

## Political Decentralization and the Emergence of the Local State Capture: Lessons from Bengkulu, Indonesia



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**ABSTRACT:** The local state capture phenomenon becomes very interesting if it is associated with the macro state capture framework that has begun to develop in the last two decades. A more multifaceted political approach is needed because state erosion is a political problem, not just an economic one. By referring to the political ethnographic tradition, this study describes how the complexity of relations between local economic, political, and ruling elites leads to the emergence of local state capture and the scope of its power. This study concludes that the weathering or weakening of formal government functions is not the source of the emergence of the local capture phenomenon. The growth of local state capture is more owing to the one-of-a-kind interaction between local political and economic actors and the ruling elite since the direct election of regional leaders takes place. This elite collaboration results from the emergence of a local oligarchic pole controlling local resources. The initiation of relations between the economic and political elite and the ruling elite is not only because of economic spheres but because they want to be part of the rulers' closest political circle of power.

**KEYWORDS:** Bengkulu; corruption; local state capture; political decentralization; state capture

### I. INTRODUCTION

The relationship between decentralization and efforts to promote democracy and public welfare has been a matter of public discussion for the last few decades. Some believe that political decentralization has resulted in good governance and political equality at the local level (Smith, 1985). At least, direct elections, as a manifestation of political decentralization, are preferable to appointment systems (Arghiros, 2001). However, some doubt democratic institutions can promote effective, efficient, and responsive regional governance systems. Countries that have moved from an autocratic political system to a democratic system face fundamental problems such as corruption and abuse of power. For example, the countries of Eastern Europe have faced the same cases during the transition from a centralized political system to a democratic system in the last 30 years. Hellman et al. (2000) discovered a new model of corruption implemented by corrupt personnel or institutions in several countries. Politicians and businesspeople created and developed captive state mechanisms. They used bribery to obtain project contracts, purchase goods, and gain political influence (Hoffmann et al., 2017; Školkay, 2018; Stoyanov, 2018). The phenomenon of state capture in African countries seems to be systematized and institutionalized (Bester & Dobovšek, 2021; Dassah, 2018; Madonsela, 2019; Muguzi, 2020; Mulenga & Mulenga, 2018; Rijkers et al., 2014).

How does political decentralization affect the increased risk of corruption at the local level? Two opposing conclusions colour the findings of various studies on this subject. Autonomy, as a kind of competition between levels of local government, will result in less bribery in the provision of public services (Breton, 1996). The federal state structure will drive local governments to be more honest and efficient while allowing for healthy rivalry with other local governments (Weingast, 1995) 1995). Nations with highly decentralized institutional systems are less prone to the negative impacts of corruption than states with a more centralized structure (Shleifer & Vishny, 1993).

On the contrary, some researchers believe that political decentralization is more vulnerable to corruption because potential corruptors only need to influence a subset of local government segments. In a decentralized system, some fewer central powers and agencies can enforce honesty in their actions. An increased number of people involved in corruption often accompanies decentralization (Manor, 1999). Decentralization benefits corruption, as seen by the increasing public willingness to accept bribes (Carbonara, 2000). Some economists also claim that the corruption issue may be more severe at the local level. Prud'homme (1995), for example, believes that there may be more opportunities for corruption at the local level for two

## Political Decentralization and the Emergence of the Local State Capture: Lessons from Bengkulu, Indonesia

reasons. First, local officials tend to have more discretionary power than national decision-makers. Second, local bureaucrats and politicians tend to be more vulnerable to pressing demands of local interest groups such as taxation and other issues.

Will decentralization of political power lead to local state capture in various regions? Academics have been studying the capture of the local state for the last three decades. Some began discussing state capture in the 1990s (Hellman, J.S; Jones, G; Schankerman, M; Kaufmann, 2000; Innes, 2014, 2016; Tudoroiu, 2014) Recent research (Bester & Dobovšek, 2021; Dassah, 2018; Madonsela, 2019; Mamokhere, 2020; Muguzi, 2020; Mulenga & Mulenga, 2018) added to our understanding of state capture in Africa. State capture research has also blossomed in eastern European nations that have experienced political and democratic transitions in the last three decades (Begović, 2009; Fjeldstad, 2004; Hoffmann et al., 2017; Pavlović, 2021; Školokaj, 2018; Stoyanov, 2018).

Meanwhile, Indonesian politics and democracy have experienced ups and downs in the last 75 years. The regime of the Old Order (1945-1966) left a system with unestablished political traces. The later New Order regime (1966-1998) also did not abandon the political development pattern oriented toward the development of civil society. Finally, the reform system (from 1998 to the present) has created a responsive political and democratic atmosphere by promoting decentralization, multi-party politics, and freedom of speech. However, the abuse of power between ruling elites and interest groups, such as corruption, lobbying, and even political violence, colours Indonesia's political decentralization. In addition, political Decentralization has led to high political costs, transactional political models, political pragmatism, and the establishment of political elites that dominate local political and economic resources (Hidayat, 2003, 2007, 2009; Seymour & Turner, 2000). Not surprisingly, political decentralization in Indonesia has led to the emergence of local leaders, who tend to abuse their power for their interests and the interests of groups. For example The *Komisi Pemberantasan Korupsi* (KPK), Indonesian Corruption Eradication Commission, reported that as of December 2020, the KPK had prosecuted 143 corrupt district leaders, including 21 governors and 122 regents/mayors. In addition, 274 legislators and 28 heads of the agency, 308 businesspeople, six companies, 22 judges, ten prosecutors, 230 government employees, and 108 others should go to jail for corruption. Based on corruption cases, 739 cases are gratuities, and 236 are the acquisition of goods and services cases. If the corruption cases are divided by region, 386 cases occurred in the central government, and 737 corruptions were in provinces (*Komisi Pemberantasan Korupsi*, 2021). Therefore, perpetrators in the local carried out more than 65 per cent of corruption cases. The phenomenon is in line with Hidayat (2003, 2009)'s findings that the direct election of regional heads created a local state capture phenomenon in the regions. This conclusion supported Nordholt (2003)'s belief that state capture practices in local government management will accompany Decentralization and regional autonomy policies. However, while local state capture is a common phenomenon, very few theoretical, analytical methods, research tools, and empirical research has been carried out on this subject (Fazekas & Tóth, 2016).

Given the scarcity of information on local state capture in the international literature, this study looked into the captive local state mechanism in Bengkulu province. The research focused on the nature of collaboration among ruling elites, political and economic elites, and local community elites in establishing local state capture systems. Specifically, the study aims to figure out how local state capture works, including the formal and informal links between key local political players and the scope of their power.

## II. METHODS

In local circumstances, investigating the process of local state capture operations is challenging. However, studying the phenomenon of local state capture can employ micro approaches. According to a review of the literature, there is "a rich theoretical literature with relatively little empirical evidence to evaluate it" (Fazekas & Tóth, 2016), excluding studies that used quantitative methodologies in various settings. Because state capture is deeply embedded in local political culture, it is highly contextualized. The study aims to figure out how local state capture works and operates. Therefore, this study cannot replicate the quantitative approach used in earlier studies. As a result, we took a qualitative approach that drew on the political ethnographic tradition. This research is not an attempt to degrade an individual or a group but rather a contribution to the body of knowledge on topics that have received little attention in Indonesia.

In a broader sense, the growing political ethnographic tradition has inspired this research based on close-up observations of actors involved in the political process. In this context, (Baiocchi & Connor, 2008) suggest that political ethnography is well suited to the study of blurring boundaries between formal institutions and informal politics or the grey zones of political activity. Through case studies, we have tried to approach what Dorothy Smith (2005) calls 'institutional ethnography', which 'makes visible' how individuals are connected to the extended social relations between rulers and the informal economy and their intersections.

## Political Decentralization and the Emergence of the Local State Capture: Lessons from Bengkulu, Indonesia

The research employed several data collection methods, such as depth-interviews, Focus Group Discussions, observations and documentation. Depth-interview sessions involved key informants who know, experienced and feel the phenomena of the emergence of local state capture. The researcher analyzed local newspapers using the content analysis method for secondary data. Journalists provided access to news related to corruption cases of the Governor. The text of the prosecutors' demands is also an essential document as a material for analyzing the phenomena studied. The study used stages of analysis that adapt data analysis techniques in an ethnographic approach (Spradley, 1980), such as domain analysis, taxonomic analysis, componential analysis, and the analysis of cultural themes. Key informants included business people, bureaucrats, local elites, political elites, journalists covering the Bengkulu governor case, anti-corruption activists, academics, and other informants. In selecting research informants, this study uses a purposive sampling method.

This research was conducted in Bengkulu Province. This province consists of nine districts and one municipality with a population of 2,010,670 inhabitants. The province is located on the island of Sumatra and is the second poorest province or the seventh poorest of 34 provinces in Indonesia. Regarding the study issue, Bengkulu Province experienced problems with its Governors. Since 2010, three Governors have been jailed for corruption and abuse of power. The first governor was sentenced to three years for a corruption case in 2010. The second governor received a three-year sentence for the same case in 2016. Finally, governor Ridwan Mukti and his wife were sentenced to eight years each in 2018.



### III. RESULTS AND DISCUSSIONS

The study was conducted in 2019, covering the following topics: First, the candidate's relationship with local political players before the election. Second, the relationship between the ruling elites and local political players in the management of post-election local government includes: (1) the patterns of establishing informal local state capture networks, (2) bureaucratic Politicization, and (3) the establishment of local oligarchy. The two features of this relationship are often intertwined to produce typical and mutualistic relationships in establishing the captive local state mechanism.

#### A. Local Political Players Before the Election

The contestation for governors in the 2015 direct election resulted in unique relationships between candidates and local elites. The elites are business people, politicians, the community, and bureaucrat elites. There are three groups involved in the local political contestation process. First, local elite groups joined candidates before the direct election. They were the first to encourage the candidate to run for office. They were also the principal sponsors of the nomination by supporting candidates no matter what, whether their candidate won or lost the election. They are in charge of campaign planning, negotiating with political parties, financing the candidate's campaign, and forming and financing winning teams. They usually have had long-term relationships with the candidate and have been trusted and act as the candidate's backbone during the race. They are usually people that will go to incredible lengths to win a competition. In the local slang, they refer to as "bloodthirsty fighters." They usually fix difficulties arising from the political conflict without relying on the candidate. They are known as "bus passengers boarding from the terminal" in the local language.

Second, there is a subset of individuals who look for safe places. They are not involved in the candidate nomination process from the outset. There is no special relationship between this group and any of the candidates. They will approach the candidate with the best chance of winning the competition and then contact the winning team or family to access the closest circle of the

## **Political Decentralization and the Emergence of the Local State Capture: Lessons from Bengkulu, Indonesia**

candidates. They promise to facilitate the needs of winning candidates in the contestation. Before deciding to approach, the group usually reviews political polling from various survey institutes to determine which candidates are likely to win the election. The most important thing is that the candidates understand that they are committed to supporting the candidate in the winning process. Their goals are unquestionably different, ranging from economic to bureaucratic posts, long-term political ambitions, and other factors. They seem to practice two-legged politics. According to the local description, they refer to 'bus passengers hitching a ride in the middle of the road.'

The third category consists of people who suddenly fit into the closest circle of the winning candidate. They are not involved in the contestation process, but they can form the circle around the Governor through channels, such as families and candidate-winning teams. Local elites, bureaucrats, and significant business executives are typically among these actors. They are intelligent and thoughtful state captors who know how to take advantage of situations. They have much expertise in creating lines of communication with the candidate. Compared to the first and second groups, the last group frequently has a crucial position in the closest circle of the candidate. Because of their lobbying skills, they made more benefits than the first and second groups. In the local description, they refer to as a group that 'catches fish in the river estuary.'

When the elections concluded, the three groups of local elites performed various manoeuvres to access the ruling elite's circle. The nature of the interaction between the ruling elite and the three groups differs in its objectives. Before the election, this group was interested in how to win the candidate. Nevertheless, various distinctive tactics and manoeuvres were carried out after the election to get closer to the elected candidate's circle of power and access political and economic resources. The local description refers to "taking a seat in the bus". The phrase refers to the competition between passengers riding at the terminal, bus passengers hitching a ride in the middle of the road, and groups capturing fish at the river estuary to reach the best position in the Governor's closest circle. The three groups are the forerunners of the emergence of the local state capture system. With different strategies, they gradually penetrated the management of regional governments.

### ***B. The Nature of the Local State Capture Operations***

After almost two years in power, Governor Ridwan Mukti has received sympathy from the public due to various policy breakthroughs. However, in May 2017, the people of Bengkulu province were shocked when they learned that the KPK had arrested the Governor and his wife for corruption and trading influence. They were both condemned to eight years in prison. In addition, five years after being released from his main sentence, the Governor faces the possibility of losing his political rights. Meanwhile, the businessman who was involved received a six-year term.

### ***Establishment of informal networks***

How does local state capture build informal economic networks in local government after the direct election? Groups engaging in the election process are typically part of the Governor's circle of power. Corporates or businesspeople, party elites, informal elites, and political outsiders are among the interest groups of Bengkulu province. Business organizations have both short- and long-term economic goals. They operate not only within the Governor's circle but also with the legislature's political elite. They usually enter the bureaucratic circle and form networks with many service heads. This network of economic elites is like an octopus that reaches all segments of the formal structure of local government.

The modus operandi of this elite informal economy starts with building a network with the Governor and his family. Typically, the Governor and, on behalf of the Governor, invited the business elites and explained the vision and mission of developing Bengkulu province in the next five years. However, this scenario seems to be a hidden agenda of informal economy practices. The Governor began to develop a bossism system, in which the Governor and his family treated businesspeople as clients rather than as working partners. When they reached an agreement, someone close to the Governor (the Governor's brother-in-law) and his wife implemented the work plan.

Meanwhile, the head of the office arranged and distributed physical work project packages to the clients. Usually, they plan project packages one year in advance involving an alliance between the power elite and members of the regional legislature. In return, the Governor and his family receive a fee of 10 per cent of the total project package budget. During court, the KPK prosecutor's demands also disclosed this phenomenon.

In addition, the informal economy cooperates with the regional representative council members. The provision of work packages by the members through the Regional Revenue and Expenditure Budget is a form of such cooperation. Usually, representative council members entrust the work package to agencies willing to work on it. The next step is for the economic elite to establish a network with agency leaders to work on these work packages with the approval of council members. This network eventually resulted in three groups of local state captors: the economic elite, politicians, and heads of services. They developed a network of power beyond the reach and control of the Governor.

### ***Bureaucratic Politicization***

What is the role of local state capture in bureaucratic politicization? Politicization, in its most basic sense, is any intrusion of politics into administration. This meaning makes us aware of how politics can infiltrate the neutral sphere of bureaucracy (Cooper, 2020). The Politicization of the bureaucracy has become a strategy in the struggle for government power (Gunanto, 2020). The direct election has politicized the bureaucracy to enlarge the voting niche in the election since the implementation of political decentralization (Gunanto, 2020; Hamid, 2011). Hierarchical officials in government mobilize their subordinates to create a political force to seize or maintain that power. As a result, job placement is no longer based on employee competence and professionalism but political compensation considerations.

Although restrictions govern the bureaucratic management system, direct regional head elections in Indonesia often result in the politicization of the bureaucracy. For example, a regional head running for re-election in a direct election is prohibited from transferring civil servants six months before and after the election. In some circumstances, civil servants play practical politics in elections to save their job positions in the bureaucracy. In other words, despite restrictions prohibiting public servants from engaging in practical politics, they become politicians in the bureaucracy for reasons.

In the bureaucracy, the Governor and his family also establish power networks to increase the Governor's political position inside the bureaucracy and lessen resistance from the bureaucracy. The network mimics patronage through the formation of interdependence between governors and bureaucrats. The career development of the state civil apparatus manifests in patron-client relations between the bureaucrats and the Governor or his closest circle. The Governor appointed his loyalists to occupy strategic positions in the bureaucracy to strengthen the network. They become the eyes and ears or 'spies' of the Governor to oversee the performance of the bureaucracy. This loop becomes a model of patron-client formation that has the power to influence the Governor. Unsurprisingly, many regional leaders in Indonesia are engaged in legal issues regarding buying and selling positions in the bureaucracy.

The politicization of the bureaucracy is also another goal for local state capture. In many cases, informal elites aim to appoint state civil servants in key positions. Politicians are interested in putting loyalists in the bureaucracy so that the bureaucratic networks become a voting niche in elections. Furthermore, the placement aims at accommodating politicians' political responsibilities when campaigning, particularly in their constituencies. Political parties are interested in the bureaucracy to bolster their political base. The economic elite's concern for the placement of civil servants aims to ensure a stable supply of work packages following the ruling elite's commitments.

The phenomenon of mass corruption in the bureaucracy is closely related to the patrimonial bureaucratic model in Indonesia. The culture of critical thinking will not be born if the bureaucracy still practices the patrimonial culture in this country. The New Order regime, for example, has used the bureaucracy as a legitimacy tool to control the intimacy and warmth of citizens as social and political beings. In addition, the regime treats the bureaucracy as a 'ballot box' in elections to ensure the loyalty of civil servants to the rulers. As expected, the decentralization policy cannot change the bureaucracy's character, perspective, and orientation. It is not surprising that corrupt behaviour still thrives in the government.

### ***Establishment of the local oligarchy***

An oligarchy is a form of government in which a small group concentrates power in its hands. This group frequently wields power in their self-interest (Ananta, 2017). After the fall of the New Order, the democratic process did not eliminate oligarchic power. The ability of an oligarchy to endure is associated with the flexibility of the oligarchy's political and economic networks. Oligarchs control the state's instrumental and structural authorities to abuse the state for their benefit. The decentralization policy has also opened up new territory for oligarchs to rule, facilitated by the emergence of widespread patronage networks (Ananta, 2017). There are several ways for the oligarchic authority to profit. The first is to increase capital accumulation through a network of relationships with state entities. Second, by establishing a temporary alliance. The oligarchs will be able to move more freely in pursuit of profit. Third, money politics is a type of financial power to achieve a crucial position in a government agency. Fourth, using non-state authority to protect interests (Ananta, 2017).

In the case of Indonesia, the emergence of the oligarchy thrived in the New Order regime. The embryo of this oligarchic group grew when generals and ministers of the Suharto era operated through their business clients. By controlling the 'key institutions, such as the Ministry of Forestry, the Ministry of Trade, the Logistics Affairs Agency, and the state oil company, powerful political bureaucrats can distribute trade licenses, state bank credit, concessions forestry, and supply contracts (Robinson & Hadiz, 2004). The power of this political and business oligarchic group operates in an arena where parties and parliaments mediate the political and economic interests.



## Political Decentralization and the Emergence of the Local State Capture: Lessons from Bengkulu, Indonesia

The establishment of a power oligarchy in the Bengkulu province consists of three elite groups that control local economic and political resources, including the ruling elite (Governor) and his family, the economic elites, and the political elites. The working pattern of these three groups is quite simple: the Governor prepares annual regional economic development programs submitted to the local parliament for approval. Political elites who have become part of the power oligarchy work to secure the Governor's policies embodied in the Regional Budget and Development Plan. Meanwhile, the task of the economic elite is to execute these programs through collaboration with elites in the bureaucracy.

The oligarchic alliance these three elite groups have formed is not without purpose. For the ruling elites, this alliance is to bolster the political standing in the administration and provide political and economic resources for the second term in office. For the economic elite, joining the power network is to achieve economic goals in exchange for financial assistance during the regional head election process. Furthermore, the oligarchic alliance for the economic elite is to ensure regional economic resource control continuity. Meanwhile, this alliance provides political space in the government for the political elite. Frequently, political elites are interested in placing several heads of services to expand the political niche in the bureaucracy. In addition, the political elite is concerned with the economic benefits of strengthening the party's financial base. The decentralization of economic and political power has resulted in the decentralization of corruption. The example of Bengkulu province and perhaps other regions in Indonesia has proved the subject. There are at least three factors that influence the Decentralization of corruption:

1. The delegation of authority in the implementation of regional autonomy is only administrative, without public involvement to determine regulations made following the mandate of democracy. Decentralization seems to provide a gap for local elites to manage the wealth owned by the region so that it is prone to corruption.
2. There are no tools or institutions of the state to supervise definitely and effectively against irregularities occurring in the regions. The relationship between the central and local governments is only functional or merely power to provide policy guidance to local governments.
3. The failure of the legislature institution in carrying out their main tasks and functions as control institutions.

The research phenomena are just the 'tip of the iceberg' regarding political decentralization difficulties. The Bengkulu Province case study might be replicated in other provinces because regional heads carry out most allegations of corruption and abuse of power due to direct elections. Many people mistakenly believe that the decentralization of corruption also accompanies political decentralization. Rapid decentralization reforms, on the other hand, frequently result in a slew of issues, including abuse of power, the role of informal networks in local government administration, the growth of patronage links, and the formation of a local power oligarchy (Hidayat, 2009; Robinson & Hadiz, 2004)

In Indonesia, decentralization has allowed for grassroots and broader public participation in local politics. Many decentralization projects begin with the goal of reorganizing government from a hierarchical, bureaucratic top-down management mechanism to a system of nested self-governments defined by participation and cooperation (Wardhana, 2019). According to Hofman & Kaiser (2006), Indonesia's decentralization experience is characterized by a convergence of economic and political forces. They argue that the economic and political turmoil that followed the crisis spurred a "big-bang" decentralization trend. In a broad decentralization, the local state is a set of political, economic, and social structures that are linked to the national level. Notably, the local state is a dynamic locus of social, economic, and political relations rather than a set of static institutions. The local state is a site of contestation, conflict, and political struggle between numerous local players and interests (Hoffmann et al., 2017). The study's findings, for example, also show that the competition among local elites for power is primarily a reflection of their political struggles, even if it serves various interests. Even before the direct election, these local players had entered the political arena for various reasons.

Recent research shows that the pathological phenomena of government management in Indonesia continue to survive and expand in areas in this era of autonomy. (Robinson & Hadiz, 2004) concluded that decentralization had become a new land of power for dirty political practices and political thuggery that had taken root long ago. In an extreme view, (Hidayat, 2009) believed that Decentralization and post- local election had been accompanied by the emergence of political gangsters and the spread of money politics and corruption in the regions. Competition, quarrels, and fights to control decentralized power and resources have occurred. Sometimes it causes compromises where elites share 'a piece of the same cake'. These local players, such as economic and political elites and local ruling elites, build informal networks outside the formal government structure.

Meanwhile, the term 'state capture' was first introduced in the early 2000s by the World Bank to describe the new dimension of corruption arising from the transitioning of East European and Central Asian countries from planned to market-driven economies (Hellman, et al., 2000; Meirotti, 2018). State capture is small corrupt groups that use their influence over government officials to appropriate government decision-making to strengthen their economic positions by manipulating bureaucratic rule and formal procedures (Crabtree & Durand, 2017; Hellman & Schankerman, 2000). According to Meirotti

## Political Decentralization and the Emergence of the Local State Capture: Lessons from Bengkulu, Indonesia

(2018), state capture has profound implications for the consolidation of democracy, systematically eroding democratic processes by undermining the election of public representatives, the institutionalization and normalization of democracy and the socio-economic transformation processes. Mulenga & Mulenga (2018) added that state capture is a manifestation of government failure caused by the manipulation of bureaucratic rules and formal procedures by business and political elites.

The importance of network power, then, is at the heart of our approach to local state capture. There has been much research on how existing informal elite networks were among the best positioned to benefit from the post-socialist transition (Eyal et al., 1998). The informal elites were often joined by what has been termed 'parallel power networks' (Solioz, 2005). When economic, social, cultural, and political capital is intertwined, 'network capital' becomes increasingly important. According to Sik (1995), the network capital includes long-term altruistic kin relations, balanced reciprocity, lasting and multipurpose patron-client relations, instrumental barter, and corrupt exchanges. State capture is a political-economic endeavour in which public and private players collaborate to develop clandestine networks (Godinho & Hermanus, 2018).

The case of the Bengkulu province emphasizes that direct elections, as a consequence of political decentralization, give rise to a powerful oligarchy that controls local economic and political resources. Related to this phenomenon, (Michles, 1962) stated that a government directly elected by the people, as aspired by supporters of the liberal democratic perspective, is only a utopia because a group of elites controls the government. In short, direct elections are just another strategy to gain formal legitimacy for local elites through the mechanism of public political participation. It has led to the ruling elites who built oligarchic circles controlling most local economic and political resources. The postulate of an alliance between the political directorate and the corporates proposed by Mills (1956) can explain the phenomenon of local state capture. Mills (1956) states in his book 'The Power of the Elite' that a strong alliance between the political elite (political directorate) and the economic elite (corporates) marks the elite governance. Political and economic elites create a concentration of power to improve bargaining power. As a result of the concentration of power in the hands of the political elite, the professional political elite's role will diminish. In turn, the concentration of power in the hands of the political and economic elites will have implications for decreasing the function of the professional political elite. It means that more political outsiders will enter the government from the business world. The results of this study also strengthen previous studies (Hidayat, 2003, 2007; Seymour & Turner, 2003) that decentralization has led to high political costs, transactional political models, and the establishment of local elites dominating local politics and economic resources. This research also answers Nordholt's (2003) belief that state capture practices in local government will accompany decentralization and regional autonomy policies.

## V. CONCLUSIONS

This study concludes that the weathering or weakening of formal government functions is not the source of the emergence of the local capture phenomenon. It is also not caused by powerless ruling elites in the face of external social, economic, and political forces. The growth of local state capture is more owing to the one-of-a-kind interaction between local political and economic actors and the ruling elite since the direct election of regional leaders takes place. This elite collaboration results from the emergence of a local oligarchic pole controlling local resources.

Actors involved in the election process make up the type of local state capture after the election. They create at least three arenas to accomplish their short and long-term objectives:

1. The local state captors established an informal network comprising the Governor and his family, the political elite, and the corporate elite. This group is in charge of local economic activities in several ways, including procurement of goods and services and other job packages.
2. Local state capture likewise infiltrates policy by putting crucial positions in the bureaucracy. Economic and political elites place their personnel in the bureaucracy to ensure that goods and services procurement packages are available.
3. The local state captors build a powerful oligarchy that wields influence over the local economy and politics.

Although this study took a micro-case in one of the provinces in Indonesia, studies from various kinds of the literature confirmed that the local state capture phenomenon occurs in most areas in Indonesia. Disclosure of this phenomenon is limited because it involves sensitive issues of the actors. However, further studies should focus on the extent to which political and economic Decentralization has fostered corruption in the regions as a consequence of the local state capture operations.

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