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## Regional Autonomy and its Implication in Rural Indonesia

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### Abstract

Indonesia's political map has drastically changed since the reform movement of 1998. The most important political reform related to rural development is regional autonomy, which reflects a broader process of political and economic reform. The substance of regional autonomy is that the central government decentralises fiscal, political and administrative responsibilities to the local government. While there is a growing consensus that indubitable decentralisation policy is important for reaching equity goals, it is still difficult to arrive at definitive recommendations concerning which form and degree of decentralisation will be optimal. The best design will vary depending on circumstances, institutions, and the complexity of situation.

Regional autonomy has given voice to local demands and responded to the need to bring economic and political systems closer to local communities. However, there is an alarming tendency after two years of regional autonomy. A short-term orientation policy, such as maximizing the extraction of natural resources, is a mainstream policy in most of Indonesia's regencies following the regional autonomy, due to the target of achieving higher regional incomes, political bargaining, and getting personal benefits. It is difficult to shift the local policies in a more sustainable way because of a mutual benefit of bureaucrats, political actors and people in majority. This situation has led to a massive environmental degradation. In Jambi province, for instance, the annual deforestation rate increased more than five times from 1.29% (1990–1999) into 7.28% (1999–2002). Empirical data also indicated that besides a higher per capita income, the disparity of income in some rural areas is also higher. Result from a recent socio-economic survey in the three villages of Jambi province shows that the average Gini coefficient was 0.47. It is higher than the income disparity at national level that was only 0.32. This is not only a warning for local governments to make better policies, but they also need a serious commitment to realize them.

This paper is intended to analyze the implications of regional autonomy in rural areas both from a normative and a positive perspective.

**Keywords:** Decentralisation policy, regional autonomy, rural development, Indonesia