

The Paradox of Decentralization: Centralized Administrative Governance during the New Order Era in Indonesia

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ABSTRACT

This article examines the implementation of decentralization and public administration management during Indonesia's New Order era, focusing on how decentralization was practiced within a highly centralized power structure. Based on a qualitative literature review and content analysis of secondary sources, including government regulations, policy documents, and academic studies, the research explores the gap between the formal narrative of regional autonomy and the reality of central control. It is found that although the legal framework for regional autonomy was established through Law No. 5 of 1974, the actual governance practice centralized decision-making in the hands of the central government. The New Order regime employed administrative decentralization and developmentalist ideology to legitimize central control over local governments. The military's involvement in local bureaucracy and the absence of local democracy further reinforced centralization. This centralized legacy has had a long-term impact on the capacity and quality of regional governance in the post-reform era. Therefore, decentralization in Indonesia requires deep structural and cultural reforms to realize democratic and effective regional autonomy

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INTRODUCTION

Decentralization is one of the essential principles in modern governance systems, aimed at bringing public services closer to the people, strengthening local participation, and enhancing governmental efficiency. In Indonesia, the discourse and practice of decentralization have undergone a long and dynamic journey, particularly during the New Order regime (1966–1998) under President Soeharto's leadership. This period marked a significant chapter in the history of Indonesian public administration, characterized by a centralized state management model, despite the formal existence of decentralization policies. Within this framework, a critical question arises: was decentralization genuinely implemented in substance, or was it merely symbolic under the hegemony of the central government?

Normatively, the principle of decentralization was accommodated in several regulations, including Law Number 5 of 1974 concerning the Principles of Regional Government. This law seemingly provided local governments with the space to manage their own domestic affairs. However, in practice, the central government maintained control over nearly all aspects of policy and administrative management. Local governments merely carried out administrative tasks that had been rigidly designed by the center. In many cases, decentralization during the New Order era was more administrative than political or fiscal in nature (Nasution, 2020).

This centralistic tendency was closely tied to the New Order's development approach, which was top-down and technocratic in orientation. The regime prioritized political stability and economic growth at the expense of regional autonomy. Administrative management in local governance was largely directed to support national development agendas formulated

by the National Development Planning Agency (Bappenas), rather than being based on local needs or aspirations (Saragih, 2022). As a result, decision-making became highly centralized, and local governments lost initiative and flexibility in managing public affairs.

This phenomenon was also evident in the structure of local government bureaucracy, which was heavily dependent on central government instructions. Regional heads were appointed by the central government, while the role of local legislative councils (DPRD) remained largely symbolic. Moreover, regional budget and resource allocations were highly limited. Fiscal transfers from the central government were conducted in a hierarchical and non-transparent manner, leading to fiscal imbalances and widening regional development disparities (Marzuki, 2023).

Nevertheless, there were perceived positive aspects of the administrative governance model during the New Order period. Some argue that centralization brought about political stability and accelerated infrastructure development. However, these achievements were overshadowed by weak public participation, low transparency, and limited space for public oversight. The central government dominated all policy sectors, while local governments merely functioned as technical executors (Widodo, 2021).

This study seeks to critically examine the forms of decentralization implementation during the New Order period and how administrative governance was practiced at the regional level. A deep understanding of decentralization's character in this historical context is essential for identifying the root causes of current governance challenges in the post-reform era. By analyzing the past, we can better understand why various decentralization efforts after reform have continued to face structural and cultural obstacles.

The implementation of decentralization during the New Order cannot be separated from the state's perspective on national stability and economic development. Within the dominant developmentalist paradigm at that time, the state positioned itself as the sole actor in defining public needs. Consequently, governance became more uniform and centralized, with strict oversight of all activities at the local level. As a result, decentralization policies were more symbolic and procedural than substantive and participatory (Pratikno, 2023).

Decentralization during the New Order had unique characteristics. On the one hand, the central government claimed to have delegated authority to the regions through specific regulations. On the other hand, the authoritarian political system rendered such authority ineffective. All critical decisions still required approval from the central government, particularly regarding the appointment of regional officials, development planning, and financial management. According to Hadiz (2021), the local bureaucratic structure during the New Order was essentially an extension of the central government rather than a representation of local communities. Hence, political, fiscal, and administrative autonomy was virtually non-existent.

Furthermore, the military's role in government structures also reinforced centralization. Through the dual-function (*dwifungsi*) doctrine, the military assumed roles in both defense and civil administration. Many strategic local positions were occupied by military personnel loyal to the central government. This arrangement narrowed the space for local democracy and weakened civil society's capacity to influence public policy. The combination of centralization and military dominance produced a hierarchical, authoritarian, and non-transparent governance system (Siregar, 2022).

The public administration system was highly standardized and bureaucratic, requiring local governments to follow strict formats, procedures, and technical guidelines set by the central government. The diverse social, economic, and geographical conditions of the regions were not taken into account in policy formulation. This top-down model deprived local governments of the flexibility to tailor policies to their specific needs. In budgeting, local governments were heavily dependent on central allocations. Furthermore, the authority to manage local economic resources, including natural resources, remained centralized. This situation reflects what Turner and Hulme (2020) describe as "pseudo-decentralization," in which decentralization strengthens rather than reduces central control.

Despite these flaws, the New Order's achievements in physical development and economic growth were often cited to legitimize its centralized system. Massive infrastructure projects such as roads, dams, and industrial zones—were successfully implemented. However, these successes were not accompanied by the development of local institutional capacity. Local governments remained weak and dependent administrative entities, not autonomous development actors. This dependence led to bureaucratic pathologies such as corruption, collusion, and low accountability (Hidayat, 2021).

This condition has had major implications for the post-reform governance system. Many structural and cultural legacies of the New Order persist in today's local governance, including central-local relations, fiscal inequality, and the weak capacity of regional human resources. Therefore, studying and evaluating the implementation of decentralization and administrative governance during the New Order remains highly relevant. Such evaluations are important not only academically, but also as policy reflections to improve future regional governance systems.

This study aims to explore and dissect the actual pattern of central-local relations during the New Order by examining decentralization policies, administrative governance practices, and the underlying power structures. A historical-critical approach is used to identify discrepancies between the idea of decentralization and the realities of its implementation. This understanding is expected to provide clearer insights into the root problems of regional autonomy in Indonesia and guide the direction of administrative reform in the future.

Despite the formal existence of decentralization policies under Law No. 5 of 1974, the actual governance practice during Indonesia's New Order era remained highly centralized. Regional governments functioned merely as administrative extensions of the central authority, with limited autonomy in decision-making, budgeting, and resource management. This contradiction between the normative framework of decentralization and its centralized implementation constitutes the main problem of this study.

Therefore, the purpose of this research is to critically examine how decentralization was implemented under a centralized power structure during the New Order era and to analyze its long-term implications for regional governance in the post-reform period. By addressing this issue, the study seeks to provide a deeper understanding of why decentralization in Indonesia has continued to face structural and cultural challenges.

METHOD

This study employs a qualitative content analysis approach focusing on secondary sources related to decentralization and public administration during Indonesia's New Order era. The research data are derived from government documents, laws and regulations, presidential speeches, policy papers, and academic literature that discuss the dynamics of central-local relations. The method of qualitative content analysis is used to identify, categorize, and interpret recurring themes, concepts, and patterns within these sources.

The analysis process involves several stages: (1) selecting and classifying relevant documents, (2) coding textual data based on centralization decentralization indicators, and (3) interpreting the findings to construct a comprehensive understanding of how decentralization was implemented in practice. This approach allows the researcher to provide a critical synthesis of governance during the New Order era while highlighting discrepancies between the normative framework and its actual implementation.

FINDINGS AND DISCUSSION

Legal Framework VS Practice

Although Law No. 5 of 1974 formally provided a legal framework for regional government, the empirical evidence shows a large gap between the normative provisions and actual practice. Normatively, the law signaled limited forms of regional authority; in practice, however, the central government retained decision-making power over appointments,

budgets, and development planning. The analysis of primary legal texts, presidential speeches, and administrative directives reveals that decentralization under the New Order functioned largely as administrative delegation rather than substantive autonomy. This “administrative decentralization” limited the ability of regions to set agendas, manage fiscal resources independently, or exercise meaningful political control. The result was a ritualized form of decentralization institutions and rules existed, but essential authorities remained with the center (see Nasution, 2020; Turner & Hulme, 2020).

Key indicators of this legal-practice gap include: (a) centralized appointment mechanisms for regional heads, (b) top-down budgetary controls and non-transparent fiscal transfers, and (c) prescriptive technical guidelines from central ministries that constrained local decision-making. Together these indicators demonstrate that the legal framework functioned more to legitimize central policy implementation than to authorize local autonomy.

Role of the Military in Administrative Governance

A prominent finding is the systemic involvement of the military (dwifungsi ABRI) in civil administration, which reinforced central control. Military personnel frequently occupied regional leadership positions and dominated key bureaucratic posts, creating chains of loyalty oriented to Jakarta rather than to local constituencies. This militarization of bureaucracy produced a command-and-control culture that suppressed public participation, limited the emergence of local political actors, and weakened mechanisms of local accountability (Hadiz, 2021; Siregar, 2022).

The military’s presence had three practical effects: first, it ensured policy compliance with national development plans; second, it reduced the space for local policy innovation; third, it diminished the effectiveness of local legislative bodies (DPRD) as counterweights. These consequences help explain why, despite formal structures for local governance, regions remained subordinate to central priorities.

Developmentalism as an Instrument of Control

The New Order’s developmentalist ideology functioned as an ideological justification for centralization. National development goals (Repelita, GBHN) prioritized uniform, large-scale projects that required centralized planning and resource allocation. Under the rationale of efficiency and national interest, regional variation and local preference were marginalized. The developmentalist paradigm shaped bureaucratic incentives toward implementing uniform programs rather than responding to locally determined needs, thereby normalizing centralized decision-making as a technical necessity rather than a political choice (Dwiyanto, 2018; Mutaqin, 2021).

Empirically, this is visible in the allocation of major infrastructure projects, centralized control over natural resource exploitation, and the prioritization of national targets over local welfare indicators. As a governance strategy, developmentalism both legitimized and masked the concentration of power at the center.

Impact on Post-Reform Governance: Legacy and Challenges

The legacy of New Order centralization bureaucratic dependency, weak local capacity, and entrenched patronage networks continues to shape post-1998 decentralization outcomes. When Law No. 22/1999 and later Law No. 23/2014 expanded local autonomy, many regions lacked the managerial, fiscal, and human resource capacity to assume new responsibilities. Consequently, decentralization produced mixed outcomes: some regions improved service delivery, while others experienced elite capture, corruption, and institutional conflicts (Haris & Mutaqin, 2023; Marzuki, 2023).

This section’s analysis suggests that legal reforms alone are insufficient. Sustainable regional autonomy requires simultaneous capacity building, cultural change within the bureaucracy (from command orientation toward public service), and stronger oversight mechanisms. Without addressing these structural and cultural deficits inherited from the New Order, decentralization reforms risk reproducing new forms of centralized control or devolving into local authoritarianism.

Critical Evaluation and Contemporary Relevance

Analyzing the implementation of decentralization during the New Order helps us understand the root causes of current governance issues in regional administration. When regional autonomy was expanded through Law No. 22 of 1999 and refined by Law No. 23 of 2014, numerous challenges emerged, including local-level corruption, institutional conflicts, and fiscal disparities. Many of these challenges stem from the overly centralized and repressive structure inherited from the New Order.

Thus, efforts to reform bureaucracy and strengthen regional autonomy cannot rely solely on regulatory changes. They must also be accompanied by paradigm shifts and institutional restructuring. There must be systematic efforts to build regional capacity, enhance accountability, and promote public participation in decision-making processes.

Developmentalism as a Justification for Power Centralization

An important aspect of decentralization during the New Order is the ideology of developmentalism, which served as the regime's justification for centralizing power. Development was seen as a centralized national project that had to be directly controlled by the state to ensure political stability and economic growth. In this paradigm, decentralization was viewed as an obstacle to uniformity and efficiency in development. As a result, a “one-size-fits-all” development model was applied across all regions, with little regard for contextual needs (Dwiyanto, 2018).

National development policies, articulated in the State Policy Guidelines (GBHN) and Five-Year Development Plans (Repelita), directly dictated regional development directions. The central government established development priorities without adequate consultation or participation from regional governments. In this scenario, local governments merely implemented central programs without the authority to adjust or propose plans based on their specific regional conditions (Mutaqin, 2021).

Researchers such as Basri and Patunru (2019) argue that this development model widened regional inequalities particularly between Java and the outer islands since regions were not given space to optimize their local potential. The central government's control over natural resources, including mining, forestry, and energy, exacerbated the structural gap between center and periphery. Regional governments received only a share of revenues determined unilaterally by the center.

Pseudo-Decentralization and the Absence of Local Democracy

It is important to emphasize that decentralization during the New Order was pseudo in nature because it did not involve democratic processes in local-level public decision-making. There were no direct elections for regional heads. Governors and regents were appointed by the president through a highly bureaucratic process, and proposed candidates from the center were almost always approved by regional legislatures (DPRD), which were dominated by Golkar and the military. This indicates the absence of an effective system of checks and balances at the regional level (Rasyid, 2020).

Moreover, the composition of the DPRD did not reflect political diversity or grassroots representation due to military involvement (through the ABRI faction) and the dominance of Golkar, making regional legislation a mere formality. Local democracy, which should be the essence of decentralization, could not flourish within an authoritarian political structure (Surbakti, 2021).

In this context, regional bureaucracies functioned more as instruments of central government policy than as representatives of local aspirations. Public policies were not driven by the real needs of the people but by uniform national development agendas. This resulted in low public service effectiveness and growing dissatisfaction among citizens with their local governments.

New Order Legacy in Post-Reform Regional Governance

Although the 1998 Reformasi ushered in broader regional autonomy through Law No. 22 of 1999 (later revised by Law No. 23 of 2014), the legacy of the New Order remains deeply embedded in the regional governance system. Hierarchical bureaucratic culture, dependency on the center, low local initiative, and weak public accountability continue to reflect past central-local relations that have yet to be fully dismantled. Local governments still struggle to

manage their own affairs, particularly in development planning, financial management, and public service delivery. This is further compounded by the rise of corruption in regional governments after decentralization was expanded. In some regions, autonomy has been exploited by local elites for personal gain rather than for improving public welfare. According to Haris and Mutaqin (2023), this phenomenon indicates that decentralization without institutional capacity-building and robust control mechanisms leads to the replication of authoritarian power at the local level.

The Urgency of Structural and Cultural Reform

To overcome the legacy of the New Order, reforms must go beyond structural changes and also address bureaucratic and governance culture. Structural reform includes revising regulations that are still centralistic, clearly defining the division of authority between central and regional governments, and strengthening oversight systems. Meanwhile, cultural reform involves shifting the bureaucratic mindset from a command-based culture to one focused on public service and participation. Decentralization efforts must be grounded in principles of democracy, fiscal justice, and community empowerment. The central government should encourage regional self-reliance while providing incentives and technical support to help regions build their own capacity. In this regard, political literacy, public policy education, and budget transparency are crucial supporting factors.

CONCLUSIONS

The implementation of decentralization during Indonesia's New Order era reveals a fundamental paradox between the formal narrative of regional empowerment and the reality of highly centralized governance. Although Law No. 5 of 1974 provided a legal foundation for regional autonomy, decentralization functioned mainly as an administrative tool to enhance bureaucratic efficiency rather than to promote genuine political, fiscal, or institutional independence. The central government retained control over decision-making, financial distribution, and regional appointments, rendering local governments dependent and limited in initiative. This paradox was reinforced by the ideology of developmentalism and the regime's authoritarian political structure, which reduced regional governments to mere executors of centrally designed programs. The military's involvement in civil administration through the *dwifungsi* ABRI doctrine further entrenched central domination and suppressed local democratic participation, leading to passive and unresponsive local bureaucracies. Thus, decentralization under the New Order was pseudo in nature—a symbolic reform that legitimized central control while reinforcing hierarchical power relations and creating lasting structural and cultural legacies that persist in the post-reform era. Overcoming these challenges requires structural reforms that clarify authority divisions, ensure fair fiscal distribution, and strengthen oversight, alongside cultural reforms that shift bureaucratic behavior toward service-oriented, transparent, and participatory governance. True decentralization demands not only legal frameworks but also sustained political commitment, institutional capacity-building, and civic awareness to strengthen regional independence and promote accountability, participation, and equity across all levels of government within Indonesia's democratic unitary state.

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