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Oligarchy in Thailand?

T. F. Rhoden

Abstract: A modern conception of oligarchy, which can be housed under an authoritarian regime as easily as it can under a liberal democratic one, can affect our understanding of the potential national political repercussions of extreme inequalities of wealth. This article has two goals: (1) to *conceptually* analyse the meaning of oligarchy; and (2) to make a *descriptive* case for its use in the Thai context. The test case of contemporary Thailand shows what exactly an oligarch or oligarchy means under a military regime and the potential effects for national politics of an oligarchy based on material wealth. Utilizing Jeffrey A. Winters' Aristotelian-grounded conception of oligarchy for the contemporary world, this article argues that some political outcomes in Thailand are inexplicable without recourse to a modern variant of oligarchic theory and analysis.

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Keywords: Thailand, oligarchy, monarchy, military regime, Thai oligarchy

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Introduction

This article¹ argues that Winters' concept of oligarchy can be extended to politics at the national level in Thailand. The coup d'état on 22 May 2014 by military forces led by General Prayuth Chan-ocha, Commander of the Thai Royal Army, may offer evidence against the argument that Thailand has an oligarchy. A year earlier, the representative democracy in Thailand – despite it being “low” on liberalism (Rhoden 2013) – may have also opposed such a classification. Thailand with its unique form of constitutional monarchy, sometimes termed a “network monarchy” (McCargo 2005), also appears to argue against oligarchy. Additionally, a review of Riggs' (1966) now-classic concept of “bureaucratic polity” or Chai-anan's (1991) concept of “three-dimensional Thai state”² also seems to challenge any notion of national-level oligarchy.

The present paper argues that while Thailand *is* not an oligarchy, it does very much *have* an oligarchy. This is not a play on words. To understand why the above claim is empirically true, one must revisit the concept of oligarchy and allow for misconceptions to change. Three specific elements need to change. Firstly, the theory of oligarchy, as originally understood by Aristotle, is not a regime, but a very powerful, hard-to-eradicate, and not always coherent element of almost every state and society since Aristotle posited his mixed regime, including contemporary Thailand. Secondly, the theory of oligarchy is a materialist theory of power. Thirdly, the theory of oligarchy can be applied to Thailand and, by doing so, researchers of social science gain a new perspective of recent turmoil in Thai national politics.

Every theory, method or approach provides insight. For some students of Thai politics and society, recognising that Thailand has an oligarchy may induce something of a modest epiphany. For others, this recognition will be more like an intellectual homecoming. There are many ways to describe Thailand's national politics, including the concept of oligarchy, regardless if one likes or dislikes the word. This article is about theory and classification and how it applies to one national state in

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- 1 The author would like to thank Danny Unger, Michael Buehler, and Patrick Jory, as well as commentators at the 12th International Conference on Thai Studies at the University of Sydney and the Southeast Asian Studies Student Conference at the Center for Southeast Asian Studies at NIU, for reading earlier drafts of the manuscript.
 - 2 Translations from Thai or German into English are the author's. *Trai laksana rath thai* (ไตรลักษณ์รัฐไทย): this regime concept is very much at odds with outsider, non-Thai classifications.

Southeast Asia. I agree that a *causal* argument may be more powerful than a *descriptive* argument in the social sciences. However, because there is still so much confusion over the term oligarchy and its applicability outside of Hellenistic Greece, I make a simpler argument of reviewed classification and exemplified application. Oligarchy as diction can be more than a facile epithet. Oligarchy is, in fact, a vital force in Thailand's political society.

Oligarchs versus Elites

People who have the power to effect change that average citizens or subjects cannot are called elites. However, the word elite is often overused. In discussions about a particular divergence from an elite, like an "oligarch", people often miss the analytical value in that difference. When we discuss the elites at the top of a state or society, we should be ready to question where the power base of those elites lies. Just as not all power resources are the same, not all elites are the same either. This is a simple observation to make, but a crucial one. Much of the blame for eliding the difference between an elite and an oligarch must lie with scholars such as Robert Michels (1911) and his oft-cited "iron law of oligarchy".

There are at least six sources of power for elites: (1) formal political right, (2) official position, (3) coercion, (4) mobilisation, (5) ideology, and – most importantly for the present study – (6) material resource (Winters 2011: 11–20). Power regarding political rights (in democracies at least) is the most diluted power resource, since universal suffrage is, by definition, an equalization of this power resource. Power from official positions is normally what we think of when we imagine elites: heads of governmental institutions, corporations, and other secular or religious organisations. As a power resource, when one is in office, the "power to" can be high. Once out of office, however, access to that power disappears immediately. Coercive power – the ability to harness violence or threaten to do so – is as old as time and, in modern national states, becomes the legal prerogative of the state over a given territory. Mobilisation power is an individual's ability to sway or inspire others to realise their latent political powers in larger groups. Occasionally, mobilisation can trump other powers in exigencies (for example, Mao Zedong, Gandhi, Ho Chi Minh), but because of the problem of sustained collective action, as argued by Olson (1965), this can be fleeting during "the politics of the ordinary" (Winters 2011: 19). Ideological power may seem the most transient because it is best articulated when added to these other power resources.

This leaves the remaining question of power based on material resources, which is at the heart of modern oligarchic theory.

Material power is power based on wealth.³ An elite is any individual who sits at the top of state and society due to one of the initial five resources of power above, whilst an oligarch is any individual whose primary source of power comes from a material wealth that is magnitudes greater than that of the majority.⁴ Since Michels' theory of organisations within democracies is about power based on group and party dynamics, it would have made more sense if he had called his "law" the iron law of elites. When one speak of oligarchs contra elites, the discussion is not about one's political rights, official position, personal coercive ability, skill at mobilisation, or ideology, but instead about how a great inequality of wealth is utilised as political power.

Oligarchy's Non-Marxist Lineage

Not all materialist traditions lead back to classical Marxism. Whilst both Marxism and modern oligarchy focus on material resources, Marxist analysis tends to focus on how wealth is built up as opposed to how it is defended. For oligarchic theory, these particular upstream concerns on the modes of production or surplus extraction are superfluous for downstream analyses on how a wealthy individual defends one's property and income. What is of interest here is not how material resources are used economically to create socio-political effects, but how material resources are used politically to create economic effects that benefit an oligarch in their wealth defence of either property or income or both (Winters 2011: 9).

Modern oligarchic theory is not a rehashing of classical Marxism. Unlike any notion of *herrschenden Klassen* – of directly ruling classes (Marx 1867: 261) – modern oligarchic theory states explicitly that oligarchs do

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- 3 Wealth does not have to mean how much money one has in the bank, but instead depends on historical circumstances. The extreme wealth of a feudal lord is not counted in the same way as Bill Gates' estimated USD 76 billion (Dolan and Kroll 2014). However, both individuals are able to effect political change, if they wish, on a scale and kind that is unavailable to the majority because of that wealth, as is exemplified by the Koch Brothers in America (Sargent 2014).
 - 4 Winters (2011: 9) noted that it is not unusual for oligarchs to "have elite forms of power stacked on top of or blended with their defining material foundation. This would make them simultaneously oligarchs and elites. But no elite can be an oligarch in the absence of holding and personally deploying massive material power."

not have to rule in order to defend their wealth. An oligarchy is not a class like the bourgeoisie. The utility of modern oligarchic theory is that it allows researchers to analyse the socio-political world from a materialist perspective without falling into the tired structural constraints of Marx and Engels. Oligarchy stresses agency over structure. This is not to argue against classical Marxism per se, which is impossible in a short article, but to acknowledge that the oligarchic tradition of material power has a deeper lineage in political theory.⁵ Part of the reason why Piketty’s (2014) recent near-700-page tome reached number one on the *New York Times* bestseller’s list for nonfiction is because both scholars and the lay public alike are hungry for a way to understand the influence that extreme wealth and money has on national politics in materialist terms beyond those of Marxism. Modern oligarchic theory is one such approach that may also be useful in these types of analyses. For the sake of analytical clarity and brevity, the differences between oligarchy and Marxism are summarised in Table 1 below.

Table 1: Points of Differentiation in Two Materialists Theories of Socio-political Power

Key Points	Modern Oligarchy	Classical Marxism
State	<ul style="list-style-type: none"> - independent - always open to influence by material wealth 	<ul style="list-style-type: none"> - borne from conflict between classes - someday state ceases to exist in future
Regime	<ul style="list-style-type: none"> - oligarchy not a regime type - oligarchs often apathetic about overarching form - oligarchs can rule via regime, but prefer not to 	<ul style="list-style-type: none"> - depends on epoch in mode of production and material exploitation - wealthy classes rule society directly in contemporary era
Society	<ul style="list-style-type: none"> - oligarchs often do not get along - depends on type of oligarchy 	<ul style="list-style-type: none"> - wealthy classes work together
Economics	<ul style="list-style-type: none"> - not set - allow for tax dense when capitalist - high financialisation preferred 	<ul style="list-style-type: none"> - capitalism as most efficient form of exploitation to date

5 Unlike Marxism, this is simply a clarification of oligarchy’s pre-industrial lineage. There are many worthy post-Marxist analyses that could be cited here. For example, a recent article that analyses another Southeast Asian country under the rubric of the “Murdoch School” is Jones (2014).

Key Points	Modern Oligarchy	Classical Marxism
Goals	<ul style="list-style-type: none"> - sustained defence of material wealth - defence is first, exploitation is second 	<ul style="list-style-type: none"> - continued generation of new wealth - exploitation is first, defence is an after-thought
Wealth Source	<ul style="list-style-type: none"> - unimportant - not how oligarch gets wealth, but how one protects it 	<ul style="list-style-type: none"> - depends on mode of production - exploitation of proletariat a given
Political Climate	<ul style="list-style-type: none"> - “politics of the ordinary” 	<ul style="list-style-type: none"> - revolutionary
Methodology	<ul style="list-style-type: none"> - agential/voluntarist explanation is more common 	<ul style="list-style-type: none"> - structural explanation is more common
Teleology	<ul style="list-style-type: none"> - oligarchic perpetuity is the default - nearly impossible to do away with oligarchy in majority of societies 	<ul style="list-style-type: none"> - capitalism continues to expand until overthrow of wealthy classes and “dictatorship of proletariat” - eventual pure communism with no state-society divide

Note: For the sake of simplicity, “classical” Marxism here avoids later arguments by acolytes. The table is in direct opposition to Robison and Hadiz’s (2004) oligarchy, which is another variant of Marxism.

Source: See Hobsbawn’s (2012: 48–63) summary of Marx and Engels’ original pre-1848 theory.

Winters has done well to reorient the concept of oligarchy away from Marxism toward the original Aristotelian concept. Despite the etymology of *oligarkhía*, where *oligos* (the few) and *archo* (to rule) seem to suggest a regime type, Aristotle’s use of oligarchy is more complicated. Though it would be a reductionist interpretation of Aristotle’s use of the word oligarchy to mean only “the rich”, it would be even more incorrect to think that an oligarch can be an oligarch without access to power based on material wealth. Aristotle (1985: 96–97; 350s BCE) challenged those of his own time who wished to conflate any small klatch in power with oligarchy within that regime:

If a well-off majority has authority, and similarly in the other case, if it somewhere happened that the poor were a minority with respect to the well off but were superior and had authority in the regime, although when a small number has authority it is called oligarchy, this definition of the regimes would not be held to be a fine one.

The reason this definition of oligarchy “would not be held to be a fine one” for Aristotle is because it elides the very real differences in power resources that persist between an oligarch and an elite. A small group can

rule a nation, as in the current military regime in Thailand, but to call them an oligarchy would be a misuse of the term since their power resides in coercion and not in their wealth.⁶ As will be shown below in the case of Thailand, oligarchy can persist in spite of the regime type, surviving not just governmental change but regime change. Thus, even within liberal democracy, which strives for political equality but not material equality, an oligarchy can persist. Whether they actually rule or not may tell us about the type or form of oligarchy housed within that particular regime, but it will not stop one from claiming that there is an oligarchy present and that those oligarchs use their wealth politically to effect legislation that further protects their property and income. Oligarchy is not a regime type. In short, oligarchy “refers to the politics of wealth defense by materially endowed actors” (Winters 2011: 7).

Measuring Oligarchy in Thailand

How can we measure oligarchy? Consider an oligarch by the name of former-PM Thaksin Shinawatra who wishes to stage a public protest that lasts for months in a plush, urban shopping district in city of over ten million people. Then ask how much more powerful this Thaksin is than the average Thai citizen. There are things to count everywhere. One can count how much it costs to feed x number of protesters for x number of days, as well as transportation costs, costs for stage equipment and speakers, costs for blankets and tents, costs to pay off some portion of police and/or military to allow the protest to last longer, costs for media at the event, for the nation, and for international consumption, costs to buy off other politicians to stay the course, costs to provide cash assistance to families who lose loved ones in the protests, costs to pay off protesters when they return home to vote again, costs to forward legislation to convict politicians who went against the oligarch and grant amnesty to all those involved, costs to afford a palatial lifestyle in a foreign country whilst the oligarch waits until the dust has settled around the protests and returns home, and so on. A specific number can be attached and then compared to determine exactly how much more powerful an oligarch is than an average citizen. A key point when measuring oligar-

6 If a regime has an oligarchy within it and that oligarchy rules the regime, the term plutocracy (*ploutokratía*) might seem like a good fit. However, plutocracy is not a word from political philosophy but a modern creation with first-known use in 1652 (“Plutocracy”). For different types of oligarchy, some of which do rule, see Winters (2011). “Plutocracy”, see *Merriam-Webster Dictionary*, online: <www.merriam-webster.com/dictionary/plutocracy> (20 April 2015).

chies is that oligarchs do not have infinite powers. Unlike other power resources, the measurement for oligarchic power in a contemporary state and society will always be finite, which means that material power is limited only by the amount of wealth at hand. In this sense,

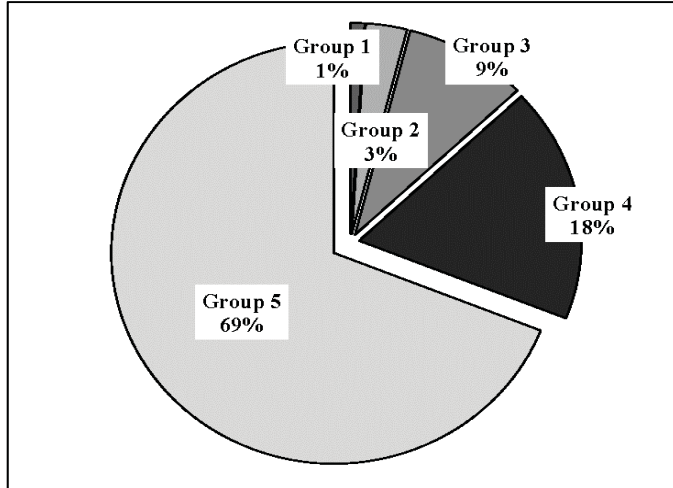
Material power is unique in that it allows oligarchs to purchase sustained engagement of others who require no personal commitment to the goals of the oligarchs they serve (Winters 2011: 18).

That said, not all measurements of oligarchic power are the same and some ways of counting will effect an unnecessary distortion of reality. One option is to consider wealth in “quintile groups”; in this case, the entire population of Thailand divided into five groups from poorest to richest. As a person moves from Group 1 (the lowest income) to Group 5 (the highest income), the share of the total national income increases at every tier: Group 1 has less than 1 per cent of the wealth in Thailand; Group 2 has 3 per cent; Group 3 has 9 per cent; Group 4 has 18 per cent; and Group 5 has 69 per cent, as represented in Figure 1 below (Kiattipong, Sinswat, and Chutchotitham 2008: 14). However, the challenge for an oligarchic analysis that attempts to uncover whether or not Thailand has a oligarchic component in its current military regime, is that when one talks about the top 20 per cent, this is much too large a segment of the population to be either considered “a few” or to have the access to the requisite *individual* material power necessary for the urban street protests described above. Not every member of the top 20 per cent can afford to bill political street carnival that led up to the coup in May 2014.

Despite what Figure 1 shows regarding wealth distribution in Thai society, oligarchic analysis is better served by highlighting the top 1 per cent of society rather than the top 20. One might think that this information is difficult to obtain and question why a wealthy oligarch would voluntarily provide data on how much more materially powerful he or she is than the average citizen. In 2010, Satit Rungkasiri, director-general of the Fiscal Policy Office, estimated that only 2.3 million out of 9 million filed income tax returns actually paid anything, out of a total population of approximately 64 million Thais (*Bangkok Post* 2010). In a country where only 14 per cent of the population file income tax, is data available for analysis? Thankfully, the vanity of the rich is an aide for the researcher. Since 2006, the online edition of *Forbes* magazine has published a regular segment entitled “Thailand’s Top 40” (now “Top 50”) of the wealthiest individuals in the country. If one has an estimate of the net worth of the average Thai adult in any given year, then a Material Power Index (MPI) can be constructed to indicate exactly how many more

times materially powerful an ultra-wealthy Thai oligarch is than the average Thai subject.

Figure 1: Thai Household Wealth by Quintiles (2006)



Source: Kiatipong, Sinswat, and Chutchotitham 2008.

And unlike power sources of ideology, official position, coerciveness, mobilization, or suffrage, an MPI is unnervingly exact as a measurement of the “power to” use, or not use, this material wealth. A comparative perspective is helpful when understanding the MPI strength of Thai oligarchs as it shows whether Thai society is an average contemporary case or an outlier in some particular way. Table 2 below ranks all countries in East and Southeast Asia (for which there is data) to show in MPI terms, which is the most oligarchic state in this part of the world.

Table 2 shows that, as the net worth of the average adult in any one of these states increases, the more the relational material power of those few oligarchs decreases. In other words, the more egalitarian a society is in material terms, the weaker the power of an oligarch. This illustrates that even if most oligarchs in Southeast Asia deposit their wealth in Singaporean banks, their material power in relation to the normal Singaporean citizen drops by a factor of ten to a hundred as soon as they leave their own countries.

Table 2: Oligarchic Rank per Country in East and Southeast Asia 2014

Rank	Country (Territory)	Material Power Index	Average Wealth per 50 Richest (USD billion)	Average Wealth per Capita (USD thousand)	Top Oligarch's Net Worth (USD billion)
1	Thailand	493,251	2.7	5.6	41.0
2	China	320,699	5.2	16.4	19.7
3	Philippines	293,212	1.5	5.1	12.7
4	Indonesia	244,638	1.9	7.8	15.0
5	Malaysia	95,005	1.6	17.0	11.5
6	Hong Kong	35,503	4.5	127.8	32.0
7	South Korea	26,615	1.7	62.3	12.9
8	Taiwan	19,540	2.4	120.9	9.6
9	Japan	14,650	2.6	178.9	19.7
10	Singapore	8,713	1.9	223.0	12.8

Note: In USD. MPI is average of top 50 oligarchs per nation divided by the average wealth per capita. All of the data is from 2014, except average wealth per capita (from 2013) and Thailand's estimated top oligarch's net worth (from 2008). Calculations are made by and available from the author.

Source: Shorrocks, Davies, and Lluberas 2013; Porphant 2008: 184 for an estimate of the Thai monarch's net worth; Dolan and Kroll 2014; cf. *Forbes* "Top 50" lists for remaining data points.

This oligarchic analysis across nations also shows that the number-one oligarch in all of East and Southeast Asia (that is the wealthiest person, both nominally and relationally in comparison to average citizen's wealth) does not live in China, Japan, Hong Kong, or Singapore, or even Brunei, but in Thailand (the Thai monarch). Thailand is the most oligarchic state in Asia.⁷ The analysis now moves toward identification of the Thai oligarchs.

Who Are the Thai Oligarchs?

Any oligarchic analysis should avoid coming up with a magic number of material net worth for a particular national state, whereby those below

7 As will be argued below, the Thai monarch is actually an oligarch, albeit of a special nature. However, even if one removes the monarch from Table 2, Thailand's MPI only drops to 346,060. This is still higher than China's MPI of 320,699. Hence, with or without the monarch, Thailand contains the most oligarchic society by this estimate. Unlike Winters (2013), I argue that the MPI of a theoretical 1 is better anchored to some estimate of average wealth per capita than to the estimate of GDP per capita, since GDP per capita is essentially income and not an individual's full net worth (assets minus debts).

the number are the less powerful normal citizens and those above it are the oligarchy (Winters and Page 2009: 737). Not only are things like individuals' wealth-to-debt ratios and yearly income constantly in flux (and inflation's caustic effect), but researchers will never truly know the exact magnitude of an oligarch's material wealth. Even with the assistance of a *Forbes* "Top 50" list, oligarchs spend considerable resources in the "wealth defence industry", specifically in an effort to elude any national tax regime, not to mention lone researchers conducting such an analysis.

Publicly-listed share holdings of major corporate enterprises used by journalists at *Forbes* never account for the entirety of these oligarchs' material wealth. Any oligarchic analysis on Thailand will always be an *understatement* of material power. For example, a computer hard drive packed with more than 260 gigabytes of unsorted memos, emails, spreadsheets, scanned passports, official documents, and corporate and personal accounting ledges was uncovered by the International Consortium of Investigative Journalists in 2013 (Campbell 2013; Perlah 2013; Prangtip et al. 2013). Among the files retrieved were personal accounts of Thai government officials and various high-society families. These individuals and families used exotic-sounding tax shelter companies like "Tropic Offshore Holdings, Inc.", many of which were registered in Singapore or other notorious tax havens.

Therefore, the cut-off point for the Thai oligarchy should be thought of as both always moving and as more of a gradation than any particular line. Despite the above caveats, one can say with certainty that Thailand's oligarchy does not incorporate everyone in the top half of society, the top quintile, or even the top 1 per cent. Only when one moves into the top 1/10th of 1 per cent, and especially the 1/100th of 1 per cent, is it possible to explicitly point to an oligarch that has a "power to" use extreme material wealth in a way that the average Thai citizen can only dream of. By this definition, every individual on the *Forbes* list for Thailand, regardless of how that material wealth was accumulated or that individual's other resources of power, easily falls into the category of an oligarch. In an effort to remain objective, I have removed the names of the oligarchs in Table 3 below, listing only the estimated net worth of the top five oligarchs against the average Thai individual's wealth along with a corresponding MPI.⁸

8 Since Thaksin Shinawatra has already been mentioned earlier in this paper as an oligarch, I can also note the surprising fact that this former PM would not even make a top ten list in Thailand if one were able to disentangle his individual wealth from the wealth of "the family". See Karmali (2014) for actual names on

With the inclusion of the Thai monarch on Table 3, Thailand presents an additional challenge to the question of who the oligarchs are. This challenge stems from the unique situation where the wealthiest oligarch in Thailand also happens to be a monarch. For much of agrarian human history, this situation may have been more the norm than the outlier – why wouldn't the person with the most material power also be the king? It is only in our zeitgeist and, admittedly, from the perspective of an advanced industrial liberal democratic society, that we can look with some surprise at the fact that a contemporary monarch is allowed to retain access to not just official positional and ideological sources of power but also vast extensions of power based on material wealth – in fact, more wealth than any coup-conspiring general, corrupt member of parliament, or Sino-blooded tycoon. Objectively, one must confront two challenges. First, as warned by other scholars if the term “oligarch” is a pejorative one, such an oligarchic analysis into the monarch’s finances may be guilty of *lèse-majesté* (Porphant 2008: 167). Second, if one is a constitutionally established monarch, does that somehow exclude the individual from being an oligarch even if he or she has access to the greatest base of material power in the nation, or in reality, in all of Asia?

Table 3: Top Five Thai Oligarchs 2014

Individual	Net Worth (USD)	Material Power Index
Thai oligarch A (the monarch)	41,000,000,000	7,359,540
Thai oligarch B	12,700,000,000	2,279,663
Thai oligarch C	11,500,000,000	2,064,261
Thai oligarch D	11,300,000,000	2,028,361
Thai oligarch E	9,900,000,000	1,777,060
Average Thai	5,571	1

Note: MPI is the average of the top 50 oligarchs per nation divided by the average wealth per capita. All numbers are from 2014, except for average wealth per capita (2013) and Thailand’s estimated top oligarch’s net worth (2008). Calculations are made by and available from the author.

Source: Karmali 2014; Shorrocks, Davies, and Lluberis 2013; Porphant 2008: 184.

The first matter will be left for the reader to decide. The answer to the second is a resounding “no”. The Thai monarch, for better or worse, also happens to be an oligarch and we must understand why this is empirically true before theorising as to the effects of Thai oligarchy on Thai

this list. In addition, if better access to commercial and private land records were available in Thailand (*Bangkok Post* 2015) I could have an even more exact measurement.

politics. The Thai monarch's wealth is managed by an entity called the Crown Property Bureau (CPB). The amount of net worth under control of the CPB in 2005 was estimated at USD 41 billion (Porphant 2008: 184; see Grossman and Faulder 2011). The most recent report by *Forbes* on global royal wealth estimated the Thai monarch's nest egg at approximately USD 30 billion (Montlake 2012b). In response to *Forbes*'s reporting, the Thai Ambassador to Washington, DC wrote a public letter stating that it was factually incorrect to claim that the Thai monarch had access to all of the CPB's assets. The Royal Assets Structuring Act of 1936, 1941 and 1948 had "separated" the CPB's material wealth into one bucket for "personal assets", another for "crown property", and a third for "public property" (Montlake 2012a). It is not necessarily surprising that a Thai government official would defend the monarch's prestige, honour – or what a Thai might refer to as *barami* – as well as whom the CPB actually represents.⁹ However, any historical review of how the monarch has personally engaged in business dealings to defend the wealth of the CPB since 1948 shows that, despite the Thai government's objection that the monarch does not control all of the CPB wealth all of the time, the "separation" between these supposed accounts within the CPB is elusive at best.

Here, I provide two documented examples, out of many since 1948, of the Thai monarch's involvement in wealth defence. During the turbulent 1970s, with oil price hikes and the failure of the CPB's multimillion dollar investment in Air Siam failed:

[...] these problems must have demanded far more of the king's attention than he had to spare. When the crown's investments began to fail, he was put into the position of either writing them off *or protecting them*. This put him into conflict with workers as employees, with the bureaucracy, with foreign partners and governments, with competing businesses, with the military's vested interests, and with the government itself. It was a deep antinomian conflict for the throne. [The monarch] wanted to foster development while the students branded him the "big feudalist" (sakdina yai). The sheer frustration had to be an essential ingredient in his descent into reactionary panic (Handley 2006: 247, emphasis added).

9 The recent case of the monarch's son's jet being impounded in Germany due to unpaid debts to a German national, and the Thai government's claim that the vehicle belonged to the state and not the son, is another example of how this issue of the monarch's wealth is purposefully muddled depending on circumstance (Buchsteiner 2011).

Or from a decade earlier:

During the trip, the king also met with Henry Kearns, the businessman who had hosted the royal family in Los Angeles in 1960. Kearns was planning several substantial investments in Thailand, particularly a pulp and paper plant, but was hampered by bureaucratic issues. The subsequent joint venture between the Crown Property Bureau and the paper plant indicates that [the monarch] personally intervened after his return to make it happen (Handley 2006: 192).

Although we should take the Thai government's claim that the monarch is unable to manage all of the CPB's activities all of the time seriously, these two examples illustrate that not only has the monarch acted personally to increase his wealth but, more importantly for this analysis, the Thai monarch has acted to protect his wealth in the same way as any rational oligarch would.

In the *Forbes* article on the CPB's wealth, Kevin Hewison noted that the extreme wealth of the Thai monarch is "ironic" given that

the king has promoted his idea of the 'sufficiency economy,' emphasizing small-scale, traditional farming and Buddhist notions of moderation at the very time that the bureau's companies are expanding industrial production, encouraging consumption through investment in glitzy shopping malls and making large profits (Hewison quoted in Cunningham 2008).

From the perspective of oligarchic analysis, it is expected that a monarch worth more than USD 40 billion should act like an oligarch. This is not to deny the ideological power or power from official position of the monarch, but simply to point out that these are additions to an oligarchic power of material wealth that is many times greater than even the richest of Thailand's tycoons. One need only to consider what would happen if the Thai monarch did not have over USD 40 billion to play with. If the Thai monarch had the same amount as the Queen of England – USD 500 million – (Kroll 2011), would his influence extend out through his "network" in quite the same way to affect politics? In light of the recent coup and from the normative perspective of democratisation, one could also ask whether the monarch's oligarchic side has inhibited the consolidation of liberal democracy in Thailand at all. In discussing how the British monarchy has meddled in UK politics, Christopher Hitchens warned against focusing only on the wealth of the monarch:

Some critics of the monarchy, perhaps seeking to give a demotic and levelling flavour to their outlandish and usually ignored reser-

uations, have foolishly stressed the large private holdings in land, property and specie which are enjoyed by the Crown and added to by the Civil List. This is to miss the point (Hitchens 1990: 5–6).

Comparatively, the above quotation is very useful, because Hitchens notes that not all of the world's monarchs are best analysed through materialist lenses. In the UK, other factors are more important when discussing monarchy. By utilising the same calculations in Table 2 and 3 for the UK, the British monarch has an MPI that is “only” 2,677 times greater than the average net worth of a British subject (USD 186,786), in a society where it is estimated that one in every 10 British subjects has more than USD 1 million in assets (Robinson 2013; Shorrocks, Davies, and Lluberias 2013). The Thai monarch, on the other hand, has an MPI that is 7,359,540 times greater than the average Thai subject. To have USD 500 million like the British monarch does is to be rich, but it does not make one an oligarch. To have over USD 40 billion like the Thai monarch does not only makes that person rich, but would also make him or her an oligarch in any society in the world. The question, then, is not whether the Thai king is a monarch or an oligarch, but rather simply an acknowledgement that from the perspective of wealth defence, there may be no safer role for an oligarch to play than the monarch. There is no greater tax shield for an oligarch than to be considered a monarch. How this particular oligarch utilises his untaxed income and net worth “depends totally on the royal inclination” (Porphant 2008: 171). In materialist terms, there are oligarchs in Thailand and the Thai monarch is at the top of them all.

Battling Thai Oligarchs

Political analysts laughed through their teeth when Thaksin said during his first term as prime minister, “I’m happy with my financial status now. There’s no need for me to seek more profits”. Despite officially declaring USD 343.7 million in assets in 2001 as part of new election laws, years earlier in the middle 1990s the estimate had been upwards of USD 2.8 billion (Pasuk and Baker 2004: 29, 216, 252). There may have been more truth in that statement than originally thought. Because money has always been important in Thai politics, both at the national and the local level (McVey 2000), the real new element about the oligarch Thaksin was that he was willing to use his previous extreme material power in wealth alongside his new government position to secure and protect his wealth, as opposed to the more traditional get-government-position-first-then-get-rich formula of past Thai politicians. For an oligarchic analysis of

Thailand, where extreme wealth came from is less important than how it is used as a power resource once acquired. Something like a paradigm shift has occurred in Thai national politics since the 1997 Financial Crisis. From an oligarchic perspective, this “Thaksinization” is more like a kind of “oligarchization”, which is simply named after the one oligarch who happened to usher this variant of “money politics” into Thailand. However, as the years since Thaksin’s premiership have shown, he has not been the only oligarch on the Thai national stage who has been willing to use the power resource of material wealth to effect political change. On this point, it is useful to briefly re-evaluate the 2006 and 2014 coups.

In the first phase, a year before the 19 September 2006 coup, Thaksin’s government took steps to take an increasingly critical news programme of another oligarch off public television. This other oligarch was Sondhi Limthongkul, who had also been a media tycoon worth hundreds of millions of dollars in the first half of the 1990s and a former business associate of Thaksin. Though this was not the first time that Thaksin had used his media empire to do away with a public critic, this was the first time that the critic had access to material power nearly equal to that of Thaksin. All of the colourful street political carnival – the tawdry yellow-shirt-versus-red-shirt divide – and the enormous cost of stage and sound equipment, of multi-coloured posters and flyers and silk-printed t-shirts, noise clappers, hats, scarves, whistles, flags, headbands, and what would otherwise be paraphernalia better suited for spectator sports, as well as the cost of providing food and shelter and in some cases funds for lost wages – was downstream. It was not from any of the now-forgotten critics of Thaksin’s government who had been kicked off the air or asked to leave a newspaper, but from one oligarch who could afford to patronise a year-long protest. This is not to say that the oligarch Sondhi had not touched a raw nerve of Bangkokians who were genuinely growing unhappy with Thaksin. What this analysis asks us to consider is the counterfactual of what if Sondhi had not had access to millions of dollars? Would events have unfolded in quite the same way?

It is important to remember that Chamlong Srimuang, the leader of the 1992 street protests that drove out the last military government, joined what was now being called Sondhi’s People’s Alliance for Democracy (PAD) in 2006, not the other way round. No one would contest Chamlong’s power base of mobilisation, particularly his “Dharma Army”, but we should remember that this mobilisation and ideological power were in addition to Sondhi’s material power of wealth (Nelson 2008). If anything, PAD, with this addition of mobilisation power was arguably spinning out of control. When it was announced that Thaksin was or-

chestrating the sale of his entire stake in Shin Corporation to Temasek Holdings in Singapore, tax-free, for approximately USD 2 billion (acting much as we should expect any self-respecting oligarch would in his situation), Sondhi had additional fodder to draw some 50,000 people to Bangkok's Royal Plaza on his 4 February 2006 rally (Montesano 2009). Rallies for and against Thaksin's regime continued off and on until the coup in September; while their size varied, nearly all of them were funded by one of these two oligarchs.¹⁰ This type of political carnival does not come free.

Again, in the lead-up to the 22 May 2014 coup, many of the street protests were financed by oligarchs, although this time the money has been more difficult to trace to specific individuals. Suthep Thaugsuban, who emerged as something of a public leader in these protests, did not have enough, by himself, to pay for all the protest equipment and security, despite being from a wealthy family. A Bangkok-based political think tank estimated that the 2013–2014 round of street protests averaged “around five million baht [about 153,000 USD] a day on sustaining the protesters” (Eimer 2013). Later, Suthep would admit that he had received outside financing for the protests:

We have spent almost 1.4 billion baht on our movement over the past six months. Of the money, 400 million came from the families and allies of protest leaders. Another 1 billion baht was from cash donations from our supporters.

These protests were the largest to take place in Bangkok since the student protests of the 1970s. The escalating protests and growing security concerns were the publicly stated reason why General Prayuth Chan-ocha established full military control in May.

The top oligarch's role in recent public events is more difficult to assess. This is partly because of the passionate nature of the impending royal succession, partly because of the near impossibility of tracing royal funds, and partly because of the very real fear of *lèse-majesté*. For example, sale of the journalist Andrew MacGregor Marshall's (2014) recent publication of Thailand's “crisis” was banned in Thailand. Marshall's analysis does not stem from a purely materialist vantage point, but it does provide additional insight relevant here, particularly regarding how ideological sources of power overlap with oligarchic (and coercive) sources. Because the top oligarch is “worshipped by his people as a demigod”

10 One example of many was: “Rumors circulated that the people who joined the demonstration were paid 300 or 500 baht” (Pye and Schaffar 2008: 45).

(*The Economist* 2008),¹¹ this amazingly turgid base of ideological power overshadows so much of recent events that the battling of Thai oligarchs can often seem to be over who is closest to this source of reverential ideology. Suthep asserted this ideological cover, calling for “The People’s Committee for Absolute Democracy with the King as Head of State” – the marshalling of the top oligarch’s name being key.¹² From an oligarchic perspective, the real question is how to maintain affectations toward this princely ideology whilst also managing the access to the top oligarch’s Crown Property Bureau after his death. The object of the oligarchic game of “kingmaker” – placing a monarch on the throne who would protect and reward them” (Marshall 2014: 110) – adds a unique dimension to how oligarchy in Thailand plays out, but does not in any way argue against the phenomenon of oligarchy itself. As to the monarch’s personal role in this fight between and with other oligarchs, there is more conjecture than empirical evidence at this point. The top oligarch’s most public move to these series of events has been to recognise the legality of the current military regime.

Keeping the above in mind, one could argue that neither one of the last two coups would have been possible without the pathological recklessness of these oligarchs (Thaksin, Sondhi, and Suthep’s backers). Marshall argues that the oligarchs’ “strategy was by now well established: they would use a campaign of street protests, parliamentary disobedience, and judicial sabotage to undermine the government [...]” (2014: 202). Though it is not the point of this paper to make a causal argument, empirical evidence thus far seems to suggest a hypothesis worth investigating further for the 2006 and 2014 coups:

oligarchic funding → paid-in-part protests → security concern → military takeover

In this sense, Giles Ji Ungpakorn (2007, 2010) was correct to stress the material interests behind the 2006 coup. However, to call it a “coup for the rich” is something of a misnomer and again shows the inherent weakness in trying to grapple with the very real empirics of extreme material inequality through Marxist class analysis. Were Thaksin, Sondhi,

11 Jackson (2009) uses the phrase “virtual deity.”

12 The full Thai name is *Khanakamakan prachachon phuea kamplienplaeng prathaehtthai hai pen prachathipatai thi sombun an mi phramahakasat songben pramuks* (คณะกรรมการประชาชนเพื่อการเปลี่ยนแปลงประเทศไทยให้เป็นประชาธิปไตยที่สมบูรณ์อันมีพระมหากษัตริย์ทรงเป็นประมุข).

Note that the translation for English newspapers left out the part about the king: “The People’s Democratic Reform Committee” (Marshall 2014: 203).

and Suthep's funders not part of "the rich"? The last two coups were not downstream from a crisis between classes, that of the few rich and the many poor, but between the rich themselves; specifically between different Thai oligarchs. Oligarchic analysis cannot be used to try and explain every event in Thailand in the way that structural post-Marxian accounts often do. Oligarchic analysis is more useful in a limited range. In the case of Thailand's wealthy fighting each other, modern oligarchic theory fits unnervingly well.

Conclusion

I have argued here that Thailand has an oligarchy. Winters' concept of oligarchy can be utilised to shed light on some aspects of Thai national politics. This does not mean that oligarchy explains everything, but rather that without the concept of oligarchy, aspects of extreme wealth's influence on Thai politics seem less clear. The fact that Thailand is currently under the control of a military regime does not dispel the empirical fact that the Thai oligarchy has survived. Thai oligarchs are those who rank high on a Material Power Index and although there is no strict cut-off, any individual found on a *Forbes* list easily fits the description of an oligarch. Included in this cohort is the Thai monarch. Some past descriptions of oligarchy have tended to analyse it via a Marxist perspective, while others have blurred the differences between an oligarch and an elite. The least productive way to use the term oligarchy is to think of it as a regime. When oligarchy is recognised as having a power that is based in material wealth, which is qualitatively different than the power resources of traditional elites, researchers have recourse to a materialist view of any state and society that elucidates factors that may have otherwise remained hidden from view.

From an oligarchic analytical perspective, one of the more interesting political processes in the near future will be how the material wealth in the CPB will be transferred to the next generation after the Thai monarch dies. One can hope that most of this money and property will be dispersed throughout society. It would then be easier to test whether the new Thai monarch's power base derives from resources of position and ideology or wealth. However, if the CPB's wealth remains intact and is passed on to the next generation, and the new Thai monarch, due to reasons of personality, loses respect or is even hated by the Thai people, then researchers will be able to analyse the top oligarch's power in a new way. When sources of ideological power dry up, the implicit will become

explicit, and naked material wealth may be showcased in a manner hitherto unknown in Thailand.

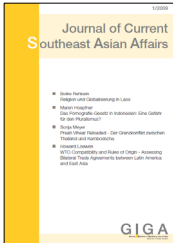
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Governance Obstacles to Geothermal Energy Development in Indonesia

Matthew S. Winters and Matthew Cawvey

Abstract: Despite having 40 per cent of the world's potential for geothermal power production, Indonesia exploits less than five per cent of its own geothermal resources. We explore the reasons behind this lagging development of geothermal power and highlight four obstacles: (1) delays caused by the suboptimal decentralisation of permitting procedures to local governments that have few incentives to support geothermal exploitation; (2) rent-seeking behaviour originating in the point-source nature of geothermal resources; (3) the opacity of central government decision making; and (4) a historically deleterious national fuel subsidy policy that disincentivised geothermal investment. We situate our arguments against the existing literature and three shadow case studies from other Pacific countries that have substantial geothermal resources. We conclude by arguing for a more centralised geothermal governance structure.

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Keywords: Indonesia, renewable energy, decentralisation, governance

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Introduction

With the so-called Pacific Ring of Fire running through its major islands and responsible for its collection of volatile volcanoes and high risk of earthquakes, Indonesia is home to a remarkable concentration of geothermal energy. This energy can be used for electricity production by channelling superheated underground reservoirs to power steam turbines. According to some estimates, if all of Indonesia's 28,500 megawatts (MW) of geothermal potential could be harnessed and appropriately distributed, this would be more than enough to supply the entire country's electricity needs (Brown 2006: 200). Fuller geothermal exploitation would reduce Indonesia's reliance on fossil fuels and address an energy poverty crisis that is observable in the fact that almost one-third of the country's 225 million inhabitants lack reliable access to electricity (WWF 2012: 31).

However, geothermal energy remains remarkably underexploited in Indonesia. Although the country's installed capacity of 1,300 MW is the third largest in the world (after the United States at 3,400 MW and the Philippines at 1,900 MW), this only represents 4.7 per cent of Indonesia's total potential (Matek 2013: Figure 5). National commitments to the exploitation of renewable energy resources have been made at the highest level: in 2006, then-President Susilo Bambang Yudhoyono issued Presidential Regulation No. 5/2006 on National Energy Policy, which required that 5 per cent of domestic energy demand be met with geothermal power by 2020 and another 5 per cent with other forms of renewable energy. In 2011, the national energy plan was updated, targeting 25 per cent of the national energy mix to be based on renewable energy by 2025 (Sukarna 2012) and calling for installed geothermal capacity to double from its 2012 levels by 2016 and then double again by 2025 (Brophy et al. 2011; Ibrahim, Simandjuntak, and Jarman 2012). If these goals are achieved, the use of geothermal energy in place of fossil fuel-based power plants will equate to the largest carbon emissions reduction project in the world (Sukarna 2012).

Unfortunately, the evidence on the ground suggests that these targets are overly ambitious (Crosetti 2010); one member of the National Energy Council described them as "unrealistic" (interview 18). As of mid-2013, some 30 geothermal projects appeared to have stalled, including 11 that were launched before a 2003 change in the regulatory regime (Azwar 2013; Matek 2013).

We highlight four factors that have hindered development in Indonesia's geothermal sector.¹ First, the decentralisation of the permitting and tendering processes for geothermal power plants has created delays by locating decision making authority in local governments that lack incentives to promote exploitation. Second, the point-source nature of geothermal resources, combined with the localised regulation of the sector, creates incentives for rent-seeking acquisition of geothermal working areas by actors that do not intend to develop them. Third, the lack of clarity in the national policy-making process has created significant uncertainty that disincentivises investment. Finally, geothermal exploitation has historically been made less attractive by massive fuel subsidies that have generally distorted energy markets in the country. Although these subsidies have been reformed, a persistent diesel subsidy may continue to challenge renewable energy exploitation.

We proceed by reviewing recent literature on the development of geothermal and other forms of renewable energy, and then provide an overview of the geothermal energy sector in Indonesia. We then describe our research methodology and discuss the four obstacles to Indonesia's utilisation of its geothermal resource, which we observed during two months of field research. We provide shadow case studies from three other Pacific countries in order to determine the extent to which they have experienced, avoided or overcome similar problems in the exploitation of their sizeable geothermal resources. In the concluding section, we summarise our findings and argue that a recentralisation of authority over geothermal energy would be a positive development.

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Obstacles and Opportunities in the Development of Geothermal Energy

The increasing interest in renewable energy sources over the last decade has been accompanied by a corresponding increase in the academic literature. This research has sought to understand why certain countries, or regions within countries, have been more or less successful at developing policies for and actually exploiting renewable energy. We highlight several of the contributions from this literature in order to establish a framework for the Indonesia case study that follows.

Political science offers the basic insight that it is harder to change any kind of policy when institutions allow the actors that benefit from the status quo to protect their own interest by blocking change and when those actors are more capable of lobbying on behalf of their own interests (Cao 2012; Tsebelis 2002). In a cross-country study, Bayulgen (2014) found that political constraints and the presence of coalition (as opposed to single-party) government are negatively related to the share of electricity production coming from renewable sources. Phillips, Newell and Purohit (2011) argued that vested interests in India have been able to exploit the lack of clarity in the governance of renewable energy at the central-government level to slow development. A number of authors have found that having a sizeable carbon-based-fuel industry hinders the development of renewable energy sources (Aklin and Urpelainen 2013; Bayulgen 2014; Marques, Fuinhas, and Pires Manso 2010).² Other authors have found that countries with left-leaning governments (Schaffer and Bernauer 2014) or civil society organisations interested in renewable energy (Jenner, Groba, and Indvik 2013; Lyon and Yin 2010) are more likely to move forward with renewable energy exploitation.

One type of policy that has been singled out as inhibiting renewable energy development (and bringing a host of other macroeconomic ills) is fuel subsidies. Committing significant portions of the state budget to fuel subsidies implies that fewer resources are available for renewable energy investment (Phillips, Newell, and Purohit 2011). It may also create reduced incentives for renewable energy adoption, even among constituents that should not be able to benefit from fuel subsidies but can do so because of black market availability (Bandyopadhyay 2010; Shenoy 2010).

2 However, other researchers have found that countries that are more industrialised (Broz and Maliniak 2010) or that have the most concentrated levels of electricity production from fossil fuels and nuclear energy (Schaffer and Bernauer 2014) are more likely to move toward new use of renewable energy sources.

Scholars have found that where market-distorting fuel subsidies do not exist, higher fuel prices will spur renewable energy development (Aklin and Urpelainen 2013; Bayulgen 2014).

Policy-making with regard to the availability of investment finance might also be particularly relevant for renewable energy exploitation. Bayulgen (2014) found that countries with greater access to investment capital have more non-hydro renewable energy production, while Zhao, Tang, and Wang (2013) showed that countries are more likely to develop renewable resources when they have a substantial amount of domestic credit available.

The literature has also started to collect evidence on the extent to which a centralised or decentralised energy governance structure is better for renewable energy development. With decentralised energy governance, there is a risk that overall renewable energy exploitation might be delayed because of policy variation across subnational units, the low institutional capacity of local governments, rent-seeking by subnational government officials, or resistance by local populations (Babu and Michaelowa 2003; Hamilton 2009; Phillips, Newell, and Purohit 2011). In India, for example, the responsibility for renewable energy policy is shared between the central government and state governments. Differences in institutional and financial capacity among state governments have produced substantial cross-state variation in the amount of renewable energy development (Babu and Michaelowa 2003; Phillips, Newell, and Purohit 2011). Schaffer and Bernauer (2014), on the other hand, found that federal countries are more likely than unitary countries to adopt renewable energy policies, presumably due to greater policy experimentation.

Geothermal Energy in Indonesia

Exploration of geothermal resources for electricity production began in Indonesia in 1974 when President Suharto issued Presidential Decree No. 16/1974. In that year, Pertamina, the national oil company, began drilling exploratory wells at Kamojang in West Java, bringing a small-scale power plant online in 1978 and then a commercial-sized power plant in 1982. Based on a series of presidential decrees issued in 1981, Pertamina possessed the rights to all geothermal resource development in Indonesia and could undertake exploration either on its own or under joint operating contracts with domestic or foreign developers (Brophy et al. 2011; Darma et al. 2010b).

Under this initial regulatory scheme, foreign companies mostly withheld expertise and financing from geothermal projects. In 1991, a new presidential decree allowed foreign companies to play a greater role. Between 1993 and 1998, installed capacity increased by 150 per cent (Darma et al. 2010b)³ and a number of foreign-based companies entered into energy sales contracts with the national electric company, PLN (Perusahaan Listrik Negara) (Brophy et al. 2011). The 1997–1998 Asian Financial Crisis caused a number of the projects to be delayed or cancelled; with contracts written in US dollars, PLN would not have been able to make contracted payments for electricity supply (Brophy et al. 2011). Nonetheless, installed capacity doubled again between 1998 and 2001, reaching 800 MW by 2003.

In 2003, Law No. 27/2003 significantly changed the regulatory framework for geothermal development. The law removed Pertamina's monopoly on geothermal development and allowed contracts for the exploitation of geothermal working areas to be awarded through competitive bidding. Under the process, pre-qualified bidders compete to offer the lowest price at which they will sell geothermal electricity to PLN; the level of commitment to exploration is also a relevant factor. The winning bidder receives a mining business licence and must then negotiate a power-purchasing agreement (PPA) with PLN. These PPAs have been subject to a changing maximum price. In 2011, Ministry of Energy Regulation No. 2/2011 set a price cap for bids at USD 0.097/kWh. This cap was revised almost immediately in Ministry of Energy Regulation No. 22/2012, which generally raised the tariff ceiling and established variation across provinces and in terms of the voltage of the local transmission system.⁴

In the mid-2000s, the government of Indonesia announced its “fast-track energy programme” to expand electricity access across the country and address persistent energy poverty in outlying areas. The first part of this programme, announced in 2004, downplayed renewable energy in favour of the quick construction of coal-fired power plants. A rapid scale-up of installed capacity – from 26.5 GW in 2004 to 41.0 GW in 2011 – was achieved by constructing standard thermal plants. The second part of the programme emphasised the use of renewable resources

3 Also see the data series “Electricity – total net installed capacity of electric power plants, geothermal” from the United Nations Statistics Division's Energy Statistics Database.

4 The maximum tariff rate is now USD 0.185/kWh for medium-voltage systems in Papua and Maluku, which is nearly double the original ceiling. For high-voltage systems in Sumatra, the tariff ceiling increased only to USD 0.100/kWh.

to continue the expansion of electricity production. However, these resources have not come online as quickly as coal-fired plants, and the government has found itself torn between its stated promise to move away from a fossil-fuel-based economy and its commitment to deliver electricity to the people of Indonesia (interview 03). Given the slow pace of geothermal development, it is quite likely that the government will need to revert to building more coal-fired plants in order to keep pace under the fast-track programme.

Research Methodology

In order to gain insights into the obstacles to and facilitators of renewable energy development in Indonesia, one of the authors undertook two months of field research during the spring of 2013. During the first month, the author interviewed central government officials, international business consultants, domestic industry insiders, and foreign aid agency staff involved with renewable energy development. The purpose of these interviews was to collect impressions from relevant actors about the obstacles to renewable energy development in general, and to Indonesia's exploitation of its geothermal potential in particular.

During the second month, the author travelled to Kupang, the capital of Nusa Tenggara Timur province. Kupang was selected as a relevant field site for the research for three reasons. First, Nusa Tenggara Timur suffers from high levels of energy poverty. In 2008, 75 per cent of the one million households in the province were not served by electrical connections (Dinas Pertambangan dan Energi Provinsi Nusa Tenggara Timur 2011). Expanding electricity generation in the province should clearly be of interest to government officials and the general public there. Second, Nusa Tenggara Timur has substantial geothermal potential of about 1,500 MW (Kementarian Energi dan Sumber Daya Mineral 2011).⁵ Third, some geothermal development already has taken place in Nusa Tenggara Timur, with geothermal plants having been built in three different districts on the island of Flores.

In Kupang, the author interviewed provincial officials and representatives of the local PLN office in order to understand how the regulation of geothermal energy was working at the local level. The data gath-

5 This amount is relatively small compared to the potentials of Java (10,000 MW) or Sumatra (13,500 MW). However, given the smaller population density of the islands of Nusa Tenggara Timur, a significant portion of the population's electricity needs could be met through geothermal development.

ered from these interviews was compared to that from the interviews in Jakarta and to other documentary evidence.

Across these interviews, respondents described two categories of problems that they felt hindered the progress of geothermal development. First, respondents said that decentralised regulation was leading to project delays and to rent-seeking. Second, respondents argued that the lack of policy-making clarity at the central government level and the distortionary impacts of fuel subsidies had disincentivised international investors. After describing these findings, we compare Indonesia to Japan, New Zealand, and the Philippines, which vary in their geothermal-relevant policies and in their levels of exploitation. We conclude by describing the ways in which increased centralisation in the geothermal sector could benefit renewable energy development in Indonesia.

Decentralisation and the Delayed Development of Geothermal Energy

Following the downfall of Suharto's authoritarian regime in 1998, the Indonesian legislature passed twin laws decentralising government authority and finances to the district/city level. This "big bang" decentralisation (Hofman and Kaiser 2004) went into effect in 2001, with new laws passed in 2004 to further clarify the rights and responsibilities of the local governments. Contemporary politics in Indonesia are framed by a tug-and-pull between local government units that value discretion and independence and a central government that sees itself as the ultimate guarantor of citizen access to government resources.⁶

As part of the decentralisation process, local governments became the owners of the country's geothermal resources (WWF 2012: 52) and obtained (under Law No. 27/2003) explicit power to tender contracts for geothermal exploitation. The new law was expected to revitalise investment in the sector by empowering local governments to make productive use of the resources under their control. This has not occurred and there has been relatively little investment in exploration since 2003.

Geothermal exploration is very expensive. One study has estimated that 42 per cent of the total capital cost of constructing a geothermal power plant is spent during the exploratory phases (cited in Dapice and Cunningham 2011). For investors to begin exploration, they must feel

6 For more on decentralisation in Indonesia, see Turner et al. 2003; USAID 2006; USAID and Donor Working Group on Decentralization 2009; and Winters 2012.

confident about the likelihood of a profitable project. The evidence below suggests that the decentralised tendering process, rather than giving investors additional access to vital information and new encouragement about their ability to fruitfully invest, has delayed the release of information and hindered the development of confidence.

On one hand, our interview evidence indicates that there are straightforward resource and capacity issues among local governments that lead to delays and low investor confidence in the process. However, the more severe problem – revealed in interview responses and in the secondary literature on Indonesia’s political economy – seems to be that local governments lack incentives to improve this situation. In addition, the decentralised tendering process appears to have created new veto players and related opportunities for rent-seeking.

Capacity, Resource, and Incentive Issues among Local Governments

It is something of a cottage industry for central government officials, foreign donors and other observers to blame the shortcomings of public service delivery in Indonesia on the low capacity of local governments. Although the central government has promulgated performance standards and expectations for local service delivery, the extent to which these legal obligations of the local governments are clearly specified and the extent to which the central government can monitor and enforce them are questionable (Buehler 2011).

That said, recent literature on Indonesia shows that local governments provide services when incentives exist (Rosser, Wilson, and Sulistiyanto 2011; Rosser and Joshi 2013; Winters, Karim, and Martawardaya 2014). The 2009 Electricity Law gave new planning powers to the district governments and gave them the right to provide electricity directly to their region (with PLN retaining a right of first refusal for new power generation projects). If local governments believe that geothermal exploitation will bring political rewards, they should utilise these powers. In particular, local governments might facilitate investment by undertaking mapping and exploration tasks necessary for eventual exploitation.

However, there is widespread agreement that local governments are not using these powers, which could be due to a lack of knowledge, resources, or political incentives. Although all three possibilities are relevant, we ultimately believe that district governments lack the political incentives to develop capacity and raise resources for geothermal exploitation.

It is widely acknowledged that Indonesian local governments lack the technical knowledge required to estimate rates of return or to otherwise provide useful information to potential investors (interviews 11, 14, 17). Specifically, foreign investors have complained that the tenders submitted since the promulgation of Law No. 23/2003 have been poorly designed and sometimes altered after their initial issue (Wahjosoedibjo and Hasan 2012; Hasan and Wahjosudibjo 2014). One donor agency representative said that some tender documents were only one page in length (interview 14). In Nusa Tenggara Timur, provincial officials appeared under-informed about geothermal exploitation. The head of the Provincial Planning and Development Agency (Bappeda) reported that the provincial government was interested in exploiting geothermal resources, but he said it was PLN and not the provincial government that would help facilitate projects. He saw the provincial government's role as communicating with the community about projects (interview 20). Similarly, a local NGO based in Kupang said that they had put pressure on the local government to develop geothermal resources, only to be told that the National Energy Plan called for the development of coal-fired plants first (interview 26). Within the provincial PLN, officials said that initiatives for geothermal development come from the centre and that the provincial PLN implements plans that were produced in Jakarta (interview 23).

Local governments that lack the capacity to undertake initial exploration could allocate resources in their budgets to help potential investors accomplish this task. However, they have not yet done so (de Wilde, 2010). Understanding the high costs and uncertainty of exploration, the Ministry of Finance created a Geothermal Fund Facility (GFF) (in Regulation No. 3/2012) to help local governments undertake preliminary exploration and prepare tender documents. Initially, the fund was not structured to help subsidise full exploration costs, but since this was a major concern for potential investors, the fund was subsequently extended to include them (WWF 2012: 18).

However, local governments have only used the fund in limited ways, and foreign investment consultants have complained that the fund has not been disbursing (interviews 2, 3, 5, 11, 15, 16). One environmental consultant described the fund as structurally constrained from its inception, since it is administered by the Ministry of Finance's Government Investment Center (Pusat Investasi Pemerintah), which is not allowed to make a loss on investments. It therefore usually lends to local governments for purposes where repayment is relatively certain (for example, building infrastructure such as schools and hospitals) (interview

5). Since geothermal exploration may come at a loss, the barriers to using fund resources are prohibitive, and potential investors argue that the government needs to create an explicit risk fund (interview 11).

Why is it that there are not greater incentives for local governments to pay the upfront costs on their own? The major problem seems to be that local governments cannot necessarily expect to receive political rewards for geothermal exploitation. Compared to interventions in the health and education sectors, it will take more time for geothermal power plants to come online, and current governments may not be able to claim credit. More to the point, power produced by geothermal plants may serve distant communities more than local communities, which is an even greater obstacle to credit claiming.⁷ Given that a local government may only create a single geothermal tender, it is being asked to develop capacity that will probably be useful for only a single project (interview 11).

The GFF is meant to offset this problem, but the fund is not structured in a way that incentivises borrowing from local governments. If exploration fails, the local government is completely responsible for the loan; if exploration succeeds, the benefits to local officials *per se* may be minimal. Insofar as the resources are coming from the central government anyway, making the local governments borrow in order to support investors adds an unnecessary layer of complication. One respondent asserted that it is much easier for local governments to simply be passive and complain about PLN's poor service provision (interview 11).

Most citizen and civil society activity related to renewable energy has involved local communities 'opposing' renewable energy development. In Bali, a geothermal plant was criticised for dishonouring sacred mountains and forests (WWF 2012: 55). On Flores, an earthquake subsequent to the construction of a geothermal plant was blamed on the fact that the correct ceremony had not been performed prior to construction (interviews 19, 26). Although the reactions of local communities to geothermal development would need to be considered regardless of whether the local or central government was in control of the resources, the sen-

7 One of the constraints to geothermal development is the lack of electrical grid connectivity in Indonesia. Only 65 per cent of Indonesian territory is connected to an electrical grid, and geothermal resources are often located in remote areas, which means that additional financing is required in order to connect the power plant to the grid (WWF 2012). One industry insider noted that development of grid infrastructure must be coordinated across local governments, which introduces additional coordination costs and therefore additional uncertainty for investors (interview 9).

sitivity of local governments to voters within their constituencies may empower community activists that seek to stop geothermal development.

Given these challenges, one foreign investment consultant described the need to convince local government leaders of the potential political benefits of renewable energy. He described making contacts with district heads through party operatives in Jakarta and having those party elites describe to the district heads the benefits of improved electricity provision. He argued that it is only through the persuasive powers of informal political networks that renewable energy projects can come to fruition (interview 4).

Ultimately, few local governments have embraced their new powers to take the initiative regarding geothermal development, preferring to rely on centralised planning and management. The fact that local officials are pushing responsibility back to the central government level suggests that the decentralised system is not serving its purpose of allowing local governments to be more in control of or more innovative with the management of their geothermal resources. Whereas the central government might press ahead with a local geothermal project in the pursuit of broader regional or national public good, Indonesia's local governments do not appear to have an incentive structure that will lead them to do similarly.

Point-Source Natural Resources and Rent-Seeking

Geothermal reserves are point-source in the sense that there is one area in which they can be exploited, and they cannot be easily reproduced elsewhere. The literature on the natural resource curse has emphasised that point-source natural resources may be particularly deleterious to efficient economic decision making and good governance because of the large rents that can be obtained by controlling access to the point of exploitation (Le Billon 2001, 2007). Some of the problems surrounding geothermal exploitation in Indonesia suggest exactly the type of rent-seeking that is common with point-source resources. We start this subsection by discussing the possibility that companies that have no intent of actually exploiting geothermal resources win tenders and then squat on the sites. We then look at the possibility that local officials delay permitting processes in order to obtain rents or protect special interests.

The decentralised geothermal tendering process increases the probability that companies that never intend to exploit a resource will try to obtain exploitation rights and then sell them to sincerely interested parties. As described above, Law No. 27/2003 specifies that geothermal working area tenders should go to the company that offers to supply

electricity at the lowest price. The ultimate power-purchasing agreement, however, is not part of the tender document. This allows companies to bid a low price and gain rights to a geothermal resource, but then draw out the negotiation of the PPA in order to sell the exploitation rights at a profit to another developer (de Wilde 2010). One investment consultant claimed that this practice was rife in the 2000s, with district executives awarding licences to their friends and family members to later sell at profit (interview 4).

Insofar as it exists, this rent-seeking behaviour likely is facilitated by the lack of capacity among local governments to adjudicate bids for geothermal exploitation. Even well-intentioned officials are likely to assess bids only along the price dimension and not the quality dimension (interviews 11, 13). Therefore, insincere bidders can submit low-cost bids, obtain rights to a resource, and then fail to develop it.

The physical location of geothermal resources in protected forest areas also has created the potential for rent-seeking behaviour. As described above, Law No. 27/2003 identified geothermal energy development as a mining activity. Under the terms of Law No. 41/1999 on Forestry, this disallowed geothermal development (as a mining activity) within protected forests and conservation areas. However, over 40 per cent of identified geothermal resources are located in such areas. The mining classification was regarded as a misclassification since geothermal power production is significantly less destructive than mining (interview 3). This situation was corrected with Presidential Regulation No. 28/2011 and a memorandum of understanding between the Ministry of Energy and the Ministry of Forestry. Under these documents, the Ministry of Forestry was given permitting power to allow geothermal development (WWF 2012: 58).

This made the Ministry of Forestry the key veto player for local governments and investors interested in geothermal development (WWF 2012: 60, 63), and several interviewees alleged widespread corruption within the Ministry of Forestry (interviews 4, 7, 12). Similarly, based on interviews with Chevron officials, Dapice and Cunningham argued, “[I]t appeared that obstacles might be placed in [Chevron’s] way as a negotiating tactic to extract better terms” (Dapice and Cunningham 2011: 12). Forest laws, originally intended to stop the expansion of palm oil plantations, have instead stunted the development of geothermal power sources (Sovacool 2010). One long-time Indonesian political observer suggested that being tough on geothermal development was a way for the Ministry of Forestry to appear to be doing its job while it continues to assist the timber companies that are its true patrons (interview 12).

Another informant was more sanguine, noting that the Ministry of Forestry has a mandate to protect forest land, which faces many risks in Indonesia, and that it should be allowed to fulfil this mandate (interview 7).

Beyond simple rent-seeking for profit, decentralisation also creates opportunities for local governments to obstruct renewable energy development in the service of political clients. With reference to the “diesel fuel mafia” (described in more depth below), one foreign investment consultant claimed that diesel suppliers put pressure on local leaders to delay permitting and licensing processes for renewable energy projects in order to keep rural areas dependent on diesel gen-sets for electricity generation (interview 2).

Whether because of rent-seeking or obstructionism, the decentralisation of permitting processes to local governments and local offices of the Ministry of Forestry has led to significant complaints about project delays and increased project expenses within the geothermal sector. One foreign investment consultant claimed that rent-seeking by local governments makes power plants between two and three times more expensive to bring online than they should be (interview 6).

A Disincentivised Investment Environment

Although there are Indonesian investors interested in renewable energy investment, they have largely been unable to obtain project financing from domestic banks. According to a large number of interviewed sources, domestic investors either cannot afford the relevant feasibility studies or the banking sector is not prepared to lend based only on project designs (interviews 1, 2, 3, 4, 16). Given the high levels of exploratory and capital investment needed for geothermal exploitation, international investment is usually essential.

However, international investors face numerous barriers to understanding their prospects for profit in Indonesia. Many of these difficulties of estimating return on investment are linked to the confusing and overlapping governance structures in the renewable energy sector. One foreign investment consultant said that an investor would have to be ready to interact with PLN, the Ministry of Energy, and the Ministry of Finance at the central, provincial and local levels in order to bring about a project of any size (interview 4). Although local governments are the recognised owners of geothermal resources, they legally have joint responsibility with the national Ministry of Energy to develop the resource and monitor its exploitation (WWF 2012: 61).

More to the point, investors have difficulty estimating the extent to which national policy will remain in place and difficulty understanding who drives policy change. In this section, we lay out apparent uncertainty in the geothermal sector related to the national policy-making process and also describe the distortionary impacts that the country's fuel subsidies have historically had on the energy sector.

Who Sets National Renewable Energy Policy?

There are a number of ways in which potential geothermal investors must confront questions of policy permanence and stability. The most prominent of these is in terms of pricing. As described above, even developers with geothermal licenses do not begin exploration until they have obtained a power-purchasing agreement with PLN. PPAs have been delayed because of uncertainty surrounding the overall price scheme in the sector. The initial maximum tariff that could be paid for geothermal power was established at USD 0.097/kWh in 2009. The goal was to reinvigorate negotiations between PLN and independent power producers in order to move geothermal resources closer to development. However, the price ceiling was lower than the tariffs in the United States, which range from USD 0.10–0.12, and in the Philippines, which are set at USD 0.148 (WWF 2012: fn. 23). Because of the tariff's uninspiring value, it was increased almost immediately and allowed to vary by province and type of transmission system (Ministry of Energy Regulation No. 22/2012). The Ministry of Energy also gave PLN the ability to seek approval to negotiate contracts that exceed the price ceiling (Hasan and Wahjosudibjo 2014). In June 2014, the tariffs were revised yet again in order to account for inflation over time (Baker & McKenzie 2014). The rapid revision to the price ceiling and the possibility that the price ceiling is not a hard ceiling both caused uncertainty for potential investors: the rules of the game appear to be a moving target.

The price ceiling, sometimes described as a feed-in tariff (FIT), is not actually a FIT but rather a maximum allowable tariff. The other renewable energy sectors have true FITs, whereby an additional payment beyond what would be paid for electricity from coal-fired plants is added to the tariff rates. The Ministry of Energy is responsible for producing these FITs. However, any FIT must also be accepted by PLN, which will pay the tariff to the power producer, and by the Ministry of Finance, which is concerned with the national budgetary implications of the tariffs. One industry consultant reported having asked many questions about the policy process through which FITs are developed, but finding few answers. He said that the key conversations seem to be between the

Ministry of Finance and PLN; yet it is the Ministry of Energy that issues the FITs (interview 7). One government insider agreed that the lines of responsibility for the FITs were unclear, saying that the Ministry of Energy produces the FITs, yet PLN gets blamed for them, and that it is ultimately unclear who is leading the process (interview 8). Officials within the Ministry of Finance expressed frustration with the Ministry of Energy leadership, stating that if the Ministry of Energy would coordinate with the Ministry of Finance in the first place, it would be unnecessary to reissue FITs (interview 15).⁸

Without a true FIT in geothermal, the National Planning and Development Agency (BAPPENAS) has developed a “Fit Fund” in collaboration with international donors that is designed to provide a supplemental tariff when geothermal developers feel that they cannot proceed with a project because of low tariff levels. While this is certainly an attractive addition to cost-benefit calculations for potential investors, the fund also adds yet another central government player into the mix and may also be a tenuous source of funding, making projects reliant on the fund less attractive.

Given the multiple central government actors, even the legal basis for geothermal exploration and exploitation is less than certain. As described above, the unfortunate categorisation of geothermal power generation as a mining activity in Law No. 27/2003 was corrected through a presidential regulation and a memorandum of understanding between the Ministry of Energy and the Ministry of Forestry. However, such corrections do not have the same force as a law, so there remains a risk that geothermal exploitation might be subject to the changing whims of new ministers that will revise the regulations. For instance, an industry report on the June 2014 geothermal tariff revision concluded by saying that it is unclear whether “the Government will be willing to proceed with tenders” under the regulation in the absence of amendments to the Geothermal Law (Baker & McKenzie 2014: 5).

Given overlapping institutional authority and the need for inter-ministerial coordination (and coordination with a key state-owned utility), as well as the lack of permanence in sectoral regulations, substantial uncertainty surrounds the pricing and regulatory structure going forward

8 According to one source who works with a donor technical assistance programme in the renewable energy sector, a similar lack of policymaking clarity was also problematic in the hydro sector. The FIT for hydropower had little effect on development because it was issued without appropriate external consultations. This apparently led the Ministry of Energy to be more consultative in advance of producing biomass and biogas FITs (interview 16).

in the geothermal sector. This level of uncertainty will inhibit investment unless the expected gains are sufficiently large, which does not seem to be the case given the observable evidence of delayed investment. One Chevron executive summed up the situation succinctly as follows:

There needs to be a stable legal and regulatory regime, which allows for long-term development rights, open markets created by long-term contracts and long-term prices with certainty of payment (*United Press International* 2010; quoted in WWF 2012).

Fuel Subsidies and Distortion of the Renewable Energy Market

For several years prior to 2015, Indonesia suffered from large economic distortions caused by massive consumer fuel subsidies. In 2012, energy subsidies in Indonesia had reached USD 17.7 billion, accounting for 17 per cent of total government expenditures (WWF 2012: 14). These fuel subsidies were undoubtedly removing money from the budget that might otherwise have been used for FITs and other renewable energy investment incentives (interview 15). Under President Joko Widodo, Indonesia revised the fuel subsidy policy in January 2015, completely eliminating subsidies on gasoline and keeping only a minimal subsidy on diesel (which is used for public transportation) (Diela 2015).

While the overall elimination of subsidies will definitely open new doors for renewable energy development, the diesel subsidy may still pose a risk to renewable energy development. Slightly more than half of rural off-grid power is generated by diesel gen-sets (Differ Group 2012). Although PLN should not be purchasing diesel at subsidised prices, there are indications that its regional offices purchase cheap fuel for use in electricity production (Braithwaite 2012), and there is certainly a black market through which they can do so (interviews 12, 13). This black market may actually create actors with an interest in maintaining the diesel subsidy. A large number of informants – both foreign investors and government officials – referred to a “mafia” of diesel fuel importers who favour the status quo: the subsidies maintain high fuel demand, bringing rents to those who hold import licenses and giving them an incentive to fight to keep the subsidies (interview 4). Local suppliers are likely to continue holding on to their contracts to provide diesel fuel, since they have the infrastructure in place to deliver it.

Given the low global market prices of petroleum, the Indonesian government acted at an opportune moment to remove fuel subsidies. For the moment, however, this could mean that there is less mobilisation

in favour of new renewable resources. When global fuel prices begin to rise again, this may catalyse local government pressure on the central government to help support new renewable energy development (interview 8). Given the long-term high costs of diesel fuel, PLN is likely to remain in a position where it can reduce its overall costs by moving away from diesel gen-sets and toward renewable energy (interview 3).⁹

Geothermal Energy Development in Comparative Perspective

In the two previous sections, we identified four potential obstacles to geothermal development in Indonesia. In this section, we discuss the experiences of three other Pacific countries – Japan, New Zealand, and the Philippines – and the extent to which these obstacles may generalise to other countries. Although each of these countries possesses substantial geothermal potential,¹⁰ these states have differed in their policies and installed capacities over time. The experiences of these three countries bear key similarities and differences with the history of geothermal policy and exploitation in Indonesia, and the comparisons bolster our multifaceted explanation for what would improve geothermal development in Indonesia.

The Philippines

The Philippines possesses substantial geothermal resources, with estimates between 3,500 and 8,620 MW of potential installed capacity (Gawell, Reed, and Wright 1999).¹¹ Between 1990 and 2010, geothermal exploitation in the Philippines more than doubled, from 891 to 1,904 MW of installed capacity (Earth Policy Institute 2011). The current amount of exploitation – at 22.1 per cent of geothermal potential – is

9 One industry insider insisted that for some parts of Indonesia, there simply are no alternatives to diesel gen-sets (interview 13).

10 Among countries with geothermal resources, Gawell, Reed, and Wright (1999) rank each of these countries, along with Indonesia, in the top 25 per cent worldwide in terms of potential geothermal energy.

11 Jennejohn, Blodgett, and Gawell (2009) described the Gawell, Reed, and Wright (1999) study as utilising “fairly conservative assumptions about the resource base and technology,” so the real geothermal potential in the Philippines may be much greater. Indeed, Gawell, Reed, and Wright (1999) estimated that Indonesia possesses a maximum potential of 15,650 MW, much less than the estimate of 28,500 MW mentioned above.

much greater than in Indonesia, which, based on the estimates from Gawell, Reed, and Wright (1999), increased from 0.9 per cent to 7.6 per cent of total potential over the same 20-year period. On the other hand, the growth in installed capacity in the Philippines stagnated after 2000, while Indonesia's grew steadily during the 2000s.

In contrast to the decentralisation in Indonesia, geothermal development in the Philippines is guided by central government officials, since the constitution gives primary responsibility for exploration and development of natural resources to the national government (Peñarroyo 2010). Furthermore, the constitution provides three methods by which the state may promote the utilisation of natural resources: (1) direct involvement, (2) cooperative efforts with the Filipino private sector, and (3) presidential agreements with foreign corporations (Peñarroyo 2010). The state has utilised the first and third options for the development of geothermal energy. As of mid-2005, the government was operating both the plant and steam-field for three of the country's eight geothermal facilities, and foreign companies were involved in either the plant or steam-field operation for the other five (Dolor 2006: Table 1). The greater exploitation of geothermal potential in the Philippines may be due in part to the multiple options available within the centralised governance structure.

Of particular relevance to geothermal development in the Philippines is the Philippine National Oil Company Energy Development Corporation (PNOC EDC), a geothermal development company. As a state agency, PNOC EDC conducted most of the country's geothermal resource assessments during the 1970s and 1980s (Peñarroyo 2010). Centralisation of information promoted geothermal development through a build-operate-transfer (BOT) model in which PNOC EDC assumed responsibility for the risky exploratory phases of projects, while private companies undertook plant construction and initial operation. After 10 years, the private contractor would transfer the plant to PNOC EDC (Gehring and Loksha 2012). More than one-third of the country's installed capacity was developed through BOT contracts with a small set of private companies (Dolor 2006: Table 2). Compared to the decentralisation of information and the lack of risk-financing mechanisms in Indonesia, PNOC EDC promoted geothermal development in the Philippines by centralising information and assuming initial risk.

In addition to governance structure, fossil fuel prices may have contributed to the cross-country differences in geothermal development. As noted above, subsidies in Indonesia historically decreased the attractiveness of geothermal exploitation by suppressing the price of fossil fuels. Fuel prices in the Philippines have been almost twice as high as those in

Indonesia in recent years (Bakhtyar et al. 2013). These higher prices provide a stronger incentive to the energy industry in the Philippines to generate electricity from non-carbon-based sources.

Japan

While it has a much higher level of economic development,¹² Japan is similar to Indonesia and the Philippines in that it possesses substantial geothermal potential: conservative estimates range from 860 to 3,640 MW (Gawell, Reed, and Wright 1999). Geothermal exploitation in Japan remains well below these levels, but installed capacity more than doubled from 214.6 MW in 1990 to 536 MW in 2010 (Earth Policy Institute 2011). If we assume a potential capacity of 3,640 MW, Japan's utilised potential in 2010 stood at 14.7 per cent, which is lower than the Philippines' 22.1 per cent but higher than Indonesia's 7.6 per cent. As with the Philippines, exploitation has been stagnant since 2000.

As in Indonesia and in contrast to the Philippines, a decentralised permitting process appears to have hindered geothermal development in Japan. Potential developers in Japan must secure a permit from local governments that are primarily responsive to local stakeholders' concerns (Kubota et al. 2013). In particular, geothermal resources in Japan tend to be located at hot springs, so a developer must persuade the managers of hot spring inns that the project will preserve the natural resource that sustains their businesses (Kubota et al. 2013).

Other obstacles to geothermal development in Japan bear less resemblance to the problems in Indonesia. In contrast to the uncertainties associated with Indonesia's price ceiling, Japan enacted a renewable portfolio standard system for various energy resources in 2003, including geothermal (Sugino and Akeno 2010). However, the policy supported only a single plant technology that has not been widely adopted in Japan (Nishio and Asano 2006; Sugino and Akeno 2010: Table 2). Furthermore, the Japanese government partially liberalised the electricity market in 2000 in order to minimise costs for developers. This move reduced the attractiveness of geothermal projects due to the higher level of risk and lower level of profits compared to energy produced from fossil fuels (Sugino and Akeno 2010).

12 Japan's 2013 GDP per capita was USD 37,433 (in constant 2005 dollars), compared to USD 1,810 for Indonesia and USD 1,581 for the Philippines (World Development Indicators).

New Zealand

New Zealand's potential geothermal capacity is similar to that of Japan, with conservative estimates ranging from 1,000 to 3,500 MW (Gawell, Reed, and Wright 1999). New Zealand successfully increased its installed capacity almost three-fold, from 283.2 MW in 1990 to 762 MW in 2010 (Earth Policy Institute 2011). Assuming a potential capacity of 3,500 MW, the exploitation rate in 2010 stood at 21.8 per cent, which is comparable to the Philippines' 22.1 per cent. The difference between New Zealand and the previous two case studies is the sustained growth over time, with noticeable improvements of 151 MW in installed capacity between 1995 and 2000 and 327 MW between 2005 and 2010. With a relatively high exploitation rate and continued growth in installed capacity, New Zealand is perhaps the most successful case that we have studied.

Unlike the centralised approach in the Philippines, New Zealand devolved most of its environmental authority to regional and territorial councils in the 1991 Resource Management Act (RMA) (Dickie and Luketina 2005). This could raise concerns that local officials in New Zealand, as in Indonesia, might not be inclined to develop expertise in geothermal energy. Two factors appear to alleviate this concern. First, unlike Indonesia, where geothermal plants are located in provinces throughout the islands of Java, Sulawesi, Sumatra, and Nusa Tenggara Timur (Darma et al. 2010a: Figure 3), New Zealand's geothermal resources are concentrated in two regions: Waikato (with nearly 80 per cent) (Dickie and Luketina 2005; Harvey et al. 2010) and the Bay of Plenty (Harvey et al. 2010). Furthermore, central government oversight minimises the probability that problems will arise under the decentralised governance structure. Several channels exist for correcting or preventing local government ineffectiveness. The RMA requires regional councils to address nationally important matters in their policies, plans and decision making (Dickie and Luketina 2005). Furthermore, the RMA enables project developers who encounter resistance from local officials to turn to the Minister of the Environment to process their applications.

Robust geothermal development in New Zealand may also be attributable to recent fossil fuel developments. One such factor is climate change policy. During the 2000s, the government developed a carbon credit trading scheme in response to the Kyoto Protocol, which "encourag[es] low emissions technologies such as geothermal energy" (Harvey et al. 2010: 6). The second factor is the expected depletion of the Maui gas field (Harvey et al. 2010), which provided 76.8 per cent of New Zealand's gross gas production in 1990, but only 24.3 per cent in 2010

(New Zealand Ministry of Business, Innovation and Employment 2014). Geothermal reservoirs provide an alternative to such non-renewable resources as natural gas. Indonesia could be “cursed” by the presence of large coal reserves in Kalimantan that continue to facilitate the baseline attractiveness of thermal power plants.

Conclusions

With substantial geothermal resources, Indonesia has the potential to transition away from carbon-based fuels and toward renewable energy sources. Based on a review of the existing literature, two months of field research, and three shadow case comparisons, we have explored why geothermal energy remains underexploited in Indonesia. We have highlighted several problems related to governance in the sector that make it difficult for projects to come to fruition and that create investment-reducing uncertainty.

First, we have discussed how decentralisation has introduced inefficiencies into the sector. Local governments lack both the technical and financial resources to encourage and oversee the tender of geothermal working areas. Decentralisation has led to an increase in the number of permits required for exploitation, which may facilitate local government rent-seeking and the protection of vested interests. As point-source natural resources, geothermal reserves are particularly susceptible to rent-seeking behaviour. These findings from Indonesia mirror some of those reported elsewhere in the renewable energy literature about India (Babu and Michaelowa 2003; Phillips, Newell, and Purohit 2011). In the shadow case studies, centralisation seems to have facilitated geothermal exploitation in the Philippines, while decentralisation has stalled exploitation in Japan. In New Zealand, a decentralised governance framework has been less problematic because of central government oversight and the concentration of geothermal resources in only two regions. Without some recentralisation, low government capacity and rent-seeking may continue to hinder geothermal exploitation in Indonesia.

Second, the national policymaking process in the sector is unclear, such that potential investors have a hard time calculating the likely return on their investment. The resultant uncertainty disincentivises investment. The central government’s attempt to subsidise initial exploration costs has not been widely utilised. As previous literature has found, the unavailability of investment capital can easily hinder the development of renewable energy (Bayulgen 2014; Zhao, Tang, and Wang 2013). Indone-

sia might be able to better incentivise investment through clearer delineation of policy-making powers at the central government level.

Finally, fuel subsidies have historically hindered geothermal exploitation in Indonesia by constraining the central government budget in a way that has prevented investment in infrastructure and investment incentives. Although the government of Joko Widodo has eliminated many of the subsidies, the remaining diesel subsidy may potentially prolong the use of diesel gen-sets in certain areas of the country. These findings again echo some of the findings from the literature on India (Bandyopadhyay 2010; Phillips, Newell, and Purohit 2011; Shenoy 2010). The shadow case studies also reveal the role that fossil fuel policy plays in geothermal development. In countries where prices for petrol and diesel are relatively high (such as the Philippines), geothermal resources have become a more attractive alternative. The experience of New Zealand also indicates that carbon trading could increase the financial benefits of geothermal projects and thereby facilitate the expansion of geothermal installed capacity. Thus, integrating Indonesia into a global carbon market could accelerate the utilisation of this country's geothermal resources, although this is unlikely to be the case during the present period of low global petroleum prices.

In sum, our findings suggest that policy innovations could expand investment in the geothermal sector in Indonesia. By removing diesel subsidies, recentralising authority and clarifying the lines of responsibility at the national level, the Indonesian government could promote geothermal exploitation through the effective and consistent implementation of policies such as feed-in-tariffs, carbon-trading schemes, or government-funded exploration of the risky exploratory phases of a project. Prospective investors may respond to such policies by expressing greater interest in developing the extensive geothermal potential in Indonesia.

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Appendix: Interview Respondents

Respondents are identified by their position, the location of the interview, and the date of the interview. The interviews are listed in chronological order.

	Position; Location; Date
01	Consultant, USAID; Jakarta; 9 February 2013
02	Executive officer, renewable energy development and consulting firm; Jakarta; 11 February 2013
03	Staff, Environment Office, USAID; Jakarta; 12 February 2013
04	Executive officer, renewable energy development and consulting firm; Jakarta; 14 February 2013
05	Management consultant, international management consulting corporation; Jakarta; 15 February 2013
06	Independent business consultant; Jakarta; 15 February 2013
07	Strategic planning consultant, hydropower developer; Jakarta; 18 February 2013
08	Staff, Investment Planning and Risk Management Directorate, Pertamina; Jakarta; 18 February 2013
09	Executive officer, renewable energy civil society organization; Jakarta; 18 February 2013
10	Director, political civil society organisation; Jakarta; 18 February 2013
11	Project manager, KfW (German Development Bank); Jakarta; 20 February 2013
12	Journalist, English-language newsletter; Jakarta; 25 February 2013
13	Executive officer, large energy-related corporation listed on the Indonesia Stock Exchange; Jakarta; 26 February 2013
14	Project manager, GIZ (German Development Agency); Jakarta; 27 February 2013
15	Officials, Center for Climate Change Financing and Multilateral Policy, Ministry of Finance; Jakarta; 28 February 2013
16	Director and staff, USAID-funded renewable energy project; Jakarta; 1 March 2013
17	Faculty member, Department of Political Science, Gadjah Mada University; Yogyakarta; 17 March 2013
18	Member, National Energy Council, Indonesia; Yogyakarta; 18 March 2013
19	Faculty, Department of Electrical Engineering, Nusa Cendana University; Kupang; 24 March 2013

	Position; Location; Date
20	Official, Provincial Planning and Development Agency (Bappeda), Nusa Tenggara Timur Province; Kupang; 25 March 2013
21	Official, Geothermal Section, Bureau of Petroleum and Geothermal Energy, Department of Mining and Energy, Nusa Tenggara Timur Province; Kupang; 26 March 2013
22	Official, Electrification Section, Bureau of Electricity and Energy Utilization, Department of Mining and Energy, Nusa Tenggara Timur Province; Kupang; 26 March 2013
23	Staff, Kupang Office, National Electric Company (Perusahaan Listrik Negara); Kupang; 26 March 2013
24	Official, Regional Planning and Development Agency (Bappeda), Kabupaten Rote Ndao; Kupang; 26 March 2013
25	Official, Regional Planning and Development Agency (Bappeda), Kabupaten Kupang; Kupang; 27 March 2013
26	Staff members, institution-strengthening civil society organisation; Kupang; 28 March 2013



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Betwixt Droughts and Floods: Flood Management Politics in Thailand

Naila Maier-Knapp

Abstract: Attempting to create greater understanding of the political dynamics that influence domestic disaster relief and management (DRM) in Thailand, this article takes a closer look at these dynamics by outlining the main actors involved in flood-related DRM. It acknowledges the importance of international and military actors but emphasises the role of national and subnational authorities. The article then identifies the central issues of DRM governance as capacity and bureaucracy and discusses these through a chronological assessment of the flood crisis in Thailand in 2011, interweaving the colourful domestic politics with various political cleavages and dichotomies, and thereby distinguishing between three main dichotomies which it considers as the central drivers of the political dynamics and institutional development of DRM. These issues can be summarised as old versus new institutions, technocracy versus bureaucracy and centralised (but with direct people-orientation through greater channels of citizenry participation) versus decentralised bureaucracy with an indirect orientation towards people.

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Keywords: Thailand, floods, disaster relief and management, bureaucracy, decentralisation

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Introduction

With the increased involvement of East Asian countries in international disaster relief, developing and semi-developed¹ countries in neighbouring Southeast Asia are benefitting from this outward projection of material and financial assistance. At the same time, this increasing disaster relief and management (DRM) assistance is making these Southeast Asian countries aware that the great powers have bestowed another dimension of great power politics upon them. Concomitantly, DRM constitutes a growing political game intra-regionally in Southeast Asia at the level of the Association of Southeast Asian Nations (ASEAN), manifested in the rising institutional proliferation, examples of which being the ASEAN Emergency Rapid Assessment Team (ERAT) in 2008; the Standard Operating Procedure for Regional Standby Arrangements and Coordination of Joint Disaster Relief and Emergency Response Operations (SASOP) in 2009; and the ASEAN Coordinating Centre for Humanitarian Assistance, launched in 2011. This growing realm of interaction and regulation reinforces both the national and international/regional level from legal, military, ideological and economic perspectives.

However, this two-level game of mutual influence appears over-emphasised if one seeks to better understand the disaster relief politics of developing or semi-developed countries in Southeast Asia in their entirety. In spite of normative reservations, the DRM capacity of developing ASEAN member states is undoubtedly contingent on interaction with external partners. Within semi-developed and developed ASEAN economies, the relationship is somewhat different and the impact of international DRM influence is seemingly more moderated, albeit to variable degrees. Here, the domestic political agendas appear central in informing the politics of national disaster relief and risk reduction. Although this article² recognises that the trends on the international level create an

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- 1 Understanding that there are countries in Southeast Asia which have developed significantly in the last three decades, but have not yet reached Western understandings of a developed country, this article introduces the term “semi-developed” to bridge the conceptual space between “developing” and “developed” countries in Southeast Asia.
 - 2 I would like to thank the SEATIDE project and the Centre for History and Economics at the University of Cambridge for their research support. Furthermore, I am most grateful for the time and insights that Thai representatives of the Office of National Water and Flood Management Policy, Royal Irrigation Department, Department of Disaster Prevention and Mitigation, National Disaster Warning Centre, provincial administrations and Asian Disaster Preparedness Centre shared with me.

environment conducive to capacity-building, policy innovation and structural harmonisation within all ASEAN member states which impact on national DRM politics, the degree of practical influence at the domestic level is highly variable, circumstantial and nuanced. Therefore, this article emphasises the domestic political dimension as the main and constant shaper of DRM in many economies of Southeast Asia.³

This article emphasises the domestic level because it assumes that in many semi-developed and developed Southeast Asian countries, the political interests of political and business elites are the most important and constant factor informing decision-making. In this context, this article builds on the notion of “elite capture” in DRM in Thailand as the central premise, presuming that “flood and disaster management are organised in such a way that it makes it easy for elites to deploy experts and technical tools in ways that serve their interests” (Garden, Lebel, and Manuta 2011: 53). The idea of elite capture in Thailand offers a good case-in-point for understanding the central DRM political issues and shapers that could be applicable to other ASEAN member states, since Thailand’s “colour”-divided politics act as a clear and traceable primary political overlay in the public sector (see Chachavalapongpun, Chongvilavan, and Michel Montesano 2012).

Given Thailand’s fluctuation between civilian and military governments and its experiences in the recent phase of military “civilianisation”,⁴ the armed forces there seem to play the predominant role in the domestic politics of DRM. In addition to the domestic setting, a variety of contemporary international conditions are conducive to the important role that armed forces play in DRM in the Asia-Pacific. These range from the aforementioned rising engagement of East Asian militaries in

3 Here, I intentionally use the word “many” instead of “all”, because sometimes international influence is implicit and difficult to detect and disentangle from domestic processes.

4 For the concept of “civilianisation”, this article is inspired by Janowitz (1963: 116–117). Janowitz defines civilianisation as a process that locates the military as an institution within society, thus premising the contingency of its development on societal processes. In particular, technological advancements necessitate institutional change within the military to emulate large-scale civilian institutions. Projecting the concept of civilianisation into the twenty-first century, this article presumes the same interdependence between the military and the societal context but extends the definition to a more generic one that relates to the notion of role expansion. That is, it understands civilianisation as a process by which the military’s role is extended into the civilian realm, and the military inserts itself into the day-to-day activities of ordinary civilians, whether in the aftermath of a coup or in regular politics.

DRM to current competitive arms processes in Asia (see Hartfiel and Job 2007; Engstrom 2013). Nevertheless, in spite of this international backdrop and the Thai military's current political leadership, this article acknowledges that the domestic landscape of DRM actors is more diverse. Alongside the armed forces, there is a multitude of civilian DRM actors in Thailand.

By highlighting the multiplicity of domestic stakeholders and, hence, the multifaceted political interests in DRM in Thailand, this article qualifies scholarly preoccupation with the international and national "militarisation"⁵ of disaster relief and underlines the role of bureaucracies as central shapers of DRM politics at the national and provincial levels.⁶ In light of this analytical focus on Thailand's bureaucratic apparatus, this article begins with a snapshot of the many government agencies and issues pertinent to flood-related DRM before delving into the chronology of the severe floods in Thailand in 2011 and the national and sub-national responses to these floods.

This article structures the empirical examination of the 2011 floods around two thematic issues. These two overarching themes are capacity and bureaucracy, which are discussed prior to the institutional overview and empirical case study. Capacity is pervasive at all levels of governance and pertains to aspects of information, budget, hardware and technology. Bureaucracy is intertwined with aspects of capacity but further touches upon the issue of centralisation and the notion of subsidiarity.

5 Drawing upon the broader environmental context of the Asia-Pacific and pre-existing multi-perspective definitions of militarisation, this article assumes a generic understanding of domestic militarisation of DRM that is understood as the wider acceptance of armed forces in DRM, facilitating a functionally and structurally extended role of the military that meets with wider acceptance domestically. By recognising the importance of institutional and popular acceptance – that is, a third party – for some form of legitimisation of the process, the definition of the concept is stretched to encompass micro-processes and the everyday lives of non-military citizens. In keeping with the case of Thailand, when middle-class families deem the Royal Armed Forces an educational and professional institution able to take care of their sons their whole lives – thereby ensuring the well-being of the family – they implicitly support a broader societal notion of militarisation.

6 Despite the increasing DRM involvement of other East Asian militaries in Thailand, such as China providing assault boats and amphibious boats to assist during the floods in mid-October 2011, this article treats these instances as irregular and goes from the premise that the two-level rationale does not constitute a constant and contingent variable for DRM politics in Thailand.

Issue of Information Capacity

After the Indian Ocean Tsunami in December 2004 revealed the gaps in early-warning systems and communication of the DRM sector in Thailand, authorities ensured that information on the impact and forecast of natural disasters would now be readily available en masse and in real time. Improved information-sharing, rapid technological advancements and institutional proliferation have catapulted DRM to becoming one of the most advanced sectors of human organisation in Thailand. State and non-state actors are actively using social media for early-warning systems and informal information-sharing, creating networks that are maintained even at official levels to connect central bureaucracies to subnational bureaucracies.

While the abundance of information reflects transparency, the management of information flows at the national level indicates that information practices could be improved if they were made more cross-agential and less conducive to disseminating selective information. For example, in the aftermath of the Indian Ocean Tsunami, the Department of Disaster Prevention and Mitigation (DDPM) within the Ministry of Interior was strengthened in all four aforementioned aspects pertaining to capacity. Specifically, in the last six years, DDPM has taken the lead role in DRM and has become the most trusted and main source of information for domestic media, international news outlets, state agencies and non-state organisations. Official partners, which channel disaster relief aid or host publicly accessible global databases, are in constant dialogue with DDPM. That is, DDPM is not only the preferred source of information, but also acts as the gatekeeper of information – an important role, given that information on natural disasters and DRM can be sensitive and politically delicate.⁷

Issue of Budgetary Capacity

The issue of budgetary capacity for DRM is currently another problematic area for DDPM and other state agencies. With the new government in 2011, government regulation related to the DRM budget allocated a fix

7 While in the immediate aftermath of the Indian Ocean Tsunami global datasets suggest a wide array of sources for information, ranging from Christian charity groups to United Nations country offices, the last six years have seen information flows mainly originate from DDPM. It appears that there are international organisations and national and international media outlets that exclusively rely on information from DDPM. At the same time, DDPM proactively delivers information to the media.

yearly budget to account for all natural disasters in one year. This budget did not take into account worst-case scenarios and was significantly lower to previous years. Mismanagement and alternative use of the funds prompted the government at the time, under Prime Minister Yingluck Shinawatra, to lower the DRM budget and condition its usage in relation to all natural disasters, although smaller amounts for emergency funding remained available. The yearly figures of damage caused by natural disasters exceeded the designated budget and additional funding for relief and recovery was necessary in many cases. This was, however, dependent on the liaison of the local municipalities with the provincial administration, as well as the relationship of the provincial level with Bangkok, and it compelled authorities at the local level to become more engaged in rigorous bureaucratic documentation.

While, at first glance, this budgetary regulation from the Yingluck government curbed financial demands and forced authorities to invest in timely and thorough verification and processing of claims, it did not lower the actual financial demand. Considering that the Yingluck government had to manage the costliest floods in the history of Thailand, the budget appeared disproportionately low to the reality that her government was facing. This budgetary regulation from her government has not deterred insincere claims, but has instead created bureaucratic requirements for additional funding that have led to a financial and administrative backlog that has burdened the succeeding government, which has issues of its own.

The budget for disaster relief and risk reduction is the most laborious issue of the national and provincial bureaucracies. In particular, the local DDPM desk officers based at the provincial administrations are liaising incessantly with the central government and the local districts to ensure timely verification, immediate lodgement of claims and appropriate disbursement. With the new government of 2014 and the opportunity for new legislation and regulations, provincial governments are hoping to ease their administrative burden and are proposing a new DRM budget to the central government. As of September 2014, this proposal calls for more funds to be initially available and should be, according to provincial DDPM officers, either up to 20 million THB per disaster or in total approximately 50 million THB (Interview with local DDPM officer in Suphan Buri 2014).

Issue of Hardware and Technological Capacity, and the Significance of the Military

The issue of budgetary capacity extends to the acquisition of hardware and technological capacity. On the one hand, the availability of funds determines the response of governmental actors and underlines centralised working modes, resulting in greater availability of material resources for flood prevention in Bangkok or centrally monitored early-warning technology, for example. On the other, it is the administrations in the various districts themselves that can improve capacity-building of hardware and technology and alleviate their own administrative burden through effective governance styles. Ongoing issues of governance and capacity-building highlight the importance of accessible and available military hardware and technology. While the civilian authorities appreciate access to military hardware, the “disciplinary” manpower and the experience of armed forces in disaster relief and reconstruction, they do not want to divert financial resources from the civilian sector or curtail civilian attempts to build capacity in DRM.

Furthermore, provincial and local authorities are cautious in declaring disasters or dispatching armed personnel as an initial response. If armed forces are deployed immediately, this signals a security response to the population and implies higher levels of emergency. In addition to this, sending armed forces into areas of ongoing conflict between soldiers, paramilitary and rebel groups – albeit for a different purpose – is a delicate matter that could aggravate the conflict-torn provinces in Southern Thailand. In a nutshell, although the first response of civilian authorities will always focus on community-based and civilian responses, they are ultimately dependent on the military for effective DRM.

Armed forces in Thailand have been and will be a constant force in Thailand’s political and civil life. Their presence has now increased and is felt within the DRM structures at all levels. For example, more military personnel are now based throughout the national and subnational bureaucratic apparatus and attend meetings of subnational administrations on natural disasters. These soldiers have a monitoring and stabilising role to ensure peace and order. They have neither adopted new functions within these local administrations nor been actively incorporated into the decision-making processes. This increased presence of Thai armed forces is also evident at the working level of non-governmental organisations (NGOs). Some NGOs are now accompanied by military personnel when conducting fieldwork and engaging local communities in disaster preventive activities (Interview with former officer of the Asian Disaster Preparedness Centre 2014).

Overview of the Core Civilian Authorities in Flood-Related Early-Warning Systems, Relief and Recovery

While the preceding paragraphs have given attention to the military as an actor in DRM, the core capacity of Thailand's DRM sector is a large bureaucratic apparatus of 30 to 40 state and state-affiliated agencies. Since the Indian Ocean Tsunami in 2004, this bureaucratic apparatus of specialised ministries, agencies and committees has expanded and deepened on the national, provincial and district levels (Huaisai et al. 2006: 12–14). Notwithstanding the bureaucratic diversity, largesse and technocratisation which facilitate the abundance of expertise and verified information, there appears to be room for improvement in terms of developing an integrated national approach, in particular among the following eight state agencies/ministries.

These institutions deserve a closer look because they are the core DRM institutions and hold considerable responsibility in early-warning systems, relief and response in flood-related DRM: DDPM within the Ministry of Interior; the Royal Irrigation Department (RID) within the Ministry of Agriculture and Cooperatives (MAC); the Electricity Generating Authority of Thailand (EGAT) within the Ministry of Energy; the Meteorological Department of the Ministry of Information and Communication Technology (MICT); the Department of Water Resources (DWR) within the Ministry of Natural Resources and Environment (MNRE); the National Disaster Warning Centre (NDWC) within MICT; the Ministry of Public Health (MPH); and the Office of National Water and Flood Management Policy (ONWF) within the Yingluck cabinet.

Earlier on, in regard to the issue of information capacity, this article introduced DDPM as the lead coordination centre for national and integrated DRM and outlined its role as the gatekeeper of information on natural disasters. DDPM maintains local offices within administrations on the subnational level, which act within the general guidelines of the central office in Bangkok. Its institutional structure is comparable to a concentric three-dimensional spider web linking to the subnational offices hierarchically. Other state agencies, including RID and EGAT, are similarly concentrically structured, facilitating horizontal cross-agential communication at the respective levels while maintaining the Bangkok office as the apex.

In regulating water shortage⁸ and water excess in rivers, canals and dams (10 per cent of Thailand's territory), RID has been the central authority (Interview with ONWF officer 2014). Because it is located within MAC, RID's water policies mainly concern irrigation and drainage efforts geared towards realising the broader agricultural objectives of the Ministry. Since the 2000s, significant improvements have been made in terms of legal provisions and RID coordination with other agencies (Garden, Lebel, and Manuta 2011: 49). However, since the 2011 floods, ministries and metropolitan authorities have become vocal and expressed further need for enhanced cross-agential communication.

Specifically, RID in Bangkok was put under the most scrutiny when the floods in 2011 devastated the country; in the aftermath of that, it called for improved cross-agential and Bangkok-to-province coordination. While RID controls most of the dams and their water management, EGAT is the managing authority of the major dams, including the Bhumibol and Sirikit Dams. These two dams severely impacted the water levels of Thailand's main rivers in 2011, in that year EGAT focused more on minimising loss in national electricity production than on creating additional retention capacity.

Although this article has introduced DDPM as the focal point for hazard-/disaster-related information, the Meteorological Department and its local offices also hold this function and complement DDPM as information provider. The Meteorological Department and its local offices gather data and evaluate and release weather and climatic information to the public. Prior to the Indian Ocean Tsunami in 2004, the Meteorological Department was the primary organisation in providing early warning and informing the decisions of other state agencies. Alongside DDPM and the Meteorological Department, there are other agencies that are engaged in early-warning activities. For instance, MRE concentrates on mudslides and landslides, and NDWC warns about a broad range of natural disasters, from earthquakes and tsunamis to floods and droughts.

NDWC is a relatively young state agency that experienced considerable teething problems reminiscent of those of the slightly older Department of Water Resources. Huaisai and colleagues observed of the Department of Water Resources that

8 Noteworthy is that RID, in collaboration with MAC, is also responsible for the rain-making programme, employing aircraft for cloud-seeding to create artificial clouds and rain.

as a newly established department, coordinating with other agencies with a long-standing mandate for organisation and budgeting of water disaster-related programmes and projects proves to be challenging without the passage of an enabling law that defines the framework, mandate and organisation of water disaster-related management in the country (Huaisai et al. 2006: 17).

In spite of similar problems of institutional integration, the political context of NDWC was further complicated by the tense political situation and the occurrence of the Indian Ocean Tsunami in 2004. NDWC was created as an institutional response to the catastrophe to enhance information-sharing and early warning on tsunamis,⁹ earthquakes and other natural disasters in Thailand. Under political pressure from various sides concerning poor leadership, not only in preventing and managing the Indian Ocean Tsunami crisis, Thaksin hastily pushed for the establishment of NDWC as a new civilian unit within the Office of the Prime Minister; NDWC opened its doors for the first time on 30 May 2005. However, Thaksin was ousted by a military coup in September 2006 before he could pass the law to officialise NDWC. The new military government transferred NDWC to the Meteorological Department without establishing clear lines of authority. Over many years, NDWC was caught up in a legal limbo as a quasi-government agency.

Being tasked to provide early warning on all kinds of natural disasters; collect, analyse and disseminate information on disasters to relevant agencies and the public; and conduct disaster warning and relief drills with related agencies, NDWC's mandate is similar to that of DDPM. Thus, NDWC had and still has to compete against DDPM and other established agencies to carve out its niche responsibilities. Beyond the similarity in mandate, its outreach operability resembles that of DDPM, in the sense that it has developed an information and communication network throughout Thailand. The so-called "people's network" with over 200,000 members connects local knowledge with structures of governance and offers participatory channels. In contrast to DDPM's network, NDWC's network aims to retrieve and provide information informally at the civil society and grassroots level, through radio (Big FM and Looktung radio stations), telephone and online social media.

Despite competing mandates with other state agencies, NDWC works closely with many of them, including DDPM, RID, EGAT and the Meteorological Department. At the ministerial level, it collaborates

9 In 2005, NDWC put in place 79 warning towers in coastal provinces and launched a US-funded deepsea buoy in the Indian Ocean to detect tidal waves.

with MRE, and to a lesser extent MPH and MAC. MPH is also involved in tasks related to early warning. However, its focus is on raising preparedness of the medical infrastructure in the recovery phase, in which it mainly provides material, medical and psychological support. In light of the importance of Thailand's agricultural sector and its vulnerability to weather patterns, MAC is another ministry pertinent to flood relief, recovery and reconstruction, from the distribution of new seedlings to financial compensation for farmers.

Finally, in response to the 2011 floods, the former government of Yingluck set up new institutions on the national level that could harness the water-related competences of the various state agencies and focus on the effective and coordinated management of water-related disasters. Created to act as coordinating bodies between the various ministries and agencies involved in various aspects of flood management are: the National Water Resources and Flood Policy Committee (NWRFPC), the Water and Flood Management Commission (WFMC) and ONWF. The task of NWRFPC, chaired by the prime minister, is to develop policies. It is supported strategically and administratively by WFMC, which is chaired by the Minister of Science and Technology. These new institutional structures are supported operationally by the ONWF and its sub-units located within the Office of the Prime Minister. Having recruited and incorporated technocrats from other ministries into ONWF – predominantly RID and the Department of Water Resources – the former PM ensured that cabinet decisions were expertise-driven.

On 22 May 2014 the Yingluck government was ousted, jeopardising the future of the young ONWF structure. Similarly to NDWC, which was also an institution supported by the Shinawatra political coalition, ONWF is now experiencing a phase of high institutional uncertainty about its future. Having been created to ensure technocratic support for an efficient management of future natural disasters by “single command” of the PM, ONWF's mandate has been linked to the Office of the Prime Minister and did not have the time to integrate into Thailand's broader decentralised DRM bureaucracy. Designed and staffed to address water-related disasters specifically, these technocracies competed against units within established agencies and seemingly contributed to further inflation of Thailand's bureaucratic apparatus, although most of the expert staff wore two hats and have been borrowed from established state agencies. At the same time, the established agencies themselves are undergoing transformations and incorporating more expertise-driven and technocratic components. Technocratisation and institution-building processes

in Thailand's bureaucratic apparatus are delicate and require special balancing and negotiation skills.

Furthermore, complicating NWRFP's – and hence, ONWF's – situation is its engulfment in a legal battle since 2012. These institutions are facing allegations that certain planned projects did not comply with the Constitution, breaching Articles 57(2) and 67(2). These articles spell out that authorities must carry out environmental and health impact assessments prior to the implementation of schemes that have the potential to cause adverse environmental and social impacts (*The Nation* 2014). ONWF's difficulties are symptomatic of the broader issue of political allegiances in Thai politics. The overlay of colour politics has strongly determined the institutional dynamics and degree of people orientation of the newly created institutions. Similar to other sectors, DRM appears subject to elite capture, suggesting that institutional innovation and shuffling also occur for the purpose of consolidating political power of any ruling government.

These described state agencies constitute the core capacity in Thailand's flood management bureaucracy. While cross-agential coordination takes place among them, they seek to work rigidly within their jurisdiction. Thereby, scholars have observed that these and other – here unmentioned – agencies tend to disregard the impact of their work on others (Huaisai et al. 2006: 16). Divergence of functions and interests inhibits and complicates inter-agential relationships. At the same time, this divergence can spur cooperation among different institutions, since this compels them to develop knowledge and understanding of each other's interests.

This aspect of mutual learning through verbal interaction is demonstrated well by the water quota system. In light of the annually recurring droughts in Thailand, the water quota is pre-determined for each ministry. There are instances where MAC might require more water for farmers while, simultaneously, the Ministry of Industry might need more water for industrial sites. In these situations, where various ministries have differing client groups and interests, dialogue is important. For example, water basin committee meetings have become established pathways in resolving conflicting interests. Such meetings also involve representatives¹⁰ from the affected local communities who could be politicians, Buddhist spiritual leaders, police officers or military officials.

10 These community leaders can have any professional background as long as they are respected persons who have contributed and brought wealth to the community. In particular, in regard to DRM, military officers are appreciated and respected in light of their expertise and experience.

Research on the 2011 floods has confirmed the continuity of long-standing institutional problems related to inter-institutional rivalry and the lack of cross-agential coordination. Already in 2006 it has been said that the “persistence of organisational interests has not resulted in creative competition, but rather a diminished overall capacity to reduce the risks of flood disasters” (Huaisai et al. 2006: 16). Concomitantly, poor coordination is exacerbated and institutionalised as a result of bureaucratic competition that starts at higher levels within the agencies (Huaisai et al. 2006: 16). For these reasons, coordination efforts in DRM have been, and still are today, negligible among state agencies (see Shook 1997; Huaisai et al. 2006; Foran et al. 2012).

Civil Society Input and Decentralisation

These institutional assessments may be gradually changing; however, state agencies are still competing with each other to ensure competent and responsible execution of their individual functions. Institutional and functional rigidity helps prevent administrative overstretch and competency encroachment, but delimits institutional learning and input from civil society and the community. Although “politicians increasingly view flood disasters as opportunities and have been instrumental in making the bureaucracy more responsive to public inputs”, political responses at multiple levels have not necessarily translated into real action or catered to the needs of the poor and vulnerable (Foran et al. 2012: 134 and 139).

While these bureaucracies are mainly located in Bangkok, many of them entertain local offices and rely on the principle of subsidiarity as the working mode. These offices are responsible for the initial response, and they function autonomously to a certain degree. Floods that cannot be managed at the local level are relegated to the next higher level: from the local administrative level (*tongtin*) to the district level (*amphoe*) to the provincial level (*jangwad*). The socio-economic and political inhomogeneity among the 77 provinces and within their districts complicates the implementation of subsidiarity, which has, in practice, led to high dependency on the central authorities in Bangkok. At the same time, administrative and budgetary capacity is still concentrated, giving the Bangkok Metropolitan Administration (BMA) an advantage in terms of access to resources and policy-making. Opportunity of access for the provinces has increased through decentralisation reforms, despite the enhanced entrenchment of Thailand’s central bureaucracy throughout the kingdom. Thereby, the state bureaucracy overlaid rather than replaced local structures (Huaisai et al. 2006: 14).

The preceding paragraphs clarified issues of capacity and centralised bureaucracy, which are key to understanding disaster relief politics in Thailand. The discussion of the individual institutions highlighted the significance of colour politics and further indicated secondary political cleavages that can be subsumed under second-order power politics. These stem from, first, the hierarchical bureaucratic/technocratic divide between the centre and the provinces and, second, the intra-agential as well as inter-agential tensions due to diverging institutional interests, approaches, layers of allegiances and mandates. These cleavages can be broadly categorised as the following three dichotomous sets: old versus new institutions, technocracy (emphasis on effective expertise translation) versus bureaucracy (administrative thoroughness) and centralised but with direct people orientation versus decentralised with indirect people orientation. The two central issues and the three dichotomies will be fleshed out through the following chronological discussion of the floods in 2011 and the various institutional responses to them.

The Case of the 2011 Floods

The year 2011 was a turbulent one for Thailand. On top of the political circus that culminated in the dissolution of Parliament on 10 May 2011, Thailand was challenged by a series of storms. Moreover, in April, the government led by Abhisit Vejjajiva of the Democrat Party was still dealing with the financial burden from the 2010 flooding when the flood crisis in the South unfolded. The floods in the South required additional financial and material attention, leading to the cabinet's approval of new flood relief and compensation schemes. In addition to the financial burden from the floods in 2010 and the floods in the South in early 2011, the Abhisit government had to deal with popular backlash, since there were accusations against some state agencies which had allowed flooding of some rural areas to protect the metropolitan region in 2010.

While the South was battling floods, the North was affected by droughts. The divergence and variability in seasons across the country is a phenomenon to which authorities are accustomed. Towards the end of June, amid the ending drought season in the North, the first of a series of tropical storms hit Northern Thailand. On 25 June, the monsoon season set in, while 17 provinces were still considered drought disaster zones by DDPM. The Department was aware of the early storm season; it warned of Tropical Storm Haima on 21 June and dispatched personnel into the areas that were predicted to be in the path of the monsoon. On 24 June, the Department of Mineral Resources issued a storm warning.

Other ministries and agencies also released warnings and were on alert. After the storm hit, DDPM provided regular daily reports and monitored the flood situation, while keeping an eye on the drought situation in other parts of the country. Local DDPM and MRE offices provided timely updates on the risk of flash floods and landslides. On 28 June, MPH ordered local hospitals to be ready for the health-related impact on the population affected by the storms and floods. In early July, MPH was involved in distributing material support, including medical kits. Despite the political vacuum, it appeared that DDPM and other agencies could continue their mandates effectively at all levels.

On 3 July, the political vacuum was on its way to being ended after nationwide elections saw a landslide victory of the Pheu Thai Party and their candidate for prime minister, Yingluck, re-introducing supporters of Thaksin Shinawatra into power. Another chapter of “red” leadership was opened, and immediately the incoming PM was under pressure to make her mark and deal with the unfolding flood crisis (Pongsudhirak 2011). However, it was not until early August that the new leadership was sworn into power.

At the end of July, Tropical Storm Nock-ten hit Thailand’s northern and northeastern provinces, causing the Yom and Nan Rivers to swell. The northern and central provinces flooded and hindered the release of water from the major dams further upstream. These dams were just in the process of adjusting their water release cycle from dry season to monsoon season. Safeguarding against unpredictable early- or late-season storms on the basis of worst-case-scenario storage capacity in dual-purpose reservoirs is impossible and commercially undesirable (Jachowski et al. 2012).

In 2011, the seasonal change proved to be a serious challenge for the authorities who managed the dams in the North. Fearful of droughts and a loss in electricity generation, RID and EGAT did not immediately release the same amounts of water as they had in previous years. Nonetheless, it seemed that until early July the capacity levels in the dams were similar to the previous year, until these levels spiked at the end of July. In hindsight, on 13 October Smith Dharmasarojana, the former director-general of the Meteorological Department and former chairman of NDWC, criticised the lack of coordination among the established and large-scale state bureaucracies of RID, EGAT and the Meteorological Department. He claimed that they failed to submit an appropriate water retention and release figure to all agencies (Fernquest 2011). Although Tropical Storm Haima was downgraded to a tropical depression before hitting Northern Thailand and caused localised floods only in the Nan

and Sukhothai Provinces, the upstream dams and rivers of the Chao Praya and neighbouring rivers started amassing water, and the makings of the crisis began.

When Nock-ten struck, the political vacuum was not yet resolved, but the functioning of the ministries, agencies and the military in situations of natural disasters appeared to be in regular working mode. The vast and closely networked array of government agencies seemed capable of executing their mandate with a central government that was not yet fully functioning.¹¹ For example, on 28 July, the Thai Meteorological Department and RID issued a storm warning. Additionally, MPH was actively providing situation updates and sharing its assessments with other agencies, dispatching medical helpers and distributing material assistance.

On 3 August, Royal Thai Army (RTA) Commander-in-Chief General Prayuth Chan-ocha expressed concern over the flood situation and ordered his troops to assist and provide equipment immediately. This included the dispatch of engineers of the RTA's Department of Army Engineers and the provision of 250 mobile catering trucks (Government of Thailand 2011a). However, in a time of political vacuum, the movement of troops and equipment – as well as the heightened visibility of the RTA in the media, just days before the inauguration of the new government – added pressure to the incoming prime minister, who was already engulfed in political tensions. Although these military movements were conducted cautiously within the context of disaster relief and mitigation, Thailand's political history suggests that a certain degree of wariness is always warranted.

When Yingluck took office on 5 August, and her cabinet was officialised five days later, the flood crisis was already of a severe magnitude. Furthermore, several low pressure formations brought continuous precipitation to the North of the country. Seemingly on a daily basis, DDPM declared new flood disaster zones, putting pressure on the new government. In addition to this, the opposition party's activism compelled the government to act. The opposition Democrat Party worked alongside civil society to open flood centres in three affected regions (Government of Thailand 2011b). Finally, on 25 August, the new government declared its policy on managing the floods and noted that the water-retention capacity within the Bhumibol and Sirikit Dams was at

11 This, of course, is conditioned by the organisational structure and mandate. For instance, neither DDPM's function as an assessor of what constitutes a disaster zone nor NDWC's and the Meteorological Department's early-warning tasks require governmental authority at any step of the mandate's execution.

maximum levels. While in early August only ten provinces were declared flood disaster zones, at the end of August, over 20 provinces were affected and water levels in the major dams were dangerously high – Sirikit Dam was at 94 per cent of its capacity (Hungspreug 2013). The preceding drought in many provinces and the early onset of considerable monsoonal precipitation added to the management complexity of releasing water from the dams.

By 10 September, all provincial authorities were aware of the ongoing or imminent floods and devised plans accordingly. However, the month of September is a crucial month for the final rice harvest before the annual flooding of the central provinces. Local farmers in Nakhon Sawan and neighbouring provinces requested a delay of the opening of the dams and sluice gates for drainage. Even though authorities were aware that some small dams were not designed to hold back those water masses of 2011 for another one or two weeks, provincial governments and state agencies including RID/MAC and the Department of Water Resources understood the basic necessity of this September harvest for the farmers in the Central Plains.

On 3 September, the Yingluck government supported the farmers and announced the upcoming approval of a policy that would release less water to allow the rice farmers downstream to complete their harvest. This was a signal from the incipient government. It did not clarify issues of livelihood and compensation, but made local authorities comfortable enough to accept the will of the farmers (Interview with Deputy Governor of Suphan Buri 2014). On 14 September, Bang Chomsri Dam in Sing Buri broke, flooding neighbouring areas and destroying the rice harvest of farmers in Nakhon Sawan. This accumulation of higher water masses and the delayed release exceeded expected water masses further downstream and thus, impinged on flood preparedness in Bangkok and affected BMA severely.

The situation in Suphan Buri Province was similarly threatening for local rice farmers. RID Bangkok recommended an immediate water release and drainage within Suphan Buri to ease floods and imminent flooding in BMA. The authorities in Suphan Buri held provincial meetings with input from the local population and established that there were two districts that needed particular protection and that their rice harvest could be ensured through a two-week delay in water release, until 30 September at the latest (Interview with Deputy Governor of Suphan Buri 2014). The dams in Suphan Buri did not break, but upon water release BMA again was the victim of a centralised policy that lacked

provincial follow-through, raising questions about the extent to which the principle of subsidiarity should apply on the subnational levels.

Political leaders and agencies in Bangkok were infuriated with Suphan Buri's autonomous handling of the matter. Heated debates took place in Parliament, crystallising a strong component of power politics. Although existing studies on floods elsewhere in Thailand have described district and provincial authorities and their knowledge as "meaningless", since key and final decisions are made in Bangkok (Huaisai et al. 2006: 16). In practice, political allegiances and the personal status of politicians can trump or circumvent central decision-making. They can influence the extent to which central policies and recommendations are enforced one-to-one on the provincial level, such as in the case of Suphan Buri where provincial authorities enjoyed favourable conditions in terms of power politics. The province is the stronghold of Banharn Silapa-archa – coalition partner of the prime minister at the time – who backed Suphan Buri's degree of autonomy from Bangkok (see Nishizaki 2011).

At the end of September, Tropical Storms Haitang, Nesat and Nalgae had busted the retention capacity of the major dams. Smaller dams and barriers downstream could no longer delay the imminent devastation in and around BMA. By early October, the natural disaster became a full-blown economic crisis. For example, lower levels of rice production pressured the government to quickly make good on its promise to implement the rice subsidy scheme that it campaigned on in the election. On 7 October, the scheme was launched. Beyond the agricultural pressures, there were enormous industrial pressures on the new government. Major industrial complexes of multinational corporations in Ayyuthaya were inundated. Within hours, the floods halved the yearly profit of many of these companies and destroyed the confidence of foreign investors. In the aftermath, the Yingluck government invested in economic shuttle diplomacy to reassure foreign investors. While Yingluck committed to institutional improvement in DRM, which was meant to appease both foreign and domestic audiences, it seemed that the government's urgency to act and reach out to foreign and domestic audiences was expedited only once large-scale devastation occurred at industrial sites.

The human plight varied from affected province to province and district to district. It clearly showed that provincial and district authorities were preoccupied with protecting and evacuating their own industry and people. They failed to coordinate with each other on material support, water pathways and evacuation centres. While in one evacuation

centre there may have been plenty of food, the centre in a neighbouring district might have lacked food altogether, although it might have hosted triple the number of refugees than the first centre (Interview with RID officer 2014). Furthermore, experiences of past floods have indicated the problem of corruption in regard to material support post-disaster (Huai-sai et al. 2006: 16). Corruption is entrenched and relates to the notion of elite capture introduced in the beginning. Pitsom Meethom and colleagues (Meethom, Pantaku, and Poaponsakorn 2014) from the Thailand Development Research Institute have shown, for instance, that in metropolitan areas land use and zoning laws have been changed by politicians to serve business interests and land developers. They exemplified the Thaksin government as a flood culprit because it had the Suvarnabhumi Airport built in a water catchment zone.

The high tide aggravated the flood situation, compelling the central government to engage in make-shift and reactive institution-building, as well as pro-active public diplomacy. The Yingluck government formed the Flood Relief Operations Command (FROC) on 8 October. Amid the institutional acts of desperation and the political tensions, opposition leader Abhisit Vejjajiva of the Democrat Party and Yingluck reached out to each other, signalling political reconciliatory efforts in a time of crisis. On 11 October, Yingluck informed Abhisit and fellow Democrat Party representatives about the ongoing and prospective flood relief operations. However, on 14 October, Abhisit and the military called for the PM to declare state of emergency. Possibly wary of the consequences that could feed the political power of the rival political factions if such a suggestion were to be implemented, the PM, in turn, opted to invoke the Disaster Prevention and Mitigation Act of 2007, giving herself and the government greater authority to manage the floods.

The invocation of this act and with it the single-command principle was unprecedented. Empowering the PM and cabinet (thus, national and centralised decision-making), this law could trump provincial interests and mitigate the BMA's degree of affectedness. However, political leadership and activism remained similar to the situation pre-invocation. This is not to say that Yingluck did not commit to asserting her authority through the single command. In some instances she did, albeit ambiguously: Often times, she attempted to please local protesters, although this may have clashed with the interests of some subnational authorities. Other times, decisive orders empowering local authorities against local protesters were given too late. For example, by the time Yingluck ordered the closure of the Phra-in Racha sluice gate in Khlong Raphipat in

Ayutthaya Province north of Bangkok, local RID officials could no longer close the gate due to the strong flood currents (Fredrickson 2011a).

On 16 October, Yingluck continued with flood activism. She and the Minister of Science and Technology, Prodrasop Surasawadee, witnessed the launch of a new operation to manage the floods. Ships were launched on the Chao Praya River to accelerate flows and propel water downstream into the ocean. Meanwhile in BMA and neighbouring provinces, people were increasingly stockpiling food and ATMs were running out of cash. On 17 October, media outlets and Yingluck attempted to curb this spreading panic and assured the people that the floods had mitigated. However, the very same day of her announcement, the Rangsit area of BMA was severely flooded, evoking greater disapproval of the official information policy.

In early November, the dispute between BMA Governor Sukhumband Paribatra from the Democrat Party and the Pheu Thai central government delayed the effective protection of the metropolitan area. When the BMA asked FROC to instruct RID to open twenty sluice gates in Nong Chok District in Chachoengsao Province to drain water from the metropolitan area through the Bang Pakong River, this demand was only partially realised. Kamolvej (2014: 110) described the standoff between BMA and FROC/central government as reflecting “poor collaboration and unity of command”. While she acknowledged that the ineffectiveness of the central government forced BMA to go ahead with implementing flood measures within BMA jurisdiction without FROC leadership, she criticised BMA’s actions as inconsiderate of neighbouring provinces (Kamolvej 2014: 110). Indeed, the provinces of Nonthaburi, Pathum Thani, Nakhon Pathom and Samut Sakorn suffered from BMA’s water release policy, which even led to Nonthaburi Province considering legal charges against BMA at the end of November.

Overriding BMA flood management, Yingluck succumbed to the pressure of local protesters north of Bangkok, who demanded an opening of various sluice gates in BMA to facilitate water run-off from the northern provinces. The Klong Sam Wa sluice gate bordering BMA was one such major dispute. Governor Sukhumband and his advisors resisted, because the opening of this sluice gate would definitely cause flooding within four parts of BMA. He said, “Without a written order, I will not do it no matter how [strong] the pressure” (Fredrickson 2011b). On 5 November, the political clash intensified when BMA suggested drafting a new flood management plan, if FROC did not manage to spell out an immediate plan for BMA and provide the material support for the purpose of drainage that had been requested more than a week prior.

Sensitive to provincial and local political interests, FROC could not meet the demands of BMA. Cabinet attempted to ease the political pressure on itself and FROC, and approved further committees to assist in the post-flood recovery. As an ad hoc institution, FROC was overburdened by its task of managing these uncontrollable water masses in 2011. Kamolvej (2014: 111) stated that FROC was not qualified to negotiate and explain during the disaster and, above all, FROC “failed” in terms of communication to the Thai authorities and people.

On 27 November, during the no-confidence motion debate concerning General Pracha Promnok, the head of FROC who was also the Minister of Justice, General Pracha defended himself and FROC and made a conspiracy theory about the flood a topic of parliamentary debate. He referred to the Chinese story of the Kongbeng plot, where water was retained just to be released upon the enemy. He claimed that the previous government purposely refrained from implementing similar water control measures in 2009 and 2010, because the government then knew that it would lose the national elections on 3 July. He questioned why there was lack of water release from the Bhumibol and Sirikit Dams after Tropical Storm Haima hit. Former PM Abhisit defended his government’s conduct and asked why the incoming government did not begin with flood management work the day they were sworn in, since this was allowed by law.

In the end, it appears that the various political parties were playing the blame game on the basis of legal provisions and scientific data and could, indeed, only agree on the fact that heavy monsoonal rain saturated the absorptive capacity of the Central Plains, and by the time the major dams discharged water, the absorptive capacity was overstrained and unmanageable for any government. Countrywide bureaucracies had concentrated on preventive structures and capacity that could not hold up in a worst-case flood scenario such as this one. The catastrophe made clear that these bureaucracies needed to incorporate greater scientific data into policy implementation. Furthermore, it underlined the necessity for improved water disaster-related construction and institutionalisation at all levels. The former was addressed through, among other strategies, the construction of higher roads acting as barriers, new canals and dike projects, some of which triggered further inter- and intra-provincial controversy.

Institution-building was enhanced on the national level in 2012 when NWRFPCC, WFMC and ONWF were created within the Office of

the Prime Minister.¹² With the creation of these institutions, a more systematic and expertise-driven understanding of flood management was introduced among the state agencies and attempted to be mainstreamed. The systematisation of the understanding of flood-related DRM included the compartmentalisation of the main river basin area into three zones from North to South and the practical consolidation of the single-command system contingent on the four levels of disaster and response.¹³

During and in the aftermath of the floods, Yingluck's decision-making also reflected the normative continuation of her brother's political rhetoric and agenda. In particular, the aspects of people orientation and decentralisation were emphasised, although the invocation of the single command system suggests otherwise. In reference to the single command, political power shifted to the cabinet and gave a renewed focus to the civilian government. Although the single command system favours effectiveness over the principles of subsidiarity and decentralisation, the government appeared unchanged in its implementation of flood management policies, particularly from a BMA perspective.

Ongoing legal issues since July 2012 related to the PM's water management plan point towards the gap between the government's guideline of people orientation and actual input from civil society. While the Supreme Administrative Court may have dismissed the case brought against Yingluck and the water-related agencies – involving staff from the now in limbo NWRPC (Bangprapa 2014), the mere fact that this case was brought to court by a civil society organisation (CSO), the Stop Global Warming Association, and 45 village representatives exhibited the disconnect between policy-planning and people orientation, raising questions about the extent to which people orientation contributed to political ends. Nevertheless, because of the extensive geographic scale of the 2011 floods and the considerable stretch of state capacity, state institutions are now giving greater recognition to non-state actors and have actively authorised state auxiliary organisations and CSOs to assist and even act on their behalf.

Local CSOs are especially important in defending human rights and raising local awareness that could change the safety culture and scepticism towards guidelines from Bangkok. For example, the former director of DDPM, Montree Chanachaviboonwat, once expressed concern about the number of deaths by drowning and electrocution in November

12 Please refer to the overview of core flood-related institutions discussed.

13 These four levels are based on the geographic scale of affectedness (sub-district, district, provincial, national) and the scientific determinants of severity that are specific to the type of disaster.

2010, saying that “the safety culture of the people is quite low [...]. Some went to pray and had to swim through the water. Others went fishing” (IRIN 2010). Although some state agencies and CSOs are still bemoaning the lacking attention to early-warning systems and DRM drills in some rural areas, overall, the safety culture of the Thai people seems to have improved. In interviews, military, state and CSO representatives have ascertained that in the aftermath of the 2011 floods, Thais are showing greater seriousness towards most of the recently installed early-warning mechanisms and drills (Interview with RTA officer 2011; Interview with former officer of the Asian Disaster Preparedness Centre 2014; Interview with local DDPM officer in Suphan Buri 2014).

Conclusions

In the beginning, this article introduced the two thematic issues of capacity and bureaucracy as the central issues shaping domestic DRM of semi-developed countries in Southeast Asia like Thailand. It further noted three dichotomous sets pertaining to the domestic politics of DRM in Thailand (old versus new institutions, technocracy versus bureaucracy and centralised but with direct people orientation versus decentralised with indirect people orientation). Through the discussion of the central agencies in water-related DRM and the floods in Thailand in 2011, this article placed the two central issues and the three dichotomies into a specific empirical context.

The overview of the core agencies revealed problems of inter-institutional competition and coordination, in particular. While institutional innovation and shuffling indicated in the institutional overview also served the purpose of consolidating power politics along the lines of the colour divide, it was mainly the narrative of the 2011 floods that explicated these colour-based political tensions through the stand-off between BMA and FROC/central government. Most importantly, the illustration of the flood crisis highlighted the delicate relationship between the central authorities and the authorities on the subnational level. In spite of Thailand’s centralised political system, the principle of subsidiarity applies and, seemingly, local authorities ultimately determine the level of enforcement of central government policies. In particular, this related to issues of water release for drainage and appropriate openings of the sluice gates. Local implementation diverged from the orders and guidelines from the state agencies in Bangkok, disgruntling BMA and impacting BMA flood prevention severely. At the same time, it was the central agencies and BMA that did not necessarily agree with the orders

given by FROC/central government, crystallising a rather confused and diffuse picture of national flood management. While it appears that many realms of governance are sensitive and highly contingent on decisions in Bangkok, the flood crisis as a political crisis has made clear that the decentralised bureaucratic system is sufficiently established to maintain effective local-level governance in some provinces in times of central government crisis – or, rather, non-existence of the central government.

Aside from the politics cleaving around the tension between the centre and the subnational levels, the politics of DRM also emerged in relation to institutionalisation processes. For instance, there was the tragic role of FROC: As a temporary institution under a new government, it was particularly challenged and seemed neglected among the established institutions. This example and the discussion of NDWC and ONWF exemplified the dichotomy of old versus new institutions. ONWF and other flood-related institutions created post-2011 by the interest of a particular government are now facing difficult times of consolidation. While they were created to raise the confidence levels of foreign investors and presented as the urgently needed people-oriented and technocratic institutional response to harness various areas of expertise of the many state agencies, their efficacy is ultimately contingent on the cooperative attitudes of the established bureaucracies, which are also increasingly developing along expertise-driven and participatory lines.

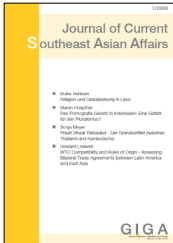
The final paragraphs of the flood chronology showed that actual people orientation was difficult and even a paradox within niche-specific and smaller state agencies. In attempting to please the grassroots level and work toward people's interests, technocracies as well as bureaucracies sometimes do not use the people's input practically and decentralise effectively. The Dusit Poll (2011) conducted on 27 November at the height of the flood crisis was telling of the relational deficit between the people and the bureaucracy/technocracy. It suggested that Thailand's population was satisfied with Yingluck's management of the floods and impressed by the hands-on support of the military, but sceptical of the work of the various state institutions. In conclusion, it appears that the overlay of colour politics acted as the overarching site of political contestation. The political and disaster-centric perspective of the study further confirmed that the two central issues and the three dichotomies were integral political stumbling blocks for effective and genuinely people-oriented DRM.

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Timor-Leste: The Adventurous Tribulations of Local Governance after Independence

Rui Graça Feijó

Abstract: Xanana Gusmão recently mentioned that a “Second Maubere Miracle” is underway, implying that a major political reform will soon shake the roots of Timor-Leste’s public administration. Decentralization, defined in a very broad sense, has been a constitutional mandate since independence, but successive governments have failed to engage this reform despite paying lip service to its necessity. This essay reviews the options before the policy makers – both in theoretical terms (distinguishing between the various definitions of decentralization) and in the pragmatic forms that have been contemplated so far – and discusses their implications for the process of rooting a modern democracy in the country both at the intermediate, district level and at the grassroots, *suku* (village) level. For this purpose, the essay brings together the author’s own field research and the rich literature that has emerged in the recent past, including contributions by Timorese colleagues.

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Keywords: Timor-Leste, democracy, decentralization, empowerment, “Second Maubere Miracle”

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A “Second Maubere Miracle”?

Xanana Gusmão recently mentioned that a “Second Maubere Miracle” is underway, and that a major effort in the design of a new territorial administration is about to produce palpable results (Pereira 2014). All Timorese governments since independence was proclaimed have committed themselves to the decentralization reform, even if the political options regarding the best model have gone through an evolution (Shoemsmith 2010b: 2). In fact, this reform was already contemplated in the National Development Plan adopted by the United Nations Transitional Administration in East Timor (UNTAET) and offered to the First Constitutional Government (Ximenes 2010: 9), as it was widely acknowledged that a contrast existed between the UNTAET legacy and the constitutional mandate for a comprehensive decentralization reform. This plan contemplated the study and subsequent introduction of “an optimal subnational configuration” and the delineation of the levels of the administrative hierarchy down to the community level that would “facilitate cost-effective and efficient service delivery and enhance community initiative and participation”, as well as the “options for effective decentralization that clearly define the role of central, regional, local and community, and civil society organizations and entities” with a view to empowering communities and strengthening transparency and grassroots democracy (Project Document 2003: 2). However, in spite of early proclamations, the process of actually establishing subnational governance in Timor-Leste has dragged on since independence and remains an unfulfilled political ambition. This essay discusses the history of the political debate on decentralization in the last decade as a way to understand the challenges faced by Xanana Gusmão’s Fifth Constitutional Government in the field of grassroots democracy.

The Main Options

When we read the word “decentralization”, we must recall that this very broad term is used to designate a variety of solutions which have in common the awarding of increased weight to political and administrative units located away from central government and closer to the citizens, but which also differ significantly from one another. In general political terms, there are three main varieties of decentralization: deconcentration, delegation and devolution (Rondinelli 1986). For the sake of argument, I use the definitions provided by Litvak, Ahmad, and Bird (1998: 4–6). “Deconcentration” occurs when the central government disperses re-

sponsibilities for certain services to its regional branches in a way that does not involve any transfer of authority to those lower levels. “Delegation” refers to a situation in which the central authority transfers responsibilities for decision-making and administration of public functions to local governments or semi-autonomous organizations that are not wholly controlled by that instance, but remain ultimately accountable to it. Finally, “devolution” refers to a situation in which the central government transfers authority to lower-level units that normally dispose of clear geographical boundaries over which they exercise authority and within which they perform public functions, and whose members are accountable to its citizens. A continuum can be discerned running from a pole of low autonomy to one of high autonomy as one moves from “deconcentration” to “devolution”.

The critical element is the conception of accountability – the “cornerstone of public governance and management” because it constitutes the principle whereby those who hold and exercise public authority are scrutinized and held responsible before their fellow citizens (Kingsbury 2010: 36). Both “deconcentration” and “delegation” operate under the assumption that the ultimate bond of accountability of those entrusted with the process of decision-making runs upward to the centre that has given away its own limited authority. “Devolution”, on the other hand, is firmly bound to a downward form of accountability: The authority received from the centre will be primarily evaluated by the group of citizens that constitute the community entrusted with those powers.

In terms of the application of these principles to the Timorese reality, Mari Alkatiri’s government initiated the reform process with the creation of an inter-ministerial technical working group in 2003 (Kuehn 2011: 1). This working group produced a report on the Local Governance Options Study (LGOS) in June 2003. The study analysed a number of possible solutions for the design of this reform from a technical standpoint, presenting for each of them the positive and negative aspects that could be anticipated. More than a decade after its publication, the LGOS remains the focal point of the debate on decentralization.

The first contribution of this document was the clear identification of the objectives of the reform. They were summarized in three major goals – namely, to promote 1) the institutions of a strong, legitimate and stable state across the territory; 2) opportunities for local democratic participation by citizens; and 3) more effective, efficient and equitable public service delivery for the social and economic development in the country (LGOS: 111–123; POG: 4). By appealing to a comprehensive effort to make democracy both more representative (through the en-

largement of the scope of institutions that are guided by democratic principles of popular accountability) and more participative (accruing the opportunities offered to citizens to engage actively in the issues of the *res publica*), the stated goals of this reform are clearly framed by a democratizing agenda.

This technical study also identified six possible models for the reform. The first one consisted in introducing no change and leaving the existing structure as it was. This option was clearly at odds with the constitutional mandate, but it could be chosen should the government believe the level of available resources to be too scarce to implement a veritable reform of the administration in the short term (LGOS: 86). The second option consisted of creating four or five “provinces”, removing the existing 13 districts and turning the sub-districts into the main units under each province. *Sukus* would maintain their contacts with the sub-districts as the lowest level of state administration (LGOS: 86–88). The third one would imply removing the districts and turning the sub-districts into “municipalities”, which could be categorized according to their differentiated capacities. The sub-district would therefore become the critical unit for the state administration and a devolved local government body, responsible for managing its own budget and staff and providing the basic services under its control. Option four combined the previous two, and would institute the sub-districts as municipalities, but under a superior tier of “provinces” or “regions”, whose distinction bears on the existence (or lack thereof) of political functions at this level, which could be conceived merely as a technical deconcentrated unit of the central administration. The fifth model would promote the district as the main level of service delivery, maintaining the sub-districts under their jurisdiction. It was subdivided into two distinct options: one would enhance the existing structure, which would be complemented by a consultation mechanism (and therefore resemble a deconcentrated unit); the other would conceive of the district as a municipality – that is, a devolved local government. The sixth and final model contemplated would promote the *suku* to the main instance for the organization of basic service delivery, and would create a superior tier – whether a province, district or sub-district – to play a supportive role with special intervention authority in the management of financial funds. *Sukus* would be a local government body subject to regulation but not under hierarchical control, with policy-making powers and law-making powers in a defined sphere of community affairs and a series of mandated functions in service provision.

The only administrative unit common to all six models is the *sukū*. In options two to five, the *sukū* is maintained as a primary territorial unit. However, in these cases, “it is itself not a part of the state or a unit of subnational government”, but merely “the main interface or link between citizens and government at sub-district or higher levels” (LGOS: 103). Only option 6 would recognize the *sukū* as an integral part of the state administration. This distinction is critical and produces significant consequences, as no other option considers the *sukūs* in this way.

There is an implicit contrast between the “perennial *sukū*” – regarded as “the only institution that has remained more or less intact during the history of the territory”, whose persistence is established far beyond the reach of the new legislator, who is invited to find a suitable position in the political system for this customary body that evidences respect for its outstanding status – and all the other units of public administration, which are deemed to be so historically thin and devoid of strong articulation with the popular forms of legitimacy as to be expendable. This is the reason that the study considers it possible – and not too difficult – to abolish, amalgamate, replace or create administrative units between the central government and village-level authorities. In none of the options put forward by the study group is mention made of the embeddedness of these administrative units in the popular culture of Timor-Leste or of their effective historical significance. I argue that this constitutes a flawed approach to the problem of political organization in this country.

Since 2003, “decentralization” has been mostly equated with the creation of the middle level of governance, assuming that *sukū*-level authority would remain outside the formal state machinery. In the following sections, I consider in turn the efforts to set up “municipal” authorities, followed by a more detailed analysis of the political process surrounding the persistence of *sukūs* in the political landscape.

Municipalities in Neverland

The First Constitutional Government (2002–2006) has set the process in motion, as stated above. Valentim Ximenes (2010) provided a detailed description of the way the process unfolded, which constitutes the basis for the present paragraphs.

In 2006, the Council of Ministers decided to select the option that combined the transformation of sub-districts (which were to be aggregated and reduced from 65 to between 30 and 35) into municipalities under newly created administrative regions (whose number was not fixed). This system combines the recognition of a special status of sub-

districts as territorial units possessing entanglements with grassroots forms of political legitimacy with the will to redraw the map according to rational-bureaucratic set of criteria. In fact, the choice of this model would entail a substantial reorganization of the territorial division, with significant implications for the chances of success of this social-engineering exercise. Above the new municipalities would be the regions, these not being decentralized local government units but rather “a mechanism that coordinates municipalities to perform their functions and responsibilities in accordance with national policy guidelines”. This solution was deemed to “allow for better public service delivery, enhance opportunities for the government to get closer to the people, and enhance the people’s participation in the local-development process (Ximenes 2010: 11).

With the severe crisis of 2006, which led to the resignation of Prime Minister Mari Alkatiri and the constitution of a new government, the reform was put on hold both by the Second (Ramos-Horta) and Third (Estanislau Aleixo da Silva) Governments. The Fourth Constitutional Government presided over by Xanana Gusmão (2007–2012) and based on a new coalition reversed the option adopted by Alkatiri. Without changing any substantial objective as summarized in the LGOS, the new Decentralization Strategic Framework (DSF) and above all the Policy Orientation Guidelines for Decentralization and Local Government in Timor-Leste (POG), both of March 2008, maintain that “given the present situation of low level of human resources and experience at the local level, the District option is preferred for the short and medium term” (POG: 2). This is an option for a “single tier of municipal government”, and the intention was to offer conditions for the municipalities to operate “in accordance with robust downward, horizontal and upward accountability” (POG: 1 and 3). The issue of human and financial resources and the need to design a model that could prove its viability in difficult circumstances was also contemplated (DSF: 3).

This proposal assumed that the current boundaries of the districts were to be kept as a point of departure for the new administrative units. However, limited changes could occur in order to ensure “ethno-linguistic homogeneity and local cultural identity”, a balance between development potential and resources, the existence of a sizeable administrative centre with reasonable access from all points of the area, and a minimum level of population (POG: 3).

Each new municipality would be composed of two branches: a representative municipal assembly and an executive branch. The assembly consists of directly and indirectly elected deputies. In the case of the

indirectly chosen deputies, a rather ambiguous formula was adopted: “representation from the Suco Councils shall be taken in consideration” (POG: 3). These assemblies are conceived of as the legislative organ of the new territorial organ of power, and they are supposed to elect a mayor, who need not be municipal deputy, as well as their own speaker among its members. The executive branch is composed of the municipal administration, headed by a civil servant accountable to the mayor, comprising a staff responsible for the management of essential and basic municipal functions, and the “sector departments” originating in the present-day peripheral administration (POG: 3–5).

These documents conveyed an ambiguous position on the implementation of the novel policy. The Policy Orientation Guidelines reads:

It is intended that the Administrative and Territorial reform will be introduced in all Districts at once, while the Local Government reform process (functions and financing) will be introduced on a phased implementation schedule (POG: 2).

The door was left open for future developments regarding the creation of “pilot experiments”.

In March 2009 the Council of Ministers approved four draft laws on decentralization along the newly defined options. In the view of local observers,

the draft laws called for a strong central government with nominal powers for the local government and gave the central government control over everything the local government does, including the legislative assembly. And the central government proposes to retain the power to review all the legislative assembly’s decisions. Perhaps worse, the draft laws have no provision for Suco representation in the local government (Ragragio and Everett 2009).

However, the bills approved by the government needed parliamentary confirmation. In the assembly, these proposals generated a heated debate, and consensus could not be reached. In the words of Fernanda Borges, chairperson of Parliamentary Committee A,

the process has stalled as Parliament tries to grapple with the very difficult questions relating to the old institutionalism established over the last ten years and with the new institutions and rules we are required to establish for local governance to be successful (Borges 2010: vi).

Eventually, some bills were passed in the National Parliament, but then the President of the Republic used his veto powers and sent them back to the legislature (Amaral 2013).

The main tenets of the Fourth Constitutional Government's approach to decentralization reform have been critically reviewed, and this option is considered to present significant challenges to bureaucratic effectiveness as well as engagement of authorities and residents due to the distances between places of residence of the majority and the seat of the new units. Further criticism relates to the underlying notion of "big government" and an ambiguous structure in terms of democratic accountability (Ximenes 2010: 16–18).

The model adopted by the Fourth Government seems to have chosen the territorial unit that is least sedimented in the history and culture of the Timorese people, to have designed the broad outline of its powers and functions in a conservative way that limits the autonomy of the newer organs, and to have established the faintest of links between them and the most persistent levels of autochthonous political organization. As Pamela Dale and David Butterworth have noted, "if the municipal assemblies and local-level development planners are not anchored by strong downward accountability requirements, it is possible for community voices to go unheard" (2010: 16). The reform proposed by the Fourth Constitutional Government was subsequently reaffirmed by the Fifth (whose mandate runs until 2017), and it conforms to the "reinvention" of institutions in the categorization proposed by Chopra and Hohe (2004: 19–23) for the articulation of "modern" and "traditional" power structures. Of all categorizations, this one calls for the most blatant divorce between the results of a social-engineering process and the socially dominant models of political legitimacy deemed incompatible with the new state functions.

In early 2014 the Fifth Government adopted Decree Law 4/2014 on the institutionalization of decentralized organs of local administration. In parallel to the new bodies to be created in the future, it placed a significant emphasis on the "valorization of the role of the peripheral services of the State" – that is, on a model termed "pre-deconcentration", perhaps as a way to signify the limited scope of the transfers of power attached to this vision. In this light, the official proposal reveals profound similarities with the model adopted by UNTAET before independence, placing a great emphasis on the selection of intellectually capable people that often lack legitimacy in the eyes of their countrymen, as "the 'modern' concept of a purely technical appointment in the administration is new to people" (Hohe 2004b: 314). Grafting elections to

choose the leaders of a heavily techno-bureaucratic apparatus at the district level without considering the need for them to possess strong articulations with lower-level forms of authority presents obvious risks for the construction of solid institutions. As Anne Brown has noted, “election is not in itself a pathway to authority [...] and being elected into office does not in itself always ensure authority” (2013: 28). Authority must be sought in more complex ways of rendering different conceptions of legitimacy compatible with one another.

At first, elections for the new municipal organs were anticipated to take place in 2009. The schedule pointed to the ballots taking place in mid- then late 2009, subsequently moved to early 2010, and finally to mid-2010. In April 2010 a bold decision was taken: to postpone the whole process to 2013 or 2014, after the legislative elections of 2012 (Kuehn 2011: 3). We now know that the first municipal elections on an anticipated pilot project scheme involving only a few political units are scheduled to take place at some point before the next general elections in 2017, but full implementation of the reform will certainly take more time – and maybe include some new twists.

Politics in the Village

When Mari Alkatiri became prime minister, the situation in Timor-Leste’s most enduring and resilient territorial unit, the *sukus* (of which there are more than 400 countrywide, their average sizes ranging between 2,000 to 3,000 inhabitants) (Maia et al. 2012: 9), was extremely confusing. There were some local leaders claiming legitimacy to hold their position given that they had been selected with the participation of their countrymen during Indonesian occupation. UNTAET had agreed to the “democratic” selection of local councils to help with the implementation of a major investment plan under the coordination of the World Bank, the “Community Empowerment and Local Governance Project” (CEP), hoping that those new units would represent embryo starting point for future developments. Before that and immediately after the proclamation of the results of the Popular Consultation in September 1999, the National Council of the Timorese Resistance (Conselho Nacional da Resistencia Timorense, CNRT) had established a country-wide network of local representatives who were selected according to a number of criteria that included their participation in the Resistance and, critically, the endorsement of their communities. In the early stages of the transitional period, an internal agreement within the CNRT established that the parties that composed this umbrella organization would

abstain from exerting direct influence and develop organizational platforms below the district level. However, as of October 2000, FRETILIN started local-level elections for party representatives from the village up to the national level, creating a structure that paralleled the one the CNRT had just established, and competing with it (Hohe 2004b: 307–308). When the CNRT convened the Second Congress in June 2001 and Xanana announced the organization would be disbanded to allow political parties to compete in the upcoming Constituent Assembly elections, many of those who represented the CNRT at the grassroots level and had the confidence of their communities, were left confused as to their role.

It comes as no surprise that FRETILIN's government would try to capitalize on its organizational superiority in order to tighten its own grip on power. The clear majority that this party enjoyed in the National Parliament was complemented by a new round of elections that “[brought] the party apparatus to the village level” (Engel 2007: 9). In February 2004, the government approved Law 2/2004 on the election of *xefe suku* (community leader) and *konsellu suku* (community council), assuming that

the purpose of local structures is to organize the citizen's democratic participation in solving specific problems of his or her community, thereby contributing in a decisive manner to the sustainable and smooth development of the country.

Two important principles sustain this law. First: Local elections held by secret, free, equal and direct ballot of community members will ensure that community leaders are granted the required legitimacy in accordance with the provisions of the Constitution.

Second: Taking into consideration the importance of participation by women, young people and senior citizens in a society that should be fully participatory, this law establishes *sucos* councils that will have seats not only for *suco* chiefs and village chiefs, but also for personalities from specific groups in representation of *sucos* as a whole (Preamble).

In view of the second principle, the council was composed of the *xefe suku*, all of the *xefes aldeia* (village chiefs), two women representing their gender, two youths (one male, one female), and a local elder from the village *lia nains* (literally, “lords of the word”) (Section 3.1). Separate elections were to be carried out for each function (Section 19).

The most curious feature of this law is that it defines who the *xefe suku* is and who sits on his (or her) council, all elected by the widest franchise – but it contains no specifics as to the attributes and functions of these elected officials. Only the preamble seems to offer a clue, as it

states that “the election of *suko* chiefs and *suko* councils is of paramount importance to legitimize community authority and develop the basic structures of such authority”. The conclusion must be drawn that *suku* leaders received no mandate to perform tasks outside their customary duties, nor did they receive any transfer of resources or authority to collect tributes. In other words: *Suku* authorities were chosen through a new mechanism imposed by the government, but no state function was allocated these authorities.

An overall view on the effects of this piece of legislation might consider that the law

gave minimal guidance on the conduct of *suku* activities following election. As a result, *konsellu suku* members have largely been left to govern according to their own views of rights, obligations, law and order, which in turn raised issues of political consent and the maintenance of legitimacy in the community (Magno and Coa 2012: 172; italics as in original).

Deborah Cummins summarized this process in the following words:

The *konsellu suku* was created through these laws to recognize the important authority structures that already existed within local communities; as such, the intention in creating *konsellu suku* was not to establish a new layer of governance but rather to legitimize and to some extent to co-opt existing local authority structures (Cummins 2010: 902; italics as in original).

Viewed in another dimension, the first legislation of *suku* authorities allowed for the important transformation of the nature of the relation between leaders and their constituencies from a model of authority *over* the community to a representative role *on behalf of* their fellow citizens (Pereira and Koten 2012: 223). However, no revolution ensued, as the opportunity was taken up by villagers to re-establish customary governance practices that had been prohibited during the occupation times, and in this sense “both electoral choice and the resurgence of custom [were] enabled” simultaneously (Brown 2012a: 63).

The Fourth Constitutional Government revised this legislation and introduced significant changes through Law 3/2009 in time for the next round of elections for six-year terms, which were held on 9 October 2009 (Section 9.1). Some key features of the previous legislation were maintained, such as the composition of the *konsellu suku*. However, the method of election was altered. First, political parties were prevented from presenting candidates (Section 21.3.) – even if their members are free to stand on their own merits. Second, a new *pakote* (package) system

was introduced, whereby candidates for office are not elected directly or individually, but are supposed to integrate an electoral ticket with candidates for all the available posts grouped together. For some observers, this new method had important consequences. For one, it reduced the array of choices for the electors, who are compelled to choose a solid bloc; it may have also diminished the level of individual accountability of the *xefe suku* since that was dissolved in the responsibility of the *konsellu*. In addition, instances of nepotism in the constitution of the tickets are said to have surfaced – a phenomenon that may also be regarded as the curtain behind which political parties sought to circumvent the prohibition to present formal candidatures. But this system also aims to avoid problems of non-cooperation and internal dissention that marred the performance of previous *konsellu suku* to a certain extent (Brown 2013: 31–32).

The main thrust of this law consists of a precision of the terms under which the “community leaders” exert their mandate. Section 10 defines the broad areas in which the *xefe suku* and the council are supposed to operate, and which mostly pertain to the realm of customary governance. The *xefe suku* has special responsibilities (Section 11) to guarantee the peaceful development of his or her constituency, and to play a role in the articulation of the *suku* with higher levels of the administration. For instance, he is mandated to “cooperate with the Municipal Administration and the Government representatives on the procedures to be adopted in carrying out the Suco’s activities” (11.2.b.) and to “request the intervention of the security forces in the event of disputes which cannot be settled at local level, and whenever crimes are committed or disturbances occur” (9.2.f.).

Another area in which significant alterations were introduced refers to the resources made available to the *sukus*, a point that was altogether missing in earlier legislation. As of now,

the Government or the Municipality shall provide the *Sucos* with material and financial resources with a view to ensuring their proper functioning and development. The amount granted to the *Sucos* shall be proposed by the Ministry of State Administration and Territorial Planning or the Municipal Assembly, taking into consideration the proposal submitted by the *Suco* Council (Sections 16.1. and 2.).

Still a long way from granting the *sukus* capacity to raise their own revenues or from establishing clear and transparent rules for the transfers of resources mentioned in the law, this section indicates willingness to ac-

commodate the view that these units ought to have the capacity to manage some modest funds.

If the areas of intervention and the functions of the office holders are spelled out in this new piece of legislation, a critical element of the previous law remains in force: “The community leaders are not included in the Public Administration and their decisions are not binding upon the State” (Section 2.3.).

The Constitutional Court was called by President Ramos-Horta to analyse the proposed bill before he agreed to sign it. The members of the court were divided on whether the bill actually complied with the fundamental law or was in breach of some of its provisions – and the majority considered it to be compatible with the Constitution of the Democratic Republic of Timor-Leste (CRDTL). The main argument advanced by the court judges considers that *sukus* are “traditional organizational structures, which the ordinary law decided to recognize and integrate in its ordinance, but which cannot be understood as organs of local power” in the sense prescribed by the CRDTL (Relatório 2/Const/2009/TR: 9).

This interpretation implies that the recognition of the political structures at the *suku* level does not constitute an act of devolution but, at best, a form of delegation: the community leadership may discharge some functions and use some resources that are closely monitored and controlled by higher levels of the public administration. Apart from that, two other avenues are open to the *xefe suku*: first, to lobby authorities in the sub-district, the district or even the national capital in order to secure responses to the needs of his or her constituents (that will be eventually delivered without granting him or her autonomy for decision-making) and, second, to discharge functions that are important to the community but do not pertain to the realm of state functions. In this sense, the process of incorporating the community leadership into the legal ordinance should not be equated with state-building: *suku* bodies remain institutions of the civil society.

The alterations in the legal framework did not produce dramatic changes in the 2009 elections nor during the subsequent term in office of the elected *suku* authorities. In the Lautém District, where I conducted specific research, most of the *xefes suku* were re-elected in 2009 even though they had to present themselves without party support. Only a few incumbents lost their bid for a new term. In some cases, candidates were competing for posts whose previous office-holder had relinquished.

The body of academic research on the relationship between the modern process of selection of community leaders and the customary forms of legitimate power is considerable, and it includes relevant partic-

ipation of Timorese colleagues. Most of this research covers the period of the first term (May 2004 to 2009), but those findings seem to hold in the cases where observations could be made in the period between the 2009 elections and the end of 2013.

Deborah Cummins and Michael Leach have suggested that three main courses of action could have been taken in Timorese *sukus* after the introduction of formal elections in 2004/2005, labelling two of them as forms of “co-incumbency” and the third one a model of “authorization”. The first one is a strict co-inheritance model in which the traditional *liurai* (literally, the lord of the land) – that is, the holder of customary legitimacy to exert power – is required by his community to stand for election and succeed in this venture. This quite rare model represents the confirmation by “democratic” means of the arrangements in force in the village prior to the start of the process. The second one is designated by the expression “traditional house candidate”. In this case, which is rather frequent, the *liurai*’s house (or extended family) provides one of its members to contest the election for *xefe suku*, keeping the position in the “right” hands. Opportunities are created for a wider choice, eventually having more than one member of the house in competition, as the legal rules allow for other candidates to come forth. This model is open to incorporating an element of meritocracy and to balancing traditional requirements with those of a more complex situation in which the community has to deal with external forces. The third one has been called “authorization” and occurs when an individual who does not possess traditional authority or belong to the “right” family tree manages to win the election and secure symbolic support from the old *liurai* and other prominent members of the community. This may happen either before the election or soon after it in special ceremonies performed according to ancient rituals that serve to reinforce the ritual superiority of traditional leaders over those who happen to be vested with political and administrative tasks. In these cases, it is possible that the elected *xefe suku* will not be able to perform the whole range of duties pertaining to the realm of the *lisan* (customary code) that others with different backgrounds would easily discharge (Cummins and Leach 2012).

Of course, there are cases that fall outside of this framework, and where individuals manage to secure the majority of the votes of their fellow countrymen without visible links to the customary authorities. These cases are often associated with extreme difficulties felt by *xefes suku* to carry out their work as community leaders, and episodes of conflict over recognition of authority are known to occur (Cummins 2012: 113; Pereira and Koten 2012: 226).

In brief, the rich array of possibilities enumerated above signify that “people are negotiating the two systems in ways intended to confer legitimacy through both worldviews” (Cummins and Leach 2012). The result of the negotiation depends on agency and the interplay of several variables.

On the one hand, *sukus* reveal a degree of variation (“open” vs. “closed”, urban vs. rural, etc.) and the strength of the combining elements may fluctuate. For this reason, Mateus Tilman suggested that the position of the *liurai* in different *sukus* could be summarized in four categories: First, the *liurai* and his *uma lisan* (traditional origin house) remain strong. Second, the *liurai* no longer has any real personal power, but his *uma lisan* continues to command respect. Third, in new *sukus* formed in the last quarter century, mostly under Indonesian determination, no *liurai* or ruling house is present. Fourth, for a variety of reasons, including processes of urbanization or the behaviour of the *liurai* in relation to the Indonesian occupiers, the influence of the traditional leader and his *uma lisan* has died out (Tilman 2012: 199–204). For this Timorese observer,

the varying results across different *suku* clearly demonstrate the diversity of approaches that communities are taking in negotiating the continuing importance of *lisan*, *uma lisan* and the *liurai*, while also adapting to the requirements of liberal democracy (Tilman 2012: 204; italics as in original).

On the other hand, elections offer important opportunities to reshape community leadership and to incorporate differentiated incentives and motivations, creating a political culture responsive to the dynamics of historical developments (Brown 2012b: 62). In this light, it is important to scrutinize what scholars have defined as factors intervening in the choice of *xefe suku* apart from the articulation of candidates with customary authorities. First and foremost, a criterion for choice seems to have been the fact that the person in question had a position of leadership before the election. In fact, a significant number of those who were elected *xefe suku* in 2004 and 2005 had already held similar position prior to the polls, some of them having been appointed to the job under Indonesian administration. In addition, Timorese seem to pay tribute to those who held positions of responsibility in the resistance struggle.

Not only have such people demonstrated leadership skills under very testing conditions and thus were seen as being committed to the community, but they also related symbolically to people’s suffering throughout the period of occupation (Gusmão 2012: 184).

Similarly, a close association with a resistance party, and in particular with FRETILIN – mainly where there was no open party competition – could be a positive factor operating in the village arena (Brown 2013: 31). This factor should be taken with a grain of salt, as

customary leaders who stood for election in 2005 and associated with a particular party in communities with a range of different party loyalties were sometimes discredited through association with the interests of one section of the community rather than with the village as a whole (Brown 2013: 31; Gusmão 2012: 183).

The above evinces a sentiment that is coherent with the paradoxical espousal of democratic principles and deep-seated distrust for party competition. However, this form of behaviour might be interpreted as a way of increasing the chances of obtaining resources that were under the control of external powers, to which the party might constitute an important key (Cummins and Leach 2012).

This combination of different attributes is testimony to the complex nature of community life that cannot be reduced to an oversimplified vision of endogenous tradition versus exogenous modernity. As José da Costa Magno and António Coa have argued,

the respect shown to the *uma lisan* of the *liurai*, together with the clear statement that the monarchical power of the *liurai* must end, demonstrates the complexity of people's connections to their culture and their past (Magno and Coa 2012: 168; italics as in original).

In spite of the resilience of customary forms of political legitimacy, the introduction of an electoral system for the popular choice of *xefe suku* and other local civilian authorities has touched upon previously established forms of equilibrium, and in particular on the role of *liurais*, formerly considered sacred and unchangeable.

Concurrent with limiting the authority of the *liurai*, the new system has opened up positions of local authority to sectors of the community who were previously unable to take the post. While we are just beginning to see the results of the change of system, it has given birth to the formation of new local elite groups that now include educated people, rather than preserving local leadership only for *liurai* landlords and the wealthy (Santos and Silva 2012: 209; italics as in original).

All is not positive, however, as the same authors recognize that

while it is commonly presumed that the introduction of liberal democratic institutions [...] would work against the power of the *liurai* and promote equality of citizenship, the power that is posed by access to wealth can create new forms of patronage and dependency and serve to promote new elites under new guises (Santos and Silva 2012: 212; italics as in original).

Throughout 2014, a major revision of the legislation pertaining to the organization of the *sukus*, the election of their leaders, the competences entrusted to them, and the resources to be made available was initiated. It is supposed that this new legislation will be published in time for the scheduled elections (late 2015) to be contested under its aegis. However, as of the time of writing, this legislation has not yet been promulgated. The only palpable change has been the promise to allocate a significant amount of financial resources to the *suku* leadership in order to carry out much-needed public works in their villages.

Assessing Reform Failure

Despite the fact that it possesses a strong and comfortable constitutional mandate to sustain its inception and development, the process of decentralization and creation of a democratic multi-layered state in Timor-Leste has progressed little in the twelve years since independence. One might point to the words of former MP Fernanda Borges on the process of decentralization, according to whom “a lot has been achieved in reaching a consensus that we need time to understand th[is] issue better” while asserting the continuation in the house of “political goodwill to decentralize and establish local government” (2010: vi-vii). Presenting the programme of the Fifth Constitutional Government before the National Parliament in 2012, Xanana Gusmão reiterated his intention to pursue this reform. Only this time, perhaps reflecting a more realistic approach that draws lessons from previous optimistic views, he could not promise more than this:

My government will introduce a new level of municipal government, with the objective of establishing between three and five municipalities before the end of the current legislature (Programa do 5º Governo Constitucional: 14; see also point 4.4.9 of the same document).

In fact, after a decade of discussions, no positive step has been made in the process of actually establishing new state units to perform mid-level functions between the central state and the local communities, or to

integrate into the state administration the governance units operating at village level, even though the government has continued to produce a vast array of draft bills and other projects (Amaral 2013). As Vicente Maia and his colleagues have argued, in Timor-Leste one can observe the persistence of “a multi-tier hierarchy with large accountability gaps between community and state authorities” (Maia et al. 2012: 10), as the fundamental building blocks of the administration are directly inherited from previous historical experiences – all characterized by centralist principles. In brief, neither the reform of the public administration according to decentralizing principles mandated by the Constitution nor the process of democratic state-building at the sub-national level has got off the ground.

No comprehensive attempt has been made to reflect on the underlying causes of the aborted launch of the decentralization reform. Even if one agrees with White and Smoke that “decentralization is a process, not an event” (2005: 4) that can take several forms, ranging from a “big bang” operation to gradual or incremental forms (Bardhan and Mookherjee 2006: 32; White and Smoke 2005: 6), the contrast between the constitutional mandate and the absence of palpable results a decade after independence (Wallis 2013: 433) calls for an explanation. In fact, “local government reform has been considered by the government, development partners and the public as one of the most radical reforms of the public administration” ever seen in Timor-Leste (Ximenes 2010: 9), and the meagre results are a significant disappointment for promoters of democratic policies. Several hypotheses have been suggested that deserve a critical appraisal.

First and foremost, there is the question of the capacity to develop a new form of state (Amaral 2013), in which the articulations between the state apparatus and the citizens (along with the territorial units they use in their daily lives to establish meaningful interactions and social networks) are cast in a new light. The argument stressing the issue of existing capacity is articulated with the perceived lack of resources, financial and human. Shoemith acknowledged that the postponement of the process decided in 2010 was due to the fact that “the government [...] came to the view that human and physical resources for operating municipalities were not ready” (Shoemith 2010a: 24). The underlying assumption of this thesis is that a centralized state is less expensive to run than a decentralized one, both in terms of human capacity and financial resources. This is an unproved assertion. Decentralization does not necessarily imply the establishment of newly added governance units, which might be a real burden, but rather that the inter-governmental system

functioning with the existing units reverses the arrow of accountability from the established upward model prevailing under centralist principles to a downward format compatible with the deeper involvement of citizens in the decision-making process. A decentralized state can be built upon pre-existing governance units (Wallis 2013: 425) and be neutral in terms of personnel costs and financial means available to discharge its functions.

It is also true that as far as financial resources are concerned, the country witnessed a very favourable evolution in the first decade after independence that undermines the alleged original rationale for centralization – that is, the presumptive greater efficiency of central planning in a scenario of severe shortages. In recent years, the state budget has grown quite substantially, but at the end of the day the very centralized administration has not been able to spend all the resources it has at its disposal. The Timorese government has acknowledged the new reality and promoted three large programmes of economic decentralization – the Pakote Referendum (2009), the Pakote Dezentvolvimentu Dezentralizasaun (2010) and the Programa Dezentvolvimentu Dezentralizadu (2011) – signalling the importance of public investment being spread throughout the entire country (Wallis 2013: 434). However, direct management of these programmes was firmly kept in the hands of the deconcentrated units of what remained a centralized administration, allowing only for consultative roles for the local governance bodies (Akmeemana 2013). In this sense, the Timorese practice seems to contradict an established assumption according to which “the decision to pursue decentralization is largely political, with the underlying economic rationale secondary, if not marginal” (Campos and Hellman 2005: 237).

Finally, a cost–benefit analysis which would help determine whether the reform could produce efficient results would always have to take into account the intangible benefits that may be offered by decentralization, including enhanced democratization and political participation, as well as the growing ownership of the development process by the population at large (Wallis 2013: 439). The crude arguments presented so far indicate that this has not been the case.

A second argument contending to explain the failure of the decentralization reform pertains to the political will of the elite that is deemed necessary for the success of this venture. Dennis Shoesmith has voiced this hypothesis and concluded that “the political will to implement a successful democratic programme of reform involving a real transfer of powers” is just not there (Shoesmith 2010a: 20). In these circumstances, failure should be expected from “attempts to correct the preoccupation

with the centre and to recognize the critical need to include the ‘periphery’ in state-building” (Shoosmith 2010b: 2). The central issue of political will is also underlined by Saturnino Amaral (2013), a Timorese who has had responsibilities in the process of decentralization reforms.

This line of argument evokes a paradox, from the decision to include decentralization as a constitutional precept in the first place to the idea of placing the burden for carrying out these reforms in every single government programme on the shoulders of the very same political elite that is now deemed to lack the will to honour its own creation. No external pressure was exerted on the constitutional process, and a fair degree of discretion was available to the Timorese politicians. It is hard to argue that there has been any significant form of discontinuity over time, even though it is conceivable that not a great deal of attention was dedicated to this issue in the context of a vast debate on the main structures of the country that were decided upon in view of a very extended deadline for their implementation. In fact, “the articles in the draft constitution that referred to decentralization and local government do not appear to have drawn any objections” (Farram 2010: 4) – and they have continued to avoid being openly challenged. The idea that for a decentralization reform to succeed a clear coalition of will is necessary in order to conceive it and to guide its implementation (Bünthe 2011: 146) stresses the importance of continuity, which does not seem to default in Timor-Leste. In this sense, this argument fails to do complete justice to the nature of the problem.

My own suggestion is centred on the role of the bureaucratic class that forms the backbone of the public administration. In the wake of the independence referendum in 1999, the public administration set in place by the Indonesians suffered a severe shock when more than 7,000 civil servants left the country. About one-fourth of all civil servants were of Indonesian origin, but they represented almost 60 per cent of the top levels of the administration. For instance, only 2 out of 13 *bupatis* (district leaders) were Timorese, and 58 per cent of “grade 4” officials came from across the border (UN 2000: 93). The decapitation of this apparatus was followed by UNTAET intervention that streamlined services, before these services were allowed to grow again after independence. However, two factors are to be considered: First, the departure of a large contingent of public servants opened up opportunities for the Timorese to find employment, as new jobs became available mainly for those who had risen in the educational ladder, and promotions could be offered to those who had practical experience in a country so poor in human resources; second, the culture of centralist administration did not depart with those

who abandoned their posts. Rather, the main aspects of a rigidly hierarchical and in some respects authoritarian culture, bred in Indonesian times over layers of colonial rule not far from espousing similar principles, remained the dominant model. The UNTAET administration could not find a magical solution to escape this legacy. All those who found ways to secure a job or to improve their labour conditions in the public administration both under UNTAET and later in the initial years after independence were committed to a set of values and prejudices that contribute to a deep-seated conception of the correct and legitimate behaviour – even if in some cases what is perceived to be righteous falls within internationally accepted definitions of corruption, a relevant feature of the Indonesian system. In this sense, it can be argued that in the wake of a political earthquake that shook the foundation of the administrative building, this was rebuilt according to the very same structural plan. The new holders of positions in the public sector had little or no incentive to embark on a reform that ultimately could threaten the roots of their acquired power. New literate and urbanized groups that in general have risen above the social situation of their parents are not the likely to support a reform that devolves power away from their equals to the hands of citizens as a whole, which they tend to regard as less competent to have a say on public matters. As Marco Bünte has remarked, successful decentralization reforms actively involve a country's bureaucratic institutions, and only when these lean in favour of the reforms can a given country's chances of success be positive (Bünte 2011: 131–132).

In this light, we can return to Dennis Shoemith and concur that “effective decentralization will require a change in the prevalent political culture” (2010b: 5) not only among the ruling elite but more broadly in significant sectors of the public administration. The next section discusses some of the fundamental choices that are now before the Timorese reformers.

A Paradox of Democratic Development

No doubt exists that Timor-Leste is undergoing a period of intense and rapid transition in which different paradigms of governance, authority and legitimacy are in play (Brown 2013: 6; Trindade 2008: 165). Among the ideas that are striving to find accommodation in the multi-layered political system of the new nation – namely, in the process of creating decentralized state institutions – is the concept of democracy. More than a procedural definition of this concept, our goal is to grasp the meaning of democracy as a mechanism or system that empowers citizens and

communities and renders power-holders accountable and ultimately responsible before constituencies composed of wide popular franchise. This entails that two distinct considerations be taken into account: For one, democratic mechanisms must comply with definitional principles that institute the concept; in addition, they must be understood and articulated with local concepts of legitimacy without which popular participation lacks its fundamental meaning. This is a problem without a simple solution.

The original paradox of grassroots democracy is that there seems to be a conflict between socio-political legitimacy in terms of the established patterns of authority and democratic legitimacy in a substantive sense. As Joanne Wallis has noticed, “while they are not necessarily democratic, local institutions can be highly legitimate” (2013: 425). For this reason, there can be a “significant disjunction between the model and conceptual framework of national government and the values and systems of governance and authority that are socially widespread” (Brown 2013: 25). These, in turn, entertain a curious relationship with some key elements of modernity, as expressed by an educated businessman from the city of Same, in southern Timor-Leste:

We need to maintain traditional practices – indeed, we have to maintain them. Otherwise, what is independence? What were we defending, and what now are we standing on? In our struggle, we defended our land, our culture, our forests; if we don’t now defend our culture, our independence has no roots, no foundations (quoted in Brown and Gusmão 2009: 63).

On the other hand, the idea of elections as a tool for choosing leaders seems to be well established as a “strongly held symbol of rejection of the oppression of the Indonesian era and an assertion of independence and hope”, and as a “flagbearer of democracy, irrespective of how democracy should be understood”. The introduction of elections in local political life offers important opportunities to reshape leadership and create a new political culture responsive to the expressed wishes of community members (Brown 2013: 22; 2012b: 157, 162).

It is therefore not a question of contrasting endogenous factors with exogenous ones, as both embryonic notions of democracy and deep-rooted concepts of legitimacy are present within Timorese society. However, the existence of a gulf between structural tenets of Timorese traditional societies and the requirements of modern democratic principles based on the claims of citizens to a status of equality is widely acknowledged. The idea of traditional society needs to be de-romanticized – the past should not be viewed as having existed in a pristine world

whose resurrection could fill all the needs of a modern democratic polity. Empowering local communities cannot be equated with simply accepting customary practices, as this would entail “feudal” democracy at best (Hohe 2004). As Bünte has argued, devolving powers to communities

does not automatically serve as a tool to deepen democracy at the subnational level, and needs to be embedded in institutions that provide working checks and balances against local government misuse of discretionary authority (Bünte 2011: 147).

A closer look at the articulations between the formal power of the state and the persistence of custom is thus required.

Any approach that would result in the restoration of traditional authority without any constraints would likely lead to the reshuffling of an old deck of cards without promoting any substantial alteration of the discriminatory assumptions on which it is based. At best, it would constitute a form of wrapping up the old in new clothes. However, the fact that the most widespread idiom of political legitimacy is tributary to ancient forms of expression cannot be overlooked, and dispensing with it might account to disenfranchisement on a large scale (Brown and Gusmão 2009: 68). As Andrew McWilliam judiciously remarked,

it may be one thing to reject or deny a formal role for “traditional leaders” in local systems of governance, a view that probably has significant support in the new political climate of independence and reform, particularly in modernist urban contexts. It is quite another to dismiss the customary relationships and beliefs that have underpinned this system and reproduce it in many rural contexts (McWilliam 2008: 40).

This approach signifies that there is no necessary inconsistency or contradiction in the act of bestowing an enlarged franchise with the power to use discretion in electoral competition and permit the ascent to power of individuals who may simultaneously hold traditionally inherited rights of leadership, either in a direct way or through community-based negotiations. What really matters in this critical process is that the institutional provisions put in place adequately respond to the dilemma: either to reinforce the status quo and build upon it so that those who are already strong are further empowered, or to challenge altogether the existing unequal social structures with a new administrative order, as if to bulldoze culturally rich environments. Eventually, there can be a middle road in order to enfranchise the vast majority of the population and provide space for their voice to be heard in the institutions (Chopra and Hohe 2004: 1–2). This means upholding one of the options suggested by Alex

Gusmão, which advocates the necessity to “hold elections but integrate elements of customary legitimacy more openly in the process” (2012: 189) – that is, to give time for an indigenous paradigm to subsist and gradually evolve in articulation with the establishment of modern institutions. Local features should be taken at their own value rather than as a subsidiary to the Western civil society imaginary (Richmond 2011: 117).

As Michael Leach and his colleagues have argued in the case of the construction of national identity, the emerging solution that overcomes the visible distinctions prevailing in Timorese society does not necessarily need to foster homogeneity, but must produce “a sustained consensus on shared civil goals and tolerance of heterogeneity” (Leach et al. 2013: 3). The principle of pluralism rather than homogeneity is central to the idea of democratic decentralization (Kingsbury 2010: 39). Reverting to Max Weber’s famous classification of legitimacy, a modern democratic polity in Timor-Leste, although it postulates the primacy of legal-rational mechanisms, cannot avoid forms of legitimacy based on the community’s cultural life nor personal legitimacy derived from the individuals’ own capacities, reputations and lives (Pereira and Koten 2012: 225).

To an extent, historical forms of legitimacy have been pursued in Timor-Leste in the process of establishing village leadership. At this level, what remains to be done is the transformation of community institutions into local branches of the state administration, provided with clear mandates on well-defined areas of intervention, and with adequate and transparent resourcing of those competences. So far, *xefes suku* “find themselves organizing road maintenance, planning for water and irrigation, enforcing local rules on use of common land, including forests, and settling local disputes that depend on their good will”, and yet their activities “are not planned [or] resourced through the state budget”, and their capacity to take decisive action in matters that pertain to the state administration is nil. Only available to them is the capacity to “appeal to ministry officials in the country’s capital for their *sucu*’s resources” (Ragragio and Everett 2009: 1; italics as in original). The poor definition of the competences of the *konsellu suku* has undermined the quality of local decision-making and impaired the development at village level (Wallis 2013: 434). This leaves ample room for improvement and reform that could enhance the ownership of the political process in the hands of local citizens.

The process of creation of intermediate, regional-level institutions is running behind schedule, and it will have to either confront, although in a different manner, the dilemma of satisfying installed elites and apply nationally adopted criteria that disregard traditional authority, or face the

need to promote an articulation between modern forms of the state and customary ideas of political legitimacy. The choice may be hidden in technical jargon surrounding decentralization, but the issue far surpasses the mere administrative sphere and invades the core of the process of democratic consolidation in Timor-Leste (Shoesmith 2010a: 21). As noticed by Anne Brown,

recognizing the operation of local customary governance processes and value[s] [...] and building avenues for constructive interaction between them and state structures is part of seeing local societies and people as not merely recipients of a state-building project, but as central to [the] political community and co-enactors of the state (Brown 2010: 44).

This is the challenge that lies ahead.

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Knowledge Cluster Formation as a Science Policy in Malaysia: Lessons Learned

Hans-Dieter Evers and Solvay Gerke

Abstract: Regional science policy aims to create productive knowledge clusters, which are central places within an epistemic landscape of knowledge production and dissemination. These so-called K-clusters are said to have the organisational capability to drive innovations and create new industries. Many governments have used cluster formation as one of their development strategies. This paper looks at Malaysia's path towards a knowledge-based economy and offers some evidence on the current state of knowledge cluster formation in that country. If the formation of a knowledge cluster has been the government policy, what has been the result? Is there an epistemic landscape of knowledge clusters? Has the main knowledge cluster really materialised? Data collected from websites, directories, government publications and expert interviews have enabled us to construct the epistemic landscape of Peninsular Malaysia, and Penang in particular. We identify and describe several knowledge clusters with a high density of knowledge producing institutions and their knowledge workers. An analysis of the knowledge output, measured in terms of scientific publications, patents and trademarks, shows that knowledge clusters have indeed been productive – as predicted by cluster theory – although the internal working of clusters require further explanation.

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Introduction: Industrial and Knowledge Clusters for Development

International agencies, governments and experts have identified industrial cluster formation as an important way to induce innovations, increase GDP and help develop a nation (OECD 1996). The beneficial effects of the formation of industrial clusters have already been investigated by Alfred Marshall (1920) and Alfred Weber (1909). As Michael E. Porter argued in his well-known book, the competitive advantage of nations is greatly enhanced by the formation of industrial clusters. As Porter put it, “The phenomenon of industry clustering is so pervasive that it appears to be a central feature of advanced national economies” (Porter 1990: 149). According to Porter, “a cluster is a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities” (Porter 2000: 16). A survey of the European Commission concluded that:

cluster firms are more innovative than non-cluster firms. These innovative cluster companies are more than twice more likely to source out research to other firms, universities or public labs than were the average European innovative firms in 2004. This supports the view that clusters are encouraging knowledge sharing which may further stimulate innovation. Moreover, cluster firms patent and trademark their innovations more often than other innovative companies (European Commission 2013: 22–23).

More specifically, knowledge clusters are:

agglomerations of organizations that are production-oriented. Their production is primarily directed to knowledge as output or input. Knowledge clusters have the organisational capability to drive innovations and create new industries. They are central places within an epistemic landscape, i.e. in a wider structure of knowledge production and dissemination. Examples for organisations in knowledge clusters are universities and colleges, research institutions, think tanks, government research agencies and knowledge-intensive firms (Evers 2010).

The present paper looks at Malaysia’s path towards a knowledge-based industrial economy. We start by providing evidence of the current knowledge cluster formation in Peninsular Malaysia, which we then check against the current measures to form “corridors”, “economic zones” or “cyber cities” and answer the question or whether these planned “corridors” have already developed into knowledge clusters; in

other words, how far “natural” clustering conforms to regional cluster planning. By forming innovative knowledge clusters, additional resources become available on a local level, either through channelling government funds and corporate investments into the “epistemic landscape” (Evers and Bauer 2011) or through the benefits produced by effective cluster policies. We then seek to answer the question of whether cluster (or corridor) policies have been successful and what lessons can be learned from the experience of Malaysia.

Cluster Formation as Development Policy in Malaysia

Malaysia and Singapore have followed vigorous cluster policies (Hornidge 2007; Evers, Gerke, and Menkhoff 2011).¹ In 1991, Prime Minister Mahathir pronounced the long-term development goal that Malaysia was to be an industrialised and developed country by the year 2020 in its ‘own mould’ (Mahathir 1998: 21). The policies that Mahathir highlighted were implemented in the Sixth Malaysia Plan (6MP) to the Tenth Malaysia Plan (10MP). Knowledge-based development started with the utilisation of information and communication technology (ICT) in all sectors of the economy to increase productivity. The MSC Malaysia and Cyberjaya were created in order to put into practice the vision of making Malaysia a knowledge-based economy (KBE) by utilising ICT. The government also encouraged the growth of companies related to biotechnology, advanced electronics and software development. The Malaysian Technology Development Corporation (MTDC) and Technology Park Malaysia (TPM) set up incubation centres to support industries with high-technology solutions. MSC Malaysia and TPM are examples of the formation of clusters that utilise technology to strengthen their innovative power with new resources (Evers, Nordin, and Nienkemper 2011; Evers and Nordin 2012; Gerke and Evers 2012).

The Ninth Malaysia Plan (9MP), which covered 2006–2010, emphasised the use of knowledge and ICT. The establishment of information-technology-based clusters was suggested in order to shift from low-end industries to high-end technology. Regional development was given a new ‘branding’. The formation of economic corridors or clusters was spearheaded by the major GLCs (government-linked companies). On 30 March 2010, the Malaysian Prime Minister, Najib Razak, unveiled

1 The case of Singapore has been discussed elsewhere (Hornidge 2008; Menkhoff and Evers 2011; Menkhoff et al. 2011).

the New Economic Model (NEM), which was designed to ensure that Malaysia would be able to achieve the target set by Mahathir's Vision 2020. The NEM, inaugurated in March 2010, strengthened the policy of a formation of high-tech clusters and of corridors with a focus on different economic activities.

The first knowledge cluster development plan was designed to intensify the knowledge content in various economic activities (K-Based Master Plan 1993). The Multimedia Super Corridor Malaysia (MSC) was constructed in 1996 and was originally a 15 x 50 km zone that stretched from the Kuala Lumpur City Centre (KLCC) to Kuala Lumpur International Airport (KLIA) (Ramasamy, Chakrabarty, and Cheah 2002; Bunel 2006). The MSC included Putrajaya, the new administrative capital, and Cyberjaya, the ICT hub, in addition to the Kuala Lumpur Conference Centre and the Kuala Lumpur International Airport (KLIA and its low-cost carrier extension KLIA2). The MSC Malaysia was the physical visualisation of Mahathir's vision towards transforming Malaysia into a knowledge-based economy. Revenue from MSC Malaysia rose from 12.99 billion MYR in 2006 to 17.06 billion MYR in 2007, with total employment created at 63,883 (MSC Malaysia 2009). Meanwhile, the MSC concept was expanded and companies all over Malaysia were awarded MSC status through the Multimedia Development Corporation (MDeC). Several new policies were added to the MSC concept in 2014–2015. Digital Malaysia describes itself as:

a unique programme based on three strategic thrusts. It will create an 'ecosystem' that promotes the pervasive use of ICT in all aspects of the economy to connect communities globally and interact in real time, resulting in increased Gross National Income, enhanced productivity and improved standards of living (Digital Malaysia 2015).

Since 2014, multi-media companies have been subsidised by a MAC3 Fund.

The potential to create new sources of growth has encouraged the government to designate areas in different parts of the country as cyber cities and cyber centres. These areas are based on a development strategy that locates industrial companies of similar technology within the same geographical area (*Malaysian Business* 2009). This cluster policy is vigorously pursued further under the latest Malaysian Development Plan, covering the years 2011 to 2015.

Cyberjaya, opened in 1999, was the first cyber city development in MSC Malaysia and remains the leading one today. The city covers an area of 7,000 acres and was designed as a cutting-edge multimedia centre to

attract world-class multimedia and ICT companies (Neo et al. 2008). The city is located adjacent to Putrajaya and between Kuala Lumpur International Airport (KLIA) and Kuala Lumpur. In 2009, there were 414² companies in Cyberjaya providing employment to 35,000 people. Today there are three universities located in Cyberjaya – Multimedia University, Limkokwing University of Creative Technology and Cyberjaya University College of Medical Science – which cater for more than 15,000 students.³

The Emergence of Knowledge Clusters in Malaysia

The 1990s saw a policy shift in line with the global higher education restructuring (Lee 2004; Sivalingam 2006). In Malaysia, the number of public universities almost tripled from merely eight prior to 1990 to 20 in 2009, and then nearly doubled again to 39 in 2015. Apart from universities, the government also increased the number of polytechnics and community colleges to cater for the needs of the industries. The number of private universities grew from none in the 1990s to 39 in 2015, while other forms of private institutions grew from 156 in 1992 to more than 500 in 2015. The expansion of these institutions has created different types of ownership, including individual proprietors, private companies, consortia of companies, publically listed companies, government corporations, foundations, philanthropic organisations and community financing (Lee 2004: 1). The formation of these different types is derived from the lucrative business of higher education in Malaysia (Evers and Nordin 2012).

The decades of regional development planning have resulted in the formation of knowledge clusters with different degrees of “knowledge density”. By this, we mean that certain areas show a disproportionately high number of knowledge-producing institutions and knowledge workers.

The knowledge cluster map shows that knowledge clusters in Peninsular Malaysia are still concentrated on the West Coast, with three main locations – Kelang Valley, Johor Bahru and Penang – having the highest

2 This was the official figure given by the Multimedia Development Corporation (MDeC), but our field survey between April and December 2009 only managed to locate 348 companies in Cyberjaya (Evers and Nordin 2012).

3 The unpublished figure of the total number of students was provided by the Ministry of Higher Education during fieldwork in 2009.

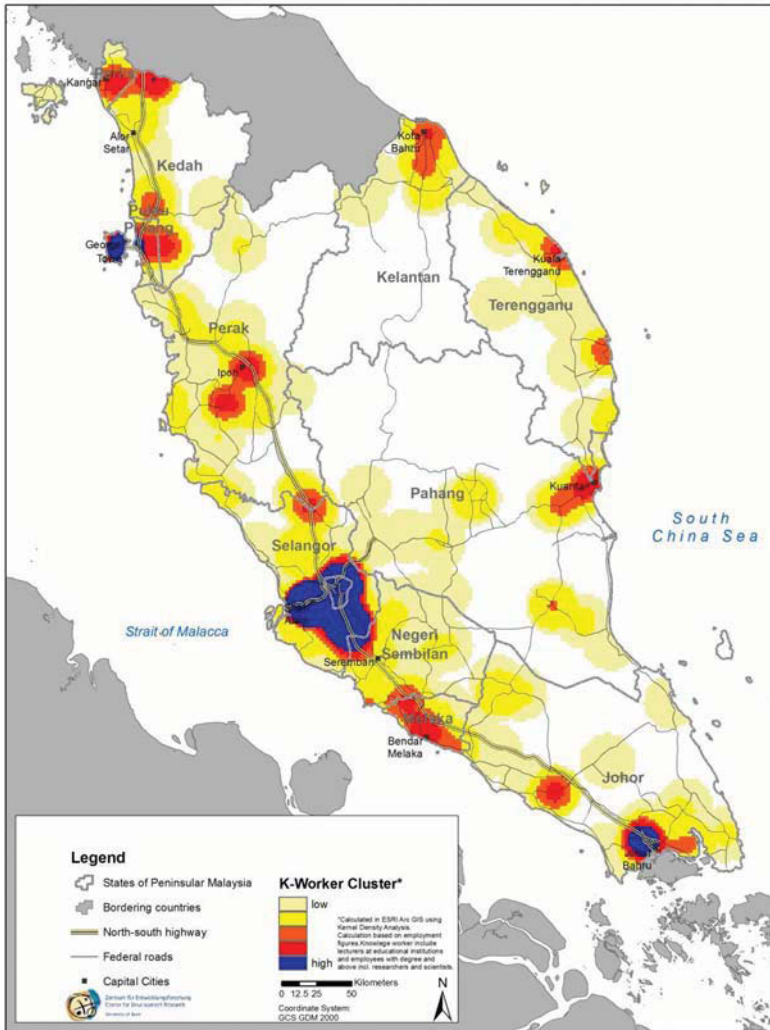
concentration of knowledge-producing institutions and knowledge workers. Penang has the densest knowledge clusters in the Northern Region of Peninsular Malaysia. Interestingly, the area in Northern Kedah and Perlis bordering Southern Thailand has a strong presence of knowledge clusters, even though both areas are economically less developed than the other areas in the West Coast. The concentration of the knowledge clusters at the West Coast also correlates with the major infrastructures and economic development.

The East Coast of Peninsular Malaysia is still less developed in terms of knowledge clusters. Knowledge clusters are only found at the main cities in the region; that is, Kota Bahru, Kuala Terengganu, Dungun and Kuantan. According to our data, Kuantan has the highest density of knowledge workers of these four cities. Comparing the clusters to the West Coast, the knowledge clusters spread within the main urban areas, where most economic and social activities are concentrated, rather than along the major highways. Also, kernel density⁴ in the main urban areas tends to be much lower than on the West Coast.

Recognising that knowledge clusters have emerged, the most important remaining question is whether this clustering process has also resulted in higher knowledge production, as predicted by clustering theory. We have attempted to measure knowledge output by using scientific publications, patents and trademarks as indicators of innovation and knowledge output.

4 Kernel Density, a non-parametric density estimation technique, calculates the density of features in a neighbourhood around those features. We have used ArcGIS to calculate and map kernel density in Figures 1, 5 and 6.

Figure 1: Knowledge Clusters in Peninsular Malaysia

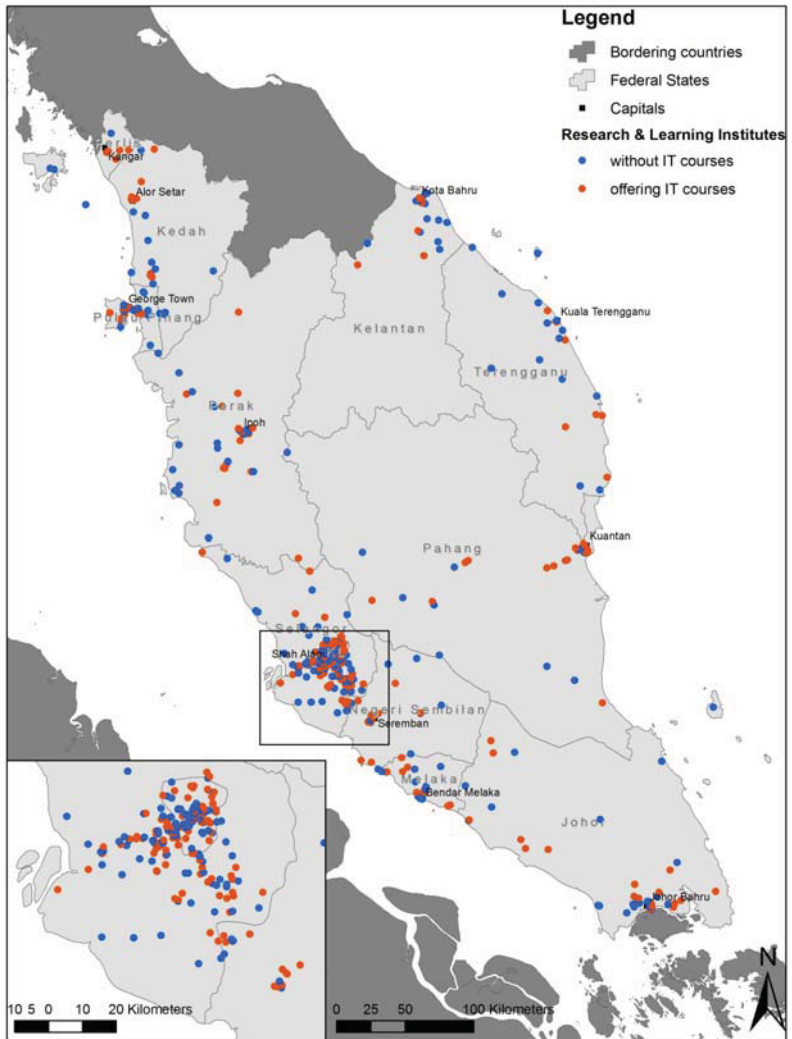


Note: The map is based on the number of employees as of 31 December 2008.

Source: Ministry of Higher Education 2008a, 2008b, 2009, 2010 (unpublished data); Ani Asmah and Aminuddin Hamdan 2009 and field data 2009.⁵

5 Data on employees for some of the R&D Institutions were collected by Ramli Nordin through a telephone survey between April and December, 2009. See also Evers and Nordin 2012.

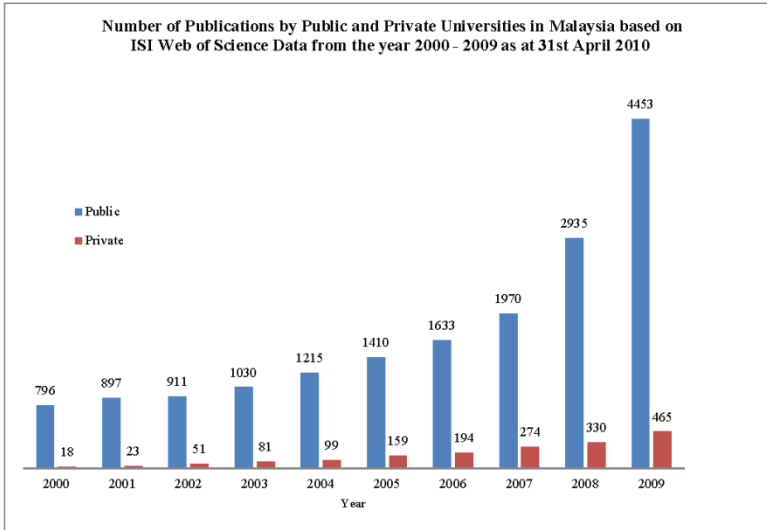
Figure 2: Distribution of Research Institutes and Institutions of Higher Learning with or without ICT Courses, Peninsular Malaysia 2000



Note: Data of courses offered by Private Higher Learning Institutions were collected from individual web pages from April–December 2009.

Source: Ministry of Higher Education 2008a, 2008b, 2009; Ani Asmah and Aminuddin Hamdan 2009; Ministry of Higher Education 2009 (unpublished data) and own field data, 2009.

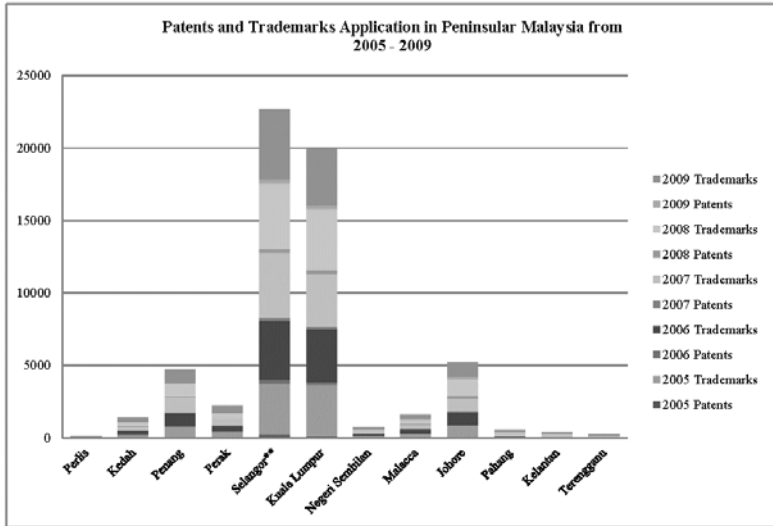
Figure 3: Knowledge Output: Number of Publications of Malaysian University Staff, 2000 to 2009



Source: Web of Science 2010.

We also collected data on another form of knowledge output; namely, patents and trademarks. As shown in Figure 4, Selangor and Kuala Lumpur have the highest numbers of applications for both between 2005 and 2009. Johor and Penang, located in the southern and northern knowledge clusters of Peninsular Malaysia, respectively, also produce the highest numbers of patents and trademarks application. They are followed by Perak, Malacca and Negeri Sembilan, which are located in the most concentrated knowledge clusters in Peninsular Malaysia. The number of applications for Kedah is significant in comparison to data for the state of Perlis. This again shows that the density of knowledge clusters does not necessarily contribute to the knowledge output. The states on the East Coast have the lowest number of applications for both patents and trademarks. As evidenced by our data, Kelang Valley still dominates the knowledge output in Peninsular Malaysia.

Figure 4: Applications for Patents and Trademarks, Peninsular Malaysia 2005 to 2009



Source: MyIPO 2010.

Science Policy: Planning Industrial and Knowledge Clusters in Malaysia

In the 1960s, Malaysia’s policy makers realised the importance of export-oriented industrial clusters that focused on light and heavy industries. Industrial clusters in the form of free-trade zones were developed to encourage export-oriented industrialization. The clusters were located in the relatively developed West Coast states of Penang, Selangor, Malacca and Johor.

As discussed above, in 1991 Prime Minister Mahathir promulgated a new goal, the “Vision 2020”, which promoted the idea that Malaysia would be an industrialised and developed country by the year 2020 in its ‘own mould’. In the Seventh and Eight Malaysia Plans, covering the period from 1996–2005, a knowledge-based development started with the use of information and communication technology in all sectors of the economy to improve productivity (Turpin and Krishna 2007: 146). The Multimedia Super Corridor Malaysia and the new city of Cyberjaya

were built to spearhead Malaysia's development into a knowledge-based economy by utilising information and communication technology.

The Ninth Malaysia Plan, which covered 2006–2010, emphasised “knowledge” for development and innovation. The development of high-tech industries was to be concentrated in technology-based knowledge clusters (Gerke and Evers 2011: 5–6). The implementation of economic corridors, or cluster development, was spearheaded by the major GLCs and the government's investment arm Khazanah Nasional. The economic regions and their corridors are shown in Figure 1. Penang is integrated into the Northern Corridor Economic Region (<www.ncer.com.my>).

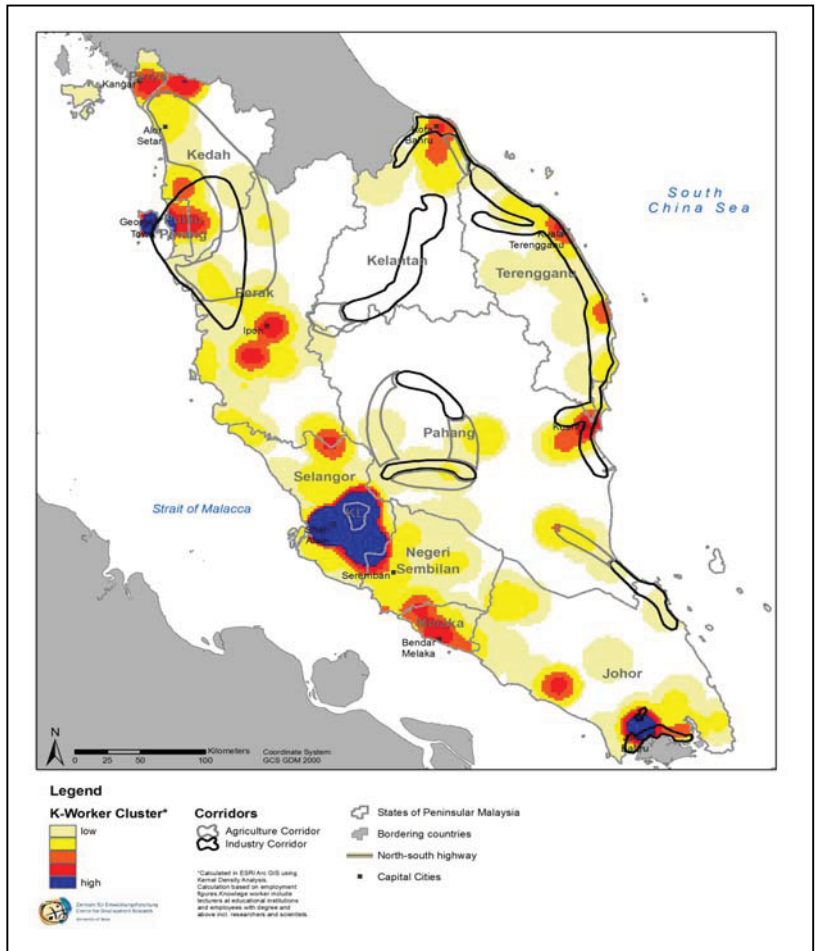
The New Economic Model (NEM) was created to help ensure that Malaysia achieved the target. The NEM emphasises the formation of clusters and corridors concentrated on specific economic activities. Its focus is on innovation and productivity growth, in addition to technological advancement and entrepreneurial development. Development regions and corridors provide the spatial framework for government support and investment plans. Realisation of these plans will depend on the on the government's financial strength and, ultimately, on the economic development of ASEAN and the world economy (Evers and Nordin 2012).

Case Study: Penang as a Knowledge Hub

Malaysia has two strong knowledge clusters: the Klang valley with KL and the MSC, Penang State, and a number of smaller clusters. A calculation of the density of knowledge institutions and knowledge personnel show the epistemic landscape of Malaysia. Penang has the potential to change from an industrial cluster to a knowledge cluster. For this purpose, Penang must reinvent itself as a “knowledge hub” (Evers 2011; Evers and Sezali 2012).

Around Georgetown, Penang (see also Gerke and Evers 2011), as well as in other places along the Straits of Malacca, the modern knowledge clusters emerged mostly at localities that have had a long tradition of trade and learning (Gerke, Evers, and Hornidge 2008). The growth and the knowledge architecture of knowledge clusters and hubs appear to be highly “path dependent”; that is, determined by history. This fact is often neglected in development programmes advocating the establishment of knowledge hubs “out of the blue” without regard for the existing knowledge landscape.

Figure 5: Knowledge Clusters and Development Corridors



Source: Evers, Nordin, and Nienkemper 2011; Evers 2011 and Northern Corridor Economic Region (<www.ncer.com.my>); Iskandar Malaysia Development n.d., East Coast Economic Region (<www.ecerdc.com>).

The history of schools of higher learning in the Straits of Malacca region correlates with the rise and fall of centres of trade along the pathway. Malaysia’s first modern school opened in Georgetown, the country’s centre of maritime trade at the time. The first university in the region was founded in what was then the British Crown Colony of Singapore, now NUS. While Malacca had been the most important trading port

from the fifteenth century right up to the early nineteenth century (long before the first universities in the Straits region), it was overtaken by Georgetown/Penang and Singapore in the later nineteenth and twentieth centuries. Today, Malacca mainly houses branch offices of Malaysian schools of higher learning, with no main campus, while the knowledge structures of Singapore and Penang (in 1969, the Universiti Sains Malaysia was founded in Penang) rest on a far more diverse environment of universities, polytechnics, private and public research institutes (Gerke and Evers 2011).

Penang is one of the knowledge clusters of Malaysia that has a large number of universities, research institutes, and research and development (R&D) divisions located closely together. Cooperation between the sectors somewhat mirrors the development of Penang's export-oriented industry. "Penang is well placed to become a hub for the Northern Corridor, the Indonesia, Malaysia, Thailand Growth Triangle and the Bay of Bengal [...]" (Kharas, Zeufack and Majeed 2011: 53).

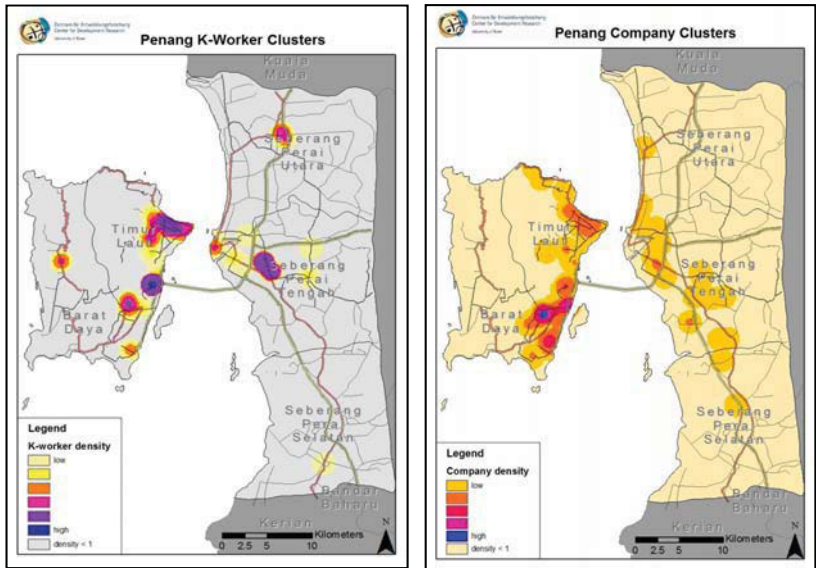
Cluster theory predicts an optimal output of knowledge in the form of innovations, patents and research papers. In the context of our study, we add the idea that the knowledge hub function – that is, close cooperation between the institutions as well as external connections – is an additional precondition for high knowledge productivity. We measured these external connections with an output indicator of joint journal articles to which Penang researchers have contributed. We have only taken scientific research results in internationally recognised journals into account. Therefore, the indicator does not measure all projects of cooperation with international institutions, but only those that are documented by publications that are recognised, visible and accessible.

In the following section we present results of our analysis and data with a focus on changing international cooperation worldwide.

Penang is one of the traditionally grown centres of higher education and research along the Straits of Malacca and within Malaysia. During the past 40 years, USM (which currently has approximately 1,300 researchers, lecturers and professors) clearly emerges as the main producer of published research results in cooperation with international partners, followed by the Penang General Hospital as a leading institution in medical research. Other universities and colleges show surprisingly low international cooperation. Private sector companies are increasingly taking part in collaborative research, but remain dwarfed by USM and other research institutes. The World Fish Center and the Fisheries Research Institute stand out in this regard.

In general, it is interesting to note that most of the international research output is based on cooperation with foreign universities rather than local Malaysian universities and institutions. Therefore, we have concentrated on analysis of the evolving international network of scientific cooperation over the past 40 years.

Figure 6: Penang Knowledge Clusters



Source: Evers 2011: 36.

Patterns of Scientific Cooperation

Social systems theory has taught us that, over the course of history, societal subsystems become increasingly differentiated to reflect and cope with the complexities of modern societies. Highly differentiated systems are the most effective at dealing with external threats and have a higher capacity to cope with the external social and economic environments. Increasing systems differentiation also requires increasingly sophisticated system governance, but differentiated systems produce higher output.

All in all, we can observe changing patterns of scientific cooperation over the last 40 years – changes that may have been triggered by external events rather than by changes in the science system itself.

Table 1: Patterns of Scientific Cooperation

	Dominant Scientific Cooperation	Centuries
Colonial Legacy	Commonwealth Countries, mainly the UK, Australia and Canada	1970s to mid-1980s
Globalisation	EU (incl. UK), China, India, Japan, ASEAN (mainly Thailand)	mid 1980s to mid-1990s
Asian Century	China, India, Japan, ASEAN (Thailand, Singapore, Indonesia) Australia, EU	1990s
India and the West	India and EU and Iran	2000–2011

Source: Authors' own compilation.

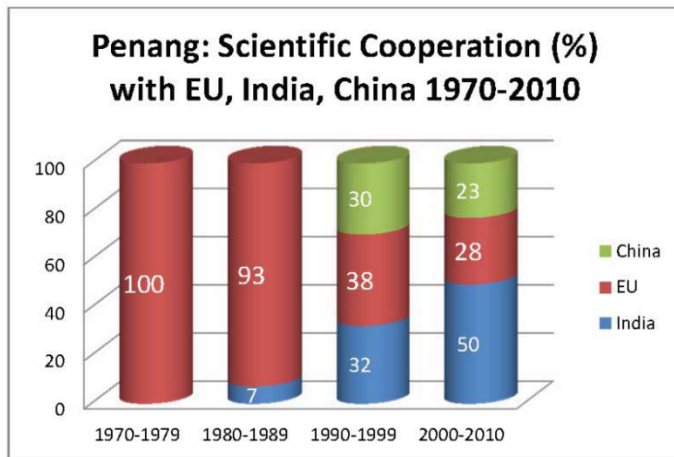
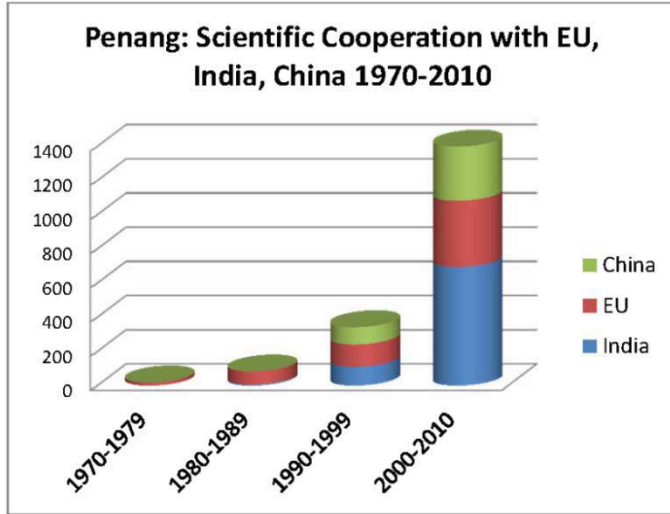
In the following we take a closer look on how international scientific cooperation evolved over the last 40 years (Gerke and Evers 2011). Although we collected data on all countries worldwide, we will look here at measurable output that exceeds one or two publications a year. This is done by looking east from Malaysia at China and Japan, and further east at the United States. If we look west, India is the dominant science hub, whereas researchers in Pakistan and Bangladesh only produced a few joint papers with Penangites. With the exception of Iran, this is also true of Middle Eastern countries. Europe, including the dominant United Kingdom, is the main cooperation partner in the Far West. As we will see later, scientific cooperation with other ASEAN countries is slowly emerging. If we look east, China and Japan are the major cooperation partners, whereas the USA plays a relatively minor role even further east.

The time series of our data show the rapidly increasing international cooperation, especially after the foundation of the second Malaysian university in 1969, first as the University of Penang, then renamed in 1971 as Universiti Sains Malaysia (USM).

The data show evidence that the colonial legacy is mirrored in academic cooperation and joint paper writing in the 1970s and 1980s, as the majority of articles have been published with colleagues from the Commonwealth countries of the UK, Australia and Canada. From 1980–1989 a similar picture emerges, but this changes in the 1990s, when ASEAN countries (especially Thailand and Indonesia) and several European countries appear on the landscape. Scientific cooperation with India and China started in the early 1990s, when joint publications with India and China were nearly at the same level and Japan became more important as a partner. The significant rise of cooperation with China is probably also due to more liberal politics in that country. Since 2000 we can see a dramatic change in science cooperation, as the number of publications written with colleagues from India far exceeds those from China and Europe. Interestingly, cooperation in the form of joint paper writing is lower with colleagues from the US than from Europe. In recent years, scientific

cooperation with India, especially in the sciences, has risen dramatically and overhauled China.

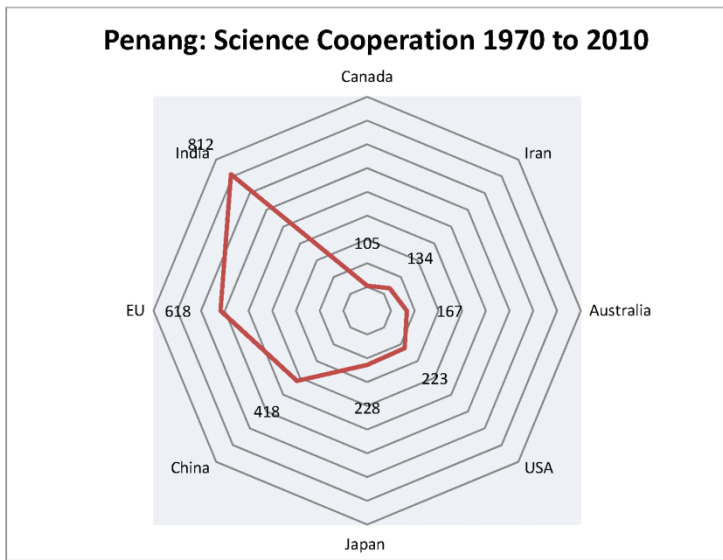
Figure 7: Scientific Cooperation of Research Institutes, Universities and Companies in Penang State with the EU, India and China 1970–2010 (Joint Articles in Scientific Journals, ISI Web of Science)



Source: ISI Web of Science 2011.

The dramatic increase of joint research and publication with India from 2000 to 2011 is surprising. The next step would be to look at the individual partners, as well as the topics, to see with whom and in which field most of the scientific cooperation takes place. To date, we have no explanation as to why China, contrary to all expectations, has fallen behind.

Figure 8: Percentage Distribution, Scientific Cooperation of Research Institutes, Universities and Companies in Penang State with the EU, India and China 1970–2010 (Joint Articles in Scientific Journals, ISI Web of Science)

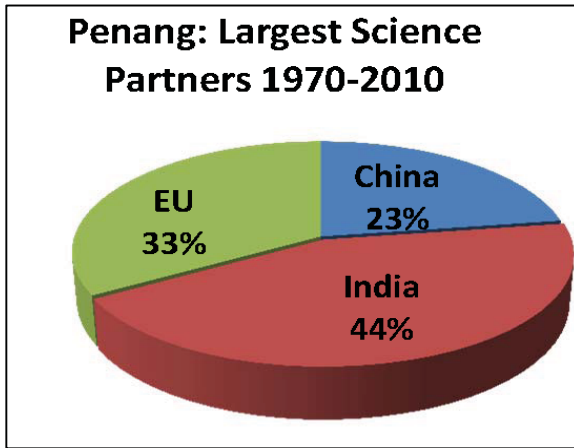


Source: ISI Web of Science 2011.

As Figure 7 shows, India, the EU and China accounted for 55 per cent of all joint article publication between 1970 and 2010.

Although there are insufficient data on knowledge exchange within Penang, it can be assumed that there is room for improvement. The so-called “triple helix” of research institutes, government and industry needs to be strengthened. Our maps show that clusters of knowledge workers and high-tech companies do not completely overlap. This can be taken as an indicator that industrial companies are short of knowledge workers.

Figure 9: Penang Scientific Cooperation 1970–2010



Source: ISI Web of Science 2011.

USM as an APEX university has impressive research capabilities and has improved its international cooperation considerably, but it is still not clear how far this potential is utilized to support industrial R&D, NGOs and government agencies (Gerke and Evers 2012). Penang can develop and integrate its knowledge clusters further and advertise its position as one of the major knowledge hubs in Malaysia and the ASEAN region. The existence of knowledge hubs provides incentives for investment and attracts capital and high-level manpower.

We can sum up our arguments and results so far by saying that, in the case of Penang, the cluster policy has worked. The development of a dense cluster of high-tech industries with their own R&D capabilities, the founding of a major university and a number of other institutions of higher learning, and research and supportive government agencies – in short, a consistent cluster policy – has resulted in economic development with a strong export sector supported by a strong local economy. The salient results of this cluster policy can be summarized as follows:

1. Penang has strengthened its position as one of Malaysia’s premier knowledge hubs by engaging in scientific cooperation worldwide. Since its start in the 1970s, scientific cooperation has shown an impressive upswing.
2. Penang has divorced itself from the colonial legacy of sole cooperation with the UK and other Commonwealth countries (such as Australia, Canada) and has gone global, first establishing cooperation

with neighbouring ASEAN countries, then with China, Japan and India.

3. Contrary to expectations concerning the dominance of China in the “Asian Century”, India has emerged as the major scientific cooperation partner of Penang, followed by the European Union countries. As the Middle East is also gaining in importance, Penang scientists are increasingly looking west rather than east.

Conclusion

The Malaysian corridors planned by the policy makers mostly centred on the natural resources available in the respective states. Agriculture and natural resources such as petroleum and tourist sites are the main catalyst for the corridors. The GLCs selected to spearhead the respective corridor development (Sime Darby, PETRONAS and Khazanah Berhad) are also concentrated on these sectors. The GLCs are primarily involved in plantation, oil and gas, and property development. None of the corridors are planned for ICT or knowledge-based industries apart from the electric and electronic cluster in the northern corridor.

The corridors do not correlate with the government’s aim of becoming a knowledge economy (see Figure 5). The industries planned are mostly engaged in tourism and agriculture. As observed by Fatimah (2009), progress in the Malaysian agriculture and plantation sector in general has not lead to invention and innovation, but to high dependence on foreign labour. The creation of development corridors that neglect the human capital factor will definitely produce the unintended results, as can be seen in the development of Cyberjaya. Physical infrastructure alone will never produce the innovative and knowledge outcome. Despite the increasing number of publications on knowledge clusters, no consensus has emerged on the factors that lead to success. We can guess that a “right” mix of institutions must be assembled in a successful cluster, but what exactly would be the right mix at any stage of economic development is still not clear. However, we can conclude that the foundation of single knowledge hubs, like the foundation of a university or research institute, will not be successful in isolation. As our data show, the spatial connection between research institute, institutes of higher learning, knowledge-based industries and supporting government agencies has been a relatively secure road to success. It can be hoped that, in the case of Malaysia and elsewhere, partisan science politics will not detract from the goal of building diverse and successful knowledge clusters.

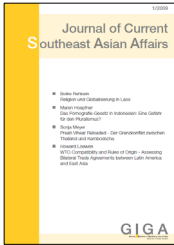
The preliminary analysis of our data pertaining to Penang as a knowledge hub and the Malaysian “corridors” has yielded some results of relevance to a successful science policy, but the analysis needs to be developed further to produce more robust outcomes.

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Book Reviews

Mertha, Andrew (2014), *Brothers in Arms: Chinese Aid to the Khmer Rouge, 1975–1979*

Ithaca, NY: Cornell University Press, ISBN: 9780801452659, 175 pages

In its capacity as chair of ASEAN in 2012, Cambodia stunned the world by siding with China rather than its fellow ASEAN countries that have maritime territorial disputes with China, therefore preventing the issuance of a joint statement, a first in the history of this regional organisation. Many pundits have since pointed to China as an increasingly negative force in ASEAN unity, as it uses its leverage over countries that are highly dependent on it (Cambodia, Laos and others) to fracture ASEAN and prevent the organisation from playing a more important role in solving disputes. According to this narrative, China is gradually but steadily building a network of “client” states over whose external policies China can exert great influence to its own advantage. However, it is not that simple, according to Andrew Mertha, based on the argument he makes in this meticulously researched book.

Mertha’s thesis is based on the theory that policy outcome tends to be affected more by the implementation of said policy by the bureaucratic organisations on the ground than by the outcome intended or preferred by the policy formulators (an insight that Graham Allison pointed out a long time ago and one that is widely shared by public administration scholars today but has not been given much attention by international relations scholars) – the actual policy interface between China and Cambodia being no exception. By examining three instances of Chinese aid delivery to the Khmer Rouge regime from 1975 to 1979 (in the forms of the construction of a military airfield, the repairing of an oil refinery and assistance in the development of foreign trade of Cambodia), this book shows that the internal bureaucratic structures (especially the level of bureaucratic fragmentation) of both countries were vastly important in shaping the outcome. Importantly, China, as the much more powerful actor (and the aid giver) in this bilateral relationship, was not able to truly dominate its junior partner, Cambodia (Democratic Kampuchea – DK). Simply put, power asymmetries in bilateral relations do not necessarily lead to a superior–subordinate model. The case studies illustrate this point. China’s military aid was vital to the survival of DK. However, the military organisation of the Khmer Rouge regime boasted relatively strong institutional integrity, and therefore it was able to resist China’s

influence and push back against its interests (for example, China's choice of the site of a military airfield in DK was overruled by the Khmer Rouge, as the location was deemed strategically advantageous to China's interests, but not to the interests of DK). The second case was China's provision of technical assistance in the repairing of an oil-refinery plant. Here, the complete absence of any form of rational organisational structure of the Khmer Rouge regime in this policy area, coupled with the complex and fragmented energy-policy sector of the Chinese bureaucracy (which involved multiple ministerial-level organisations), made the project a complete failure. The third case, regarding the development of commercial trade, showed China exerting more influence, because the Chinese bureaucratic institutions were more compact and better coordinated, while their counterparts in DK were not as strong and suffered from fragmentation (mostly because of the internal purges under Pol Pot). As a result, China was able to "colonize the [DK trade-related] institution structurally and especially procedurally in ways unimaginable in the case of military assistance" (p. 120).

Mertha's book draws from, and reinforces, his past research interests and expertise – namely, the study of the bureaucratic–institutional nexus where policy formulation and implementation are embedded in China. Hence, the book is also very much outstanding in its description of the byzantine bureaucratic worlds of both Leninist systems. His transition from focusing on domestic politics to foreign policy without abandoning his basic theoretical paradigm is a remarkable example of how comparative politics and international relations can be bridged. Also, in terms of sources and materials the book excels as well; it uses many primary documents (archives, private diaries, interviews) that only a very dedicated researcher could uncover.

Finally, how can the lessons learned from the era of 1975 to 1979 remain relevant today? While China has moved toward market-based reforms since 1979 and has undergone a transition that was unimaginable in the years prior to that, Cambodia has also witnessed two regime changes (Vietnamese occupation and Hun Sen's current authoritarian regime). Mertha is confident that the lessons are very much relevant. Despite the monumental changes experienced in both countries, the bureaucratic fragmentation characteristic to both countries before 1979 is still very relevant, perhaps even more so today. Toward the end of the final chapter, he points out the numerous incidents of inconsistency in China's foreign policy in recent years as evidence of the convoluted bureaucracy that China evinces today, a predicament not much different from the one it suffered from in the 1970s. Cambodia has not had much

institutional integrity in its civil service under the Hun Sen regime either, due to the strongman and patronage politics he practises.

Is Mertha ultimately convincing? While the research is certainly excellent and the logic of the argument intuitive, the jump to the policy implications – that China is unable to actually influence its “client” states’ policies all that much – may be unacceptable to some readers, who will take the view that China is simply becoming too powerful and influential, and that no matter how poorly coordinated its bureaucracy is, its “client” states will practise self-discipline and censorship to avoid offending China.

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Book Reviews

Cheesman, Nick, Nicholas Farrelly, and Trevor Wilson (eds) (2014), *Debating Democratization in Myanmar*

Singapore: Institute of Southeast Asian Studies, ISBN: 978-981-4519-13-7, 381 pages

Myanmar is at a critical juncture. Since 2012, political and economic reforms initiated by President Thein Sein and liberal elements within the quasi-military regime have clearly transformed the former military regime. Political prisoners have been released, media controls have been eased, civil liberties and political freedoms have been broadened. As a result, international sanctions against the former international pariah have been lifted or partially withdrawn. The outcome of the transformation, however, is by no means clear. Due to the resistance of conservative elements within the military and the ruling party and the intransigency of authoritarian rule, democratisation remains an uphill struggle for all those fighting to improve human rights and the rule of law in the war-torn country. There is already an intensive discussion going on as to whether liberalisation has reached an end. *Debating Democratization* intends to shed light on the causes, pathways and consequences of the political reform process. The book is a product of the 2013 Myanmar/Burma Update Conference at the Australian National University in Canberra and features 16 articles by politicians, consultants and academics. It is a must-read for all those seeking to understand the current reform process and its concomitant phenomena, such as the growing significance of Myanmar's parliament, the debate about the election laws, the role of political activists, rising labour demonstrations, local politics, economic development and fiscal reforms, the role of the security forces (police and army) and the growing violence in the country. In a nutshell, it covers a broad range of topics and is an enlightening read for anybody interested in the political developments of the country.

Despite its academic merits, the book falls short on several issues. Not all pieces directly address the issue of democratisation, and some articles simply do not fit into the edited volume, such as the economic update and the broader debate about the return of the exiles. The volume also fails to add anything new to the ongoing theoretical debate about the institutional weakness of military rule in general given the omnipresence of the military in Burma. The question of whether the current opening is a strategy to recalibrate authoritarian rule and consolidate military power remains unanswered. What we do find are the in-

sightful views of the some of the actors involved, such as the foreword on the context of current reforms by former Minister of Development Winston Set Aung and the very interesting article on the impact of the land laws by one of the leaders of the most influential civil society groups in this context, Kyaw Thu Aung. By including these voices, the volume is able to provide an initial “in-depth analysis of events in Myanmar in this remarkable period of excitement and change” (Wilson, p. 17).

A more academic introduction and context is provided by Morten Pederson, who assesses the significance of the ongoing reforms process, its background and the challenges ahead. He concludes that the military is initiating these reforms because it wants to, not because it has to (p. 36). In his view, the “necessary condition” for change was the leadership change from Senior General Than Shwe to President Thein Sein; the improved security situation, the military’s self-perception as guardians of the nation-state and the economic backwardness of the country should be seen as push factors in the liberalisation of military rule. He points to the ongoing challenges of hardliners blocking further liberalisation and the peace process – both reforms are heavily intertwined and so far researchers have not been able to bring to light the destructive role of the security forces in the recent opening and its impact on the peace process. Several articles in the edited volume stand out: Thomas Kean, editor of the *Myanmar Times*, analyses the crucial role of the Parliament in the early phases of political reform. He shows that several rounds of conflicts between the legislature and the executive have led to an image that the Parliament is far more than a rubber stamp. Since it enacted many new laws in the early phase of transition, it became a reform actor in its own right. Since analyses of the Parliament in its initial stages are rare, Kean’s chapter is an important contribution to the debate on the emancipation of legislative institutions.

Renaud Egretreau provides a nuanced view of the involvement of the military in the reform process. He shows that the military – currently the prime veto actor with heavy institutional involvement in Myanmar politics – has successfully managed a generational change and has brought forward a new set of officers willing to work on restoring the prestige and public image of the armed forces. This includes a refinement but not necessarily an end of their domestic role. Similarly, in his article on police reforms Andrew Selth, a long-time observer of the security apparatus, warns of too much optimism. Substantial changes, including revised thinking about political protests and the role of the police, will need time to occur. Measured against the three benchmarks of hu-

man rights compliance, effective internal and external accountability and community outreach, the police still have a very long way to go, although initial steps have been taken (p. 222). Whereas these chapters provide much-needed analyses of the main drivers of reforms, other articles concentrate on the consequences. Often, Myanmar's political reforms are described as elite-driven or "top-down". However, Tamas Wells and Kyaw Thu Aung show that the empowerment of the local level by grass-roots civil society has been an integral part of the political liberalisation. Although these forces faced restrictions from the state, local networks are fighting for space in the political system.

Kyaw Soe Lwin demonstrates that with increasing local mobilisation and expanded space, organised labour could also play a more active role as the country has witnessed a number of strikes in recent years. The government has taken a cautious, if not negative stance towards these protests, pushing civil society's actors not to support these strikes. In other chapters, Ma Khin Mar Mar Khi analyses the struggle of women in the reform process, and Seng Maw sheds light on the war in Kachin State. The ongoing war raises the question of why the difficult peace process has not been taken up prominently in the book. The answer may lie simply in the sheer complexity of reforms in the multi-ethnic country, the high number of reforms so far and the ambiguous developments we have seen since liberalisation – all this being just too much for one edited volume. A thorough analysis of the reform process is still needed. The book represents an attempt to trace some of these initial developments, but it is just a beginning.

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