"Contemporary Issues in Southeast Asia"
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Panel Abstracts:
Local Governance and decentralisation

1. **Nepotism and Punishment: The (Mis-)Performance of Elected Local Officials in Philippines**

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As in other Southeast Asian countries, the recent wave of decentralization in the Philippines has failed to live up to original expectations in terms of improved service delivery at the local level. While this situation is often blamed on inadequate fiscal arrangements, additional resources are not used effectively due to poor governance practices at the municipal-level. As some had originally feared, elected local officials tend to use their new resources and discretion to prolong their time in office.

In this paper, I provide quantitative estimates of the value of being connected to a local politician currently in office and the cost of being connected to a local politician in opposition. I use data collected in 2008 on 46,000 households in municipalities of the Philippines along with information on both successful and unsuccessful candidates in the 2007 and 2010 municipal elections. To account for the endogeneity of connections to local politicians, I construct a control group consisting of households related to candidates in the 2010 elections that took place after the data were collected.

There is robust evidence consistent with a causal impact of being related to a local official on the probability of being employed in the public sector. The most conservative estimate indicates that being related to an elected local official increase the probability of public sector employment by more than 36 percent, or 2.9 percentage points. There is also evidence that elected officials' relatives are more likely to be enrolled in a subsidized health insurance program but this effect does not appear to be causal.

Strikingly, I also show that relatives of unsuccessful candidates in the 2007 elections are 1.7 percentage point less likely to work in the public sector than individuals connected to 2010 candidates. This is equivalent to a more than 20 percent drop in the baseline probability of being a public sector employee. A potential explanation for the difference between results on health insurance and results on public sector employment is that bureaucrats might be expected to engage in behaviour favoring incumbents prior to the elections. As such, local officials might be reluctant to staff their bureaucracy with their opponents' relatives. Overall, findings are consistent with the view that local officials have the ability to rewards their relatives and to punish

their political opponents. When deciding whether to run candidates need to account for the large negative impact that their relatives will experience. This could explain the low levels of electoral competition in the Philippines, with a large number of candidates running unopposed in the 2010 elections. In the more than 1,600 cities and municipalities that compose the country, about 8% of mayoral candidates and 9% of vice-mayoral candidates ran opposed. Those candidates only need one vote to win, hereby muting electoral competition with nefarious long-term consequences on the quality of political leadership at the local level.

2. Does local governments' responsiveness increase with decentralization and democratization? Evidence from sub national budget allocation in Indonesia

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We investigate the effects of Indonesian decentralization and democratization on budget allocation at the sub national level. The effects of the decentralization and democratization processes can be distinguished due to differences in their timing: while the "big bang" of fiscal and administrative decentralization took place in all districts at once (in 2001), the timing of the first democratic and direct elections of local government heads was determined fairly exogenously (due to term limitations) and varied considerably across the districts.

We base our analysis on a uniquely rich dataset that contains consistent time series for 13 years of public investment expenditures by 271 Indonesian districts in three major sectors, education, health and infrastructure. To explain the evolution of these investment expenditures, we construct panel models including district and time fixed effects, while also controlling for the level of public service delivery in the previous period, district revenues, district GRDP, and urbanization. Our central explanatory variables consist of indicators for decentralization and the timing of first democratic as well as first direct elections. We estimate the models for the three sectors jointly in a seemingly unrelated regression framework, allowing thus interrelationships between the three decisions.

Our main findings document that following decentralization local governments indeed became more responsive to local gaps in public service delivery. We define responsiveness in terms of a percentage increase of public investment expenditures corresponding to a relatively lower local coverage of public infrastructure in the previous period. This relationship has strengthened after decentralization: education and health investment expenditures increased by more in those districts where the level of public service delivery was originally lower, which we interpret as increasing responsiveness of local governments. At the same time, local expenditures on public infrastructure in all three sectors increased due to increasing local fiscal size (fiscal decentralization), and also became more closely tied to the size of the local budgets.

3. The Paradox of Communitarian Democracy

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This paper examines the Communitarian Democracy movement in Thailand, which proposes the ideal of community as the solution to the Thai democratic crisis. It asks the following questions; how community, in the context of Thailand, has been constructed as an alternative form of political participation; and whether such alternative vision supports or contradicts with the core principles of democracy.

The concept of community underpins the most influential development discourse in Thailand during the past decades--so-called the Community Culture Discourse (CCD). The discourse sees the revival of the Thai community cultures as the solution to all the problems from the country's past development. The CCD was embraced widely by the Thai NGOs and the government development agencies. Yet, the evolvement of the concept reached its crucial moment during the recent Thai democratic crisis in 2006. The crisis arose from the conflict over the legitimacy of the ex-Prime Minister Thaksin Shinawatra and his pro-poor policies. To his urban middle class opponents, Thaksin was highly corrupted. His pro-poor policies were depicted as going against the vision of the CCD, and were condemned as a use of government spending to buy votes from the poor. But to his rural poor supporters, the group that the CCD seeks to help, his pro-poor policies were exactly what they want from electoral politics. As the conflict between Thaksin's supporters and the opponents escalated, leading to the subsequent years of turmoil in Thailand, the movement was formed by the CCD proponents to promote an alternative version of political participation called "Communitarian Democracy" as the solution to the crisis.

This paper uses the Communitarian Democracy movement as its case study. Through the analysis of documents and interviews, the paper traces the emergence of the movement and explores its way of constructing problems and solutions in relations to political participation. It argues that, to understand the roles of the CCD in development, the CCD should be conceptualised as a "symbolic construction" that allows its adherents to assert the value of their collective identity. This conceptualisation allows for the understanding of the CCD's normative nature and the vagueness. The concept of community is vague because its symbolic nature allows for different meanings. At the same time, it is normative because it helps assert the boundary between "us" and "them" and the significance of the "common good". Using this conceptualisation, the process of asserting collective identity is then examined in the context of the Thai Communitarian Democracy movement. In such process, the "election system" is constructed as the root of the Thai political problems; it is seen as the alien system that creates conflicts and vote-buying. On the other hand, the political system based on the community's attributes of collectiveness, traditions, and kinship is constructed as the moral and the appropriate system for Thailand. Such vision was translated into a policy to create a local council for the "natural community leaders" to have instrumental political roles without the need to be elected. Through these analyses and findings, this paper points to the crucial tension that is not be easily recognisable between the ideal of community and democracy--the tension that can arise when the communitarian assertion of common good come into conflict with the democratic principle of equality in political rights.

4. Decentralisation and Democratisation in Thailand, Indonesia, and the Philippines

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One the most pressing issues in current Southeast Asia is the fragile democratisation in at least three major countries: Thailand, Indonesia, and the Philippines. In all of these countries accompanying decentralisation processes were initiated shortly after the first postauthoritarian elections and the start of democratic governance.

There is an ongoing debate on the impact of decentralisation on the quality of democracy. In general, a positive impact is assumed. However, it must be seen that decentralisation may in fact create or deepen local enclaves of authoritarianism. It may also encourage intolerance towards minorities, exacerbate inequalities, foster ethnic and religious conflict, lead to a rule of local bosses and promote anti-democratic forces.

In this abstract, I am arguing that – despite the previously mentioned caveats – there might be a coincidence or even a correlation between the performances of democratic practices at the local level and the overall quality of democracy at the national level. If the mechanisms of local accountability work well, the functioning of democracy in the entire country is enhanced. If decentralisation takes place in the form of devolution, there could be a diffusion of executive power. Due to the territorial differentiation of political power, a new vertical dimension of power sharing could emerge, which could then foster democratic progress.

To test my hypothesis, I will take a closer look at three different countries in Southeast Asia from a comparative perspective. Apart from their geographical, cultural and economic similarities, Thailand, Indonesia, and the Philippines are relatively young, fragile democracies, which all started decentralisation processes in recent years. In order to assess the development of the decentralisation processes, I will analyse the legal reforms and practical outcomes of the decentralisation processes after their initiation (Article V of the 1997 Constitution in Thailand, Decentralisation Laws 22 and 25/1999 in Indonesia, Local Government Code of 1992 in the Philippines). From a comparative perspective, I will particularly focus on the following criteria for assessing the local influences on the national level: the reflection of local political culture at the national level, local demands and national responsiveness, as well as vertical accountability within a system of checks and balances.

The results of my assessment of the decentralisation processes will be compared with the development of the democratisation processes in the three countries and I will then draw some general conclusions on the coincidence or correlation between the two variables. In which way are decentralisation and democratisation independent, parallel processes and how are they related? Does the quality of democracy at the local level lead to a higher level of democracy at the national level in a bottom-up process, or is it rather a top-down process?