>Gerakan September Tiga Puluh</i> ; a coup d'état claimed to have been conducted by the PKI (Indonesian Communist Party) on 30 September 1965, whereby six army generals were killed.

NAD (Aceh)	: <i>Nangroe Aceh Darussalam</i> ; a province in northern part of Sumatra formerly called the Special Region of Aceh.
Nagari	: Village or a community unit in West Sumatra.
NGO	: Non-Government Organisation.
NII	: <i>Negara Islam Indonesia</i> (Indonesian Islamic State); created by the DI/TII rebels, who intended to change the national ideology.
NKRI	: <i>Negara Kesatuan Republik Indonesia</i> (the Unitary State of the Republic of Indonesia); the form of the Indonesian country proclaimed on 17 August 1945.
Non-pribumi	: Non-indigenous races of Indonesia; usually used to refer to Chinese descendants.
NU (formerly written NO)	: <i>Nahdatul Ulama (Nahdatul Oelama)</i> ; Islamic Scholars Party, established in 1926 by K.H. Hasyim Azhari of Jombang, East Java.
OPM	: <i>Organisasi Papua Merdeka</i> (Organisation for Papua Independence), a separatist organisation in Papua (Irian Jaya) since 1965.
Otonomi daerah (otda)	: Regional autonomy; the term used to refer to decentralisation in Indonesia
Otonomi khusus (otsus)	: Special autonomy; the delegation of power whereby the central government gives more authority to the sub-national governments in managing their region.
P3R	: <i>Panitian Persiapan Propinsi Riau</i> (Preparatory Committee for Riau Province)
PAD	: <i>Pendapatan Asli Daerah</i> (Local-based Revenues or Real Own Income); a term used to refer to income earned by a sub-national government.
Pajak daerah	: Regional tax; collected from various sources, such as the property tax (PBB or <i>Pajak Bumi dan Bangunan</i>), motorised-vehicle tax (PKB or <i>Pajak Kendaraan Bermotor</i>), etc.
Palapa	: The Indonesian domestic satellite network; named after the Pledge of Majapahit's Chief Minister, Gadjah Mada.
Pancasila	: The Five Principles of Indonesian Ideology: Belief in one Supreme Being, Humanitarianism, Nationalism, Popular Sovereignty or Democracy, and Social Justice.

SDI	: <i>Serikat Dagang Islam</i> (Islamic Commercial Union); an Islamic-based organisation during the colonial period founded by Haji Samanhudi in 1911.
SI	: <i>Serikat Islam</i> (Islamic Union); the new name for the SDI led by H.O.S. Tjokroaminoto.
SIJORI or IMS-GT	: Singapore-Johor-Riau Growth Triangle (also known as Indonesia-Malaysia-Singapore Growth Triangle); an economic growth centre established cooperatively by Indonesia, Malaysia, and Singapore in the Strait of Malacca to develop the region nearby.
Somubu	: A financial agency under the Japanese colonial government.
STD	: National long distance calls.
Sumpah Pemuda	: Youth Pledge; declared in the Indonesian Youth Congress II in 1928, hailing Indonesians as one nation, having one national language and one land.
SUPAS	: <i>Survey Penduduk Antar Sensus</i> (Inter-Censal Population Survey); conducted by the BPS (Central Board of Statistics) every ten years between the Population Censuses.
Syariah Islam	: Islamic law; based on The Koran (Al Qur'an) and Hadith (traditional collection of stories relating words or deeds of Prophet Muhammad).
Tjuo Sangi-In	: Central Advisory Committee; established in 1943 by the Japanese colonial government together with the <i>Putera</i> to coopt Indonesian nationalist leaders.
TNI	: <i>Tentara Nasional Indonesia</i> (Indonesian National Army).
Tomari gumi	: Neighbourhood association in Indonesia during the Japanese occupation.
UIN SUSKA	: <i>Universitas Islam Negeri</i> (Islamic State University), or formerly IAIN (<i>Institut Agama Islam Negeri</i> ; Islamic State Institute) of Sultan Syarif Kasim II.
UIR	: <i>Universitas Islam Riau</i> (Islamic University of Riau), a private university in Pekanbaru.
Ulama	: A Muslim scholar.
UNDP	: United Nations Development Program.
UNRI	: University of Riau, a state university in Pekanbaru.

UU PKPD	: <i>Undang-Undang Perimbangan Keuangan Pusat-Daerah</i> (Fiscal Balance between the Centre and the Regions).
UUD 1945	: <i>Undang-Undang Dasar 1945</i> (Indonesian Constitution of 1945).
UUD RIS	: <i>Undang-Undang Dasar Republik Indonesia Serikat</i> ; the Federal State of Indonesian Constitution, used during 1949-1950.
UUDS 1950	: <i>Undang-Undang Dasar Sementara 1950</i> ; the Temporary Constitution of 1950, used during 1950-1959.
VOC	: Vereenigde Oost-Indische Compagnie; the (Dutch) United East India Company.
Volksraad	: People's Council. An administrative body created by the Dutch colonial government in 1918, composed of both elected and appointed members to advise the governor-general.
Walikota	: Mayor; the head of a city/municipality.
Wartel	: <i>Warung telekomunikasi</i> (communication kiosk); a small business activity run by private individuals or unions whereby its costumers can make telephone calls.
Wayang	: Shadow puppet, a Javanese performance played by the puppeteer (<i>dalang</i>).

Chapter 2

National Integration and Decentralisation

Introduction

In the 1960s and 1970s, the governments of many developing countries tended to use centralisation in managing their country (Turner 2003, 2). At that time the World Bank supported this strategy because it was believed to be able to promote employment creation, assure social and political changes, and encourage further investment (Rondinelli & Cheema 1983, 10-11). The implementation of centralisation was also intended to make rational and optimal public policies for efficient utilisation of limited resources (Samaratunge 1998, 2). However, centralisation was not able to achieve its stated goals. In many developing countries, as Samaratunge argued, centralisation merely reinforced the domination by a central government elite of sub-national governments. Economic growth was also far below the expected level. Moreover, even in regions where economic growth rates were relatively high, there was unequal distribution of income and wealth. Centralisation favoured the elites over the poor majority.

This also happened in Indonesia before 1998. The implementation of centralisation¹ in this country eventually led to political and economic instability because the national government did not distribute political power and economic revenues to the regions in ways that were accepted widely enough as being fair. The national government was also not able to provide enough for people's needs, provide adequate public services or generate a sufficient sense of societal well-being. On the contrary, the central government apparatus and its cronies were getting prosperous because they had advantageous opportunities to exploit the nation's resources in their own interests by unethical and illegal ways, such as by KKN (*korupsi, kolusi, nepotisme*; corruption, collusion, nepotism). As a result, the gap between the ruling elites and masses as well as the gap between the national capital and the other regions became wider. Among other consequences this

¹ Before 1999, the Indonesian government used Law No. 5/1974 to regulate the governmental affairs in the regions, both at provincial and municipality/district levels. Even though this law was claimed to have been designed as the foundation of decentralisation, the New Order government tended to implement the Law to support a centralised system.