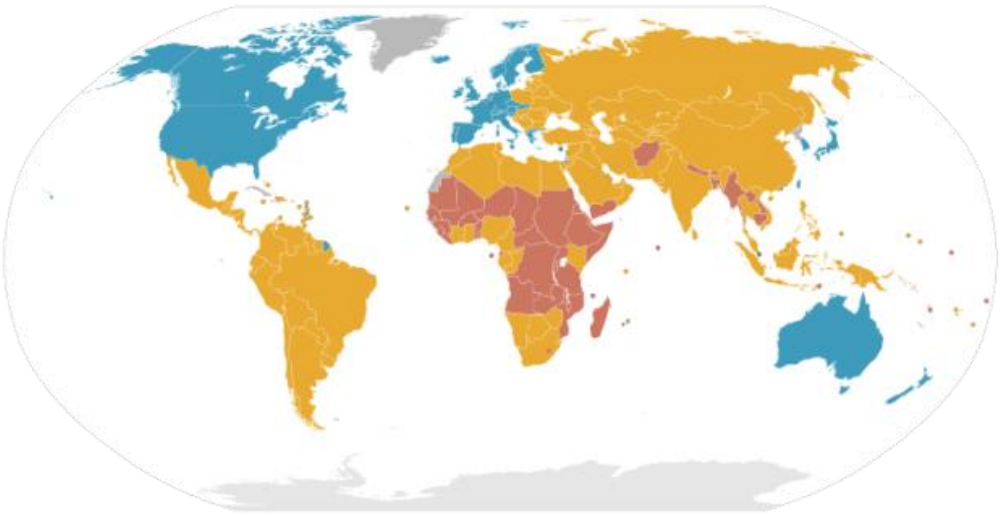

R I A N T N U G R O H O

PUBLIC POLICY FOR THE DEVELOPING COUNTRIES



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CONTENT

	Foreword	5
Chapter One	Introduction	6
Chapter Two	Understanding Policy: From Development to Character	50
Chapter Three	Policy Process	95
Chapter Four	Policy Making: The Struggle for Model	125
Chapter Five	Mapping and Choosing Model	152
Chapter Six	Policy Implementation	205
Chapter Seven	Policy Controlling	241
Chapter Eight	Leadership	266
Chapter Nine	Conclusion: Toward Excellence Policy	288
Appendix 1	The Performing Policy Innovation: A Case of Jembrana, Bali	304
Appendix 2	Theory Failure of Public Policy: A Case of Jakarta Water Privatization	330
Appendix 3	Harmony in Multiculturalism: Malaysia Next Policy Agenda	353
	Bibliography	368

FOREWORD

Public policy is a key success for developing countries, but is that much neglected. As political development becomes more fascinating and the policy process transforms into a dry and technical law-making process, the leaders and institutional decision-making is trapped into interest bargaining among elites.

This book is a codification of my lecturer and experience in teaching and assisting the policy development in Indonesia and some developing countries in Asia. In fact, public policy is a product of any political system, whatever the systems are. In the pragmatism approach, it might be understood that no matter what is the political system, what people seek is how excellence is the public policy. China, Singapore, Malaysia are developing a pragmatic approach. South Korea and Taiwan have their democratic maturity side by side with excellent policies. India, Indonesia, Philippines are the other different stories.

The developing countries have promoted their own model of policy that might enrich the world of theory, understanding about what is public policy, and how it should be exercised, especially among developing countries. It is a shared learning process; a cross-fertilization one.

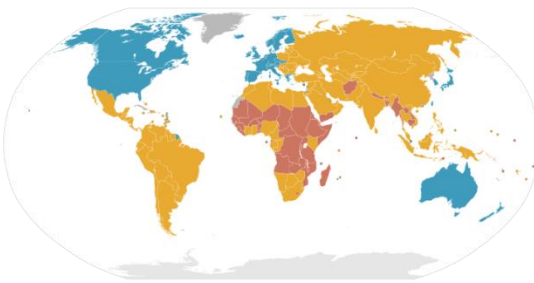
In this digital version, I would like to encourage the policy makers and practitioners to build and develop their own policy model rather than following the developed countries model per se. As the policy context is different. Indeed, they still may learn, but it needs innovation due to the contextuality. The case of Jembrana regency in Bali proved the premise. However, there was no data update for the digital version, as the main objective of the book is to share the idea rather than data.

Riant Nugroho
Kuala Lumpur – Jakarta –2011, 2024

Chapter One

INTRODUCTION

Most of the public policy theories that exercised in the developing countries were developed-countries background. Indeed, there are some universal and general values among public policies and political systems around the world. However, developing countries have their own specific characteristics that need another or different approach of public policy in theory and practices. The experience of successful developing countries, such as Singapore (see Bon & Chen, 2009), is because they successfully developed their specific public policy –it was not merely a “copy and paste” of the developed-countries model of public policy or advised policy. In 1998, Indonesia followed IMF advice to keep the country from severe crises, while Malaysia developed its own policy. Indonesia got into deep crises, while Malaysia was spared



from crises. Singapore is perhaps the least democratic developed country in Southeast Asia, but it was the most developed, stable,

and nowadays has become one the world business hubs. Its approach on policy pragmatism (Austin, 2001) has concluded that there must be a different policy model for the successfully developing country.

In the Middle East, the western model of democracy that was implemented in Iraq and Afghanistan has led the country toward a “failed state” (Chomsky, 2005). There is nothing wrong with democratic based policy model which is advised by western thinking and being exercised, but it is neither contextual nor relevant. In 1997, Indonesia government has followed The World Bank advice to privatize Jakarta water service, but the policy which advised by this global

institution was failed as for 12 years of public-private-partnership, Jakarta is still as a laggard compare to Singapore (see Jakarta Water case at appendix 2), which the water service still controlled by Government. Meanwhile, the locality but innovative approach of poor regency in Bali, has proven that public policy in the developing country can be developed in the local mode and manner (see Jembrana Policy Innovation case at appendix 1) which makes the policy process thought by leading scholars of developed world become obsolete. Leader matters in successful policy development and implementation in the developing countries, as noted by another World Bank finding (Campbell and Fuhr, 2004).

Another case is China. China is still a communist country. It was opposite to any model of developed world policy. However, its policy is a “pragmatism” one, as Mao stated, “No matter the cat is red or white, as long as it can catch the mouse”. Today, China with its less-democratic policy model has become the next world biggest economy. Its foreign reserve on January of 2011 reached about USD 2.85 trillion, meanwhile US has entering a “deficit zone” as its deficit is hiking, which was speed-up by the invasion in Iraq (Stiglitz & Bilmes, 2008) and 2008 severe economic crisis which was impacted by “Ponzi-economic” practice¹.

¹ Ponzi economy was a model of business which was introduced by Hyman Minsky (1919-1996) a US progressive economist that was taken from the name of Mafioso Charles Ponzi. Charles Ponzi (March 3, 1882– January 18, 1949) was a south-Italian immigrant and became known as a swindler for his money scheme. His aliases include Charles Ponzi, Charles P. Bianchi, Carl and Carlo. The term "Ponzi scheme" was coined because of Charles Ponzi's scam and today it is the description of any scam that pays early investors returns from the investments of later investors. Charles Ponzi promised clients a 50% profit within 45 days, or 100% profit within 90 days, by buying discounted postal reply coupons in other countries and redeeming them at face value in the United States as a form of arbitrage. Ponzi was probably inspired by the scheme of William F. Miller, a Brooklyn bookkeeper who in 1899 used the same scheme to take in \$1 million. (Source: Wikipedia)

Foreign Reserve of Asian countries in 2011* (US \$ billion)

Country	Foreign Exchange Reserve
China	2,648.00
Japan	1,041.00
Taiwan	382.01
S. Korea	291.57
India	267.81
Hong Kong	268.70
Singapore	225.75
Thailand	165.66
Malaysia	101.69
Indonesia	96.20

*per January 2011

Since 2007 China has become the world biggest foreign exchange reserves as in 2010 it reached USD 1.4 trillion and became USD 2.65 trillion in 2011, and makes the country become the world strongest potential lender –when the world is in financial crises as in 2008/2009. Nowadays, China is becoming the third world development agency as the country has entered the most-unsuccessful western intervention area of least developed countries such as Africa. *The Guardian* (06/02/2011) reported about “China's economic invasion of Africa” whereas a million Chinese people, from engineers to chefs, have moved to work in Africa in the past decade. In 2010, China replaced the UK as the biggest source of foreign direct investment in Uganda. One of the largest firms to have set up in Uganda is ZTE, China's second-biggest telecommunications equipment company. China has signed a contract with Congo to develop a 2.8 million acres of palm oil plantation. Goldman Sachs in 2007 even predict China will be the biggest world economy in 2030 with total GDP Nominal (in 2006 US\$) 25,610 trillion USD, replacing US which predicted of with GDP of 22,817trillions USD, followed by the other “developing country”, India (USD 6,683 trillions), and another Asian country, Japan (USD 5.814 trillions).

In 2050, the Asian population –as the world leading growth area— is about 5 billion. Hence, world development –and therefore policy development—should embrace the country’s profile in 2050. One of the future predictions was developed by Goldman Sachs that fundamentally recognizes the critical contribution of the “today’s developing countries”. Goldman Sachs has extrapolated the trend for greater Asian economic dominance, which predicted China as the number one, followed by India. In Asia, the majority of the developing countries will become “newly industrialized countries”.

The largest economies in the world in 2050 according to Goldman Sachs

No	Country	2020	2030	2040	2050
1	US	17,978,000	22,817,000	29,823,000	38,514,000
2	Japan	5,224,000	5,814,000	6,042,000	6,677,000
3	Germany	3,519,000	3,761,000	4,388,000	5,024,000
4	China	12,630,000	25,610,000	45,022,000	70,710,000
5	UK	3,101,000	3,595,000	4,344,000	5,133,000
6	France	2,815,000	3,306,000	3,892,000	4,592,000
7	Italy	2,224,000	2,391,000	2,559,000	2,950,000
8	Canada	1,700,000	2,061,000	2,569,000	3,149,000
9	Brazil	2,194,000	3,720,000	6,631,000	11,366,000
0	Russia	2,554,000	4,265,000	6,320,000	8,580,000
1	India	2,848,000	6,683,000	16,510,000	37,668,000
2	S. Korea	1,508,000	2,241,000	3,089,000	4,083,000
3	Mexico	1,742,000	3,068,000	5,471,000	9,340,000
4	Turkey	740,000	1,279,000	2,300,000	3,943,000
5	Indonesia	752,000	1,479,000	3,286,000	7,010,000

Note: GDP Nominal (in 2006 US\$ million). Goldman Sachs Study of N-11 nations, Global Economics Paper No: 153, March 28, 2007. Quote from Wikipedia

Future nominal GDP based on data from the IMF for the year 2010

Rank	Country	2010	2011	2012	2013	2014	2015
1	US	14,624.184	15,157.285	15,824.694	16,525.593	17,267.500	18,029.317
2	PR China	5,745.133	6,422.276	7,169.679	8,000.516	8,935.686	9,982.076
3	Japan	5,390.897	5,683.292	5,877.534	6,080.705	6,302.139	6,517.481
4	Germany	3,305.898	3,358.242	3,453.874	3,546.635	3,640.656	3,728.766
5	France	2,555.439	2,590.787	2,665.486	2,750.544	2,846.462	2,945.204
6	UK	2,258.565	2,395.483	2,497.555	2,617.375	2,748.408	2,885.407
7	Italy	2,036.687	2,054.902	2,110.449	2,166.696	2,226.633	2,288.866
8	Brazil	2,023.528	2,192.958	2,326.813	2,471.485	2,626.301	2,789.275
9	Canada	1,563.664	1,632.894	1,700.673	1,762.403	1,822.721	1,880.400
10	Russia	1,476.912	1,678.107	1,866.840	2,068.772	2,277.402	2,498.978
11	India	1,430.020	1,598.394	1,762.289	1,955.181	2,174.428	2,412.368
12	Spain	1,374.779	1,366.093	1,399.408	1,441.540	1,489.154	1,539.834
13	Australia	1,219.722	1,297.831	1,338.224	1,383.054	1,429.111	1,480.145
14	Mexico	1,004.042	1,041.089	1,114.238	1,190.954	1,268.377	1,348.638
15	South Korea	986.256	1,056.262	1,124.800	1,196.953	1,279.217	1,371.334
16	Netherlands	770.312	776.091	792.300	809.805	829.535	849.986
17	Turkey	729.051	789.601	845.816	902.871	965.969	1,033.293
18	Indonesia	695.059	776.976	850.134	931.999	1,020.317	1,111.053
19	Switzerland	522.435	544.067	550.625	558.808	567.218	575.754
20	Belgium	461.331	469.133	482.929	499.979	518.058	536.229

Data in US Dollar. Source IMF World Economic Outlook Database of October 2010. Quoted from Wikipedia

East Asian and South Asian economies were predicted to increase over 20 times, including their Human Development Index that predicted will reach 0.8 to 0.9.

Asian HDI 2010

Country	World rank	Life expectancy at birth	Mean years of schooling	GNI per capita (PPP 2008 \$)
Japan	11	83.2	11.5	34,692
South Korea	12	79.8	11.6	29,518
Singapore	27	80.7	8.8	48,893
Brunei	37	77.4	7.5	49,915
Malaysia	57	74.7	9.5	13,927
Sri Lanka	91	74.4	8.2	4,886
Thailand	92	69.3	6.6	8,001
Philippines	97	72.3	8.7	4,002
Indonesia	108	71.5	5.7	3,957
Viet Nam	113	74.9	5.5	2,995
India	119	64.4	4.4	3,337
Pakistan	125	67.2	4.9	2,678

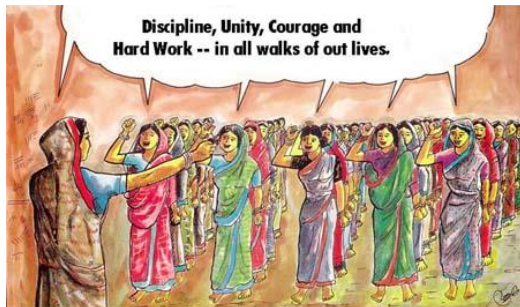
Source: UNDP 2010



In Bangladesh, Mohammad Yunus introduced the policy of letting poor people have bank loans without collateral –as introduced in the formal banking policy. It was a trust-based business; and it successfully leveraged thousands of poor households in Bangladesh to enter their next welfare. This century is becoming the Asian Century.

It means the “Century of Developing Country”. Africa is going to become the next world locomotive, following Asia. Europe and US competitiveness will be challenged and make them relocate their economic machine to the developing countries –as my uncle in the Netherlands has lost his job as Phillips relocated its factory to China.

The other choice is to outsource their businesses at an utmost level. Hong Kong, Shanghai, Seoul, Taipei, and Singapore will become the leading cities in the world of business and finance. China, India, and Indonesia are becoming the world leading in industry, as their populations represent half of the world population. Indeed, there are Brazil and Mexico in South America, South Africa, and Russia, that also will be the other world economic locomotives. The US still has the strongest market, but he – the “Uncle Sam” - - will not be “alone” anymore. The developing countries are now being the strategic part of the future world prosperity. Moreover, their policy is the key determinant.



Understanding Development

The word “development” was promoted to the world by US President Harry S. Truman when in his inauguration speech on 20 January 1949, he stated the US new responsibility toward the *underdeveloped areas* that need *development*. He was using the word firstly to mention South America, but then toward Asia, Africa, and all the ex-colony countries. It became a US political agenda in gaining the superpower coverage to compete with Soviet Union expansion as the “Left” in the world political map.

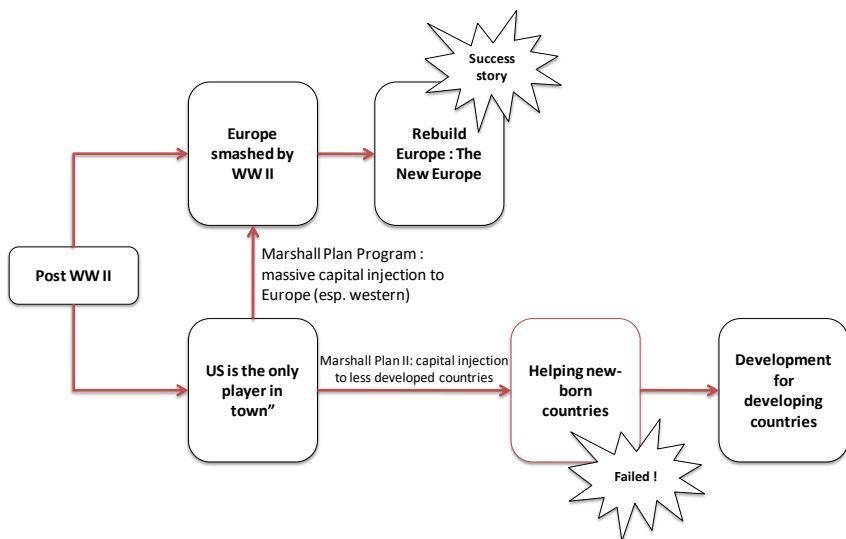
The United Nations has promoted many definitions of development, one of the well accepted definitions which was released in 1975 stated that *development is not a static concept; it is continuously changing*. Sudjatmoko, Indonesia thinker, the Rector of United Nations University at Tokyo, has developed the idea of development as a learning process

from a certain level of living to the next better one. Learning means society develops their competencies individually and collectively, to adjust and adapt but also to create toward the intended future (Sudjatmoko, 1997: 50).

Development is a speeding-up social change of every less developed country to catch up the backwardness as compared to the developed countries. Development therefore is a planned and engineered change. It was different toward change in the developed countries that followed a *laissez-faire* mode.

The concept of development came from the western scholars in the 1960s. It was started by the US effort to save the world after World War II. Post WWII, the US launched a program named “Marshall Plan” to help Europe recover. The program to rebuild Europe by transferring financial support had been accomplished. The program then replicated for many less developed countries in Asia and some regions in South America and Africa. However, it failed. The transfer of financial support –grant and loan—did not achieve the intended objective.

Picture 1-2. Marshall Plan and Development



The finding was that those new emerging countries have specific weaknesses that make them unable to become developed countries such as having “development problems”. The idea was to develop the new emerging countries rather than to infuse them with capital and financial support. “Development” was becoming the well-accepted word.

The politics of development, as reflected in the theories of development, is not singular. There are at least five politics of development that influenced social policy.

The first is the politics of development as modernization. There are two approaches: development as imitating the modern country experience, especially the US, and development as a specific way of developing countries to be like the developed one. There is a theory of the stages of development that was introduced by W.W. Rostow (1916-2003) Special Assistant to US President Lyndon B. Johnson, which stated that development toward modernization was going through five steps:

1. Traditional society
2. Pre-condition for take off
3. Take off
4. Drive to maturity
5. Age of high mass consumption

This approach was so influential that most of the developing countries put these stages into their development plan, and therefore their social policy. In this approach, social policy was merely part of the success of each stage. The contribution of social policy was less accounted for.

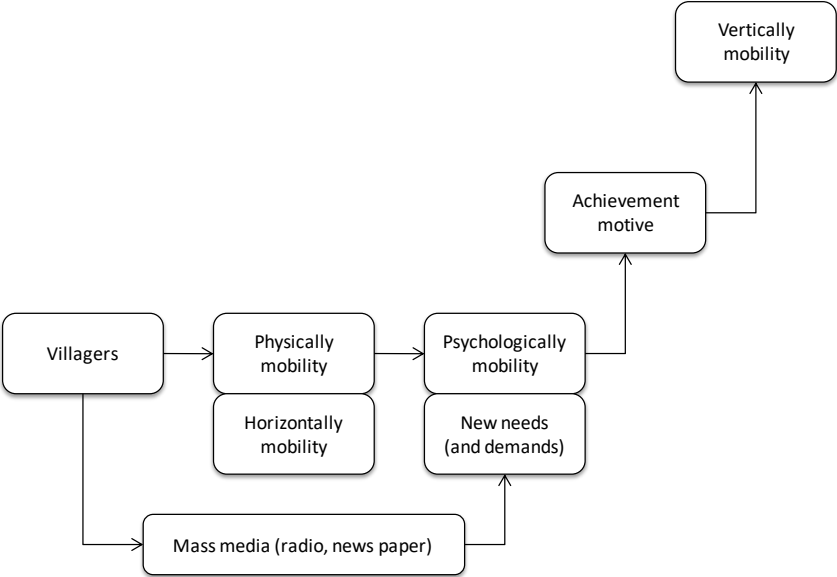
The other approach was the politics of cultural development. The belief of this approach is that the society of the developing country has a special experience which was not favorable to the development; it was about mentality, of psychological experience, and therefore culture. To develop the society in the developing country means to change the mentality, behavior, and therefore culture to make it appropriate

toward the modern one. In this approach was David McClelland who in his *Achieving Society* (1952) promoted the idea of injecting the “virus” of “Need for Achievement”, as the people in the developing countries need to have an internal drive to make them prosper. This approach is about changing values and behaviors. The social policy approach was to provide education, training, and programs to change the society’s values and behavior toward the “Need for Achievement”.

The other important scholar was Daniel Lerner who in his *The Passing of the Traditional Society* (1958) found that the mass media has an important role to change the society after performing research in Turkey. The idea was that to make a prosperous society, it needed to have the social mobility, from low social living toward higher social living. He found that people in the remote village who had horizontal or physical mobility, which means they went to the city, were having psychological mobility, which means there were some new needs and new demands that make them work harder. Because they had worked harder, it means there was an achievement motive, they earn more, and therefore they had a social mobility in terms of vertical mobility since they socially became better off.

Physical mobility, from villages to cities, needs infrastructure investment: roads, buses, trains, etc. To have a shortcut, mass media was able to replace the role of transport investment, as media could bring the “news” from “other horizontal places” to them. There was a rural paper and magazine that brought the new ideas and innovations to the villagers; there was radio that promoted the understanding of becoming a better society. Therefore, the approach was focused on role mass media as an agent of development. This approach was then recognized as a communication-development approach.

Picture 1-3. Development as Mobility

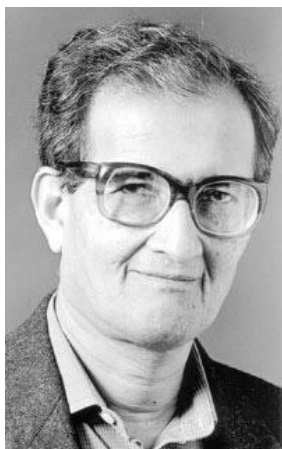


The next political development approach was economic development. The first scholar to be named was Ragnar Nurkse (1907-1959) who recognizes that development has to be economic development society of the developing countries experience the poverty trap: “the poor countries are poor because they are poor”². The economic explanation was comprehensive, but the logic was simple but strong: because of the poor, they did not have savings, since there was no saving, there would be no-investment, and no investment means no-employment, and therefore there was no income. No income means poor. The country needs economic development to make the people employed so they have income. In this model, social policy has to provide any effort to economic development. Education to create professional or “ready to employ” people is one example.

²The ideal was to make an endogenous economic development until then came the next economist that introduced the importance of foreign loans to replace the problem of domestic savings. The developing countries then have been moving from “poverty trap” to the “debt trap”. The author thanks Prof. Sri Edi Swasono of University of Indonesia and Prof. Sadono Sukirno of University of Malaya for the comprehension.

The political development approach in this model has been developing to the many diverse and advanced model, from the economic growth model, which recognize economic development as a pursue toward economic growth; the big push theory, which recognize economic development as an effort to make all the economic sector growth altogether in the same time; the balanced development, which recognize economic development as balancing process of economic sector in the balance; the basic need, which recognize economic development as primary to provide people basic need; to the sustainable development, which recognize economic development has to be able to sustain, which was embracing the environmental sustainability.

In the 1980s, Amartya Sen, then a Nobel laureate, promoted the concept of development as human and people development by introducing the seminal concept of “Development as freedom”. Development was not about economics alone, but also social aspects and indicators, and they were not incremental or peripheral, but the core ones, since development means to free men from their incapability, incompetence. The concept was then accepted and developed by the United Nations, and now recognized as the “Human Development Index” started in 1990. Sen’s idea, then becoming a world-wide accepted idea, was that development shall be as empowerment; development shall be as freedom; development shall be as social development. He stated that:



“Development can be seen, it is argued here, as a process of expanding the real freedom that people enjoy. Focusing on human freedoms contrast with narrower views of development, such as identifying development with growth of gross national product, or with the rise in personal incomes, or with industrialization, or with technological advance, or with social modernization...Viewing development in term of expanding

substantive freedoms directs attention to the ends that make development important, rather than merely to some means, that, inter alia, play a prominent part in the process.” (Sen, 2000: 1).

Indeed, Sen was not the first initiator of HDI, since the reports were devised and launched by Mahbub Ul Haq, a Pakistani Economist, in 1990 as Human Development Reports (HDR) in the United Nations Development Programme (UNDP). Ul Haq was working with Paul Streeten, Frances Steward, Gustav Ranis, Keith Griffin, Sudhir Anand, and Meghnad Desai. However, Sen was then provided the stronger conceptual framework³.

Table 1-1. Human Development Index in ASEAN countries plus some developing countries in South America and Africa countries in 2009-2010 as a comparison

Country	2009 rank	2010 rank	HDI Status
Singapore	23	27	Very high (1-42)
Brunei	30	37	
Malaysia	66	57	High (43-85)
Brazil	75	73	
Thailand	87	92	Medium (86-127)
China	92	89	
Philippines	105	97	
Indonesia	111	108	
Vietnam	116	113	
Laos	133	122	
India	134	119	
Cambodia	137	124	Low (128-169)
Myanmar	138	132	
Nigeria	158	142	

Source: UNDP 2009, 2010

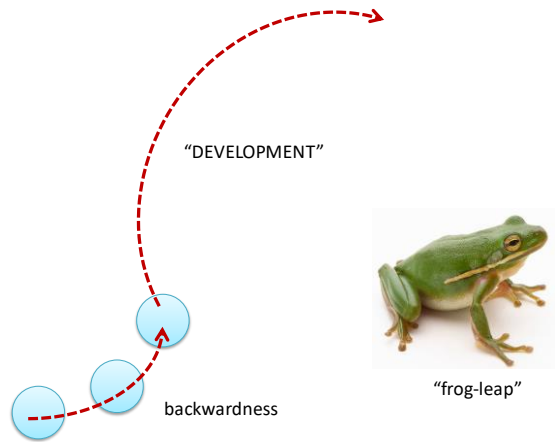
³ Haq was sure that a simple composite measure of human development was needed in order to convince the public, academics, and policy-makers that they can and should evaluate development not only by economic advances but also improvements in human well-being. Sen initially opposed this idea, but he went on to help Haq develop the Human Development Index (HDI). Sen was worried that it was difficult to capture the full complexity of human capabilities in a single index but Haq persuaded him that only a single number would shift the attention of policy-makers from concentration on economic to human well-being (Wikipedia)

In sum, public policy and development should be understood from the developing countries point of view. For the developed world textbook, public policy is aiming toward *policy problem* (see Dunn, 2004), especially problem of market failure, which

1. traditionally in regard of *public goods, externalities, natural monopolies and information asymmetries*; and
2. contemporary one, *any limitations of the competitive frameworks such as markets with few seller or few buyer, the source and acceptability of preferences, the problem of uncertainty, intertemporal allocation, and adjustment cost*; and in regard of *distributional and other goals issues, such as social welfare beyond Pareto Efficiency, substantive values other than efficiency, instrumental values, and some cautions in interpreting distributional consequences* (see Weimer & Vining, 1992).

In the developing country public policy is toward development, and development is not about problems –named as problems because it already existed—alone. Public policy is indeed about to solve the problem as Dunn (2008) and Weimer & Vining (1992) have discussed, and to perform development as the ideal of society.

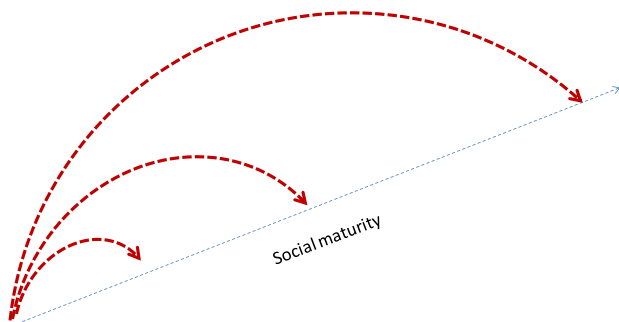
Development is a “speeding-up social change”. Development is a “forced social change”. Therefore, development is always planned, engineered, and controlled, since the development objective is to do a “frog-leap” to the advancement, to leave out



backwardness. Therefore, development is “a developing country’s word”, because they just had their independence in the 1940s and after, whilst the other countries in Europe, which was their prior colonizer, and surely two countries in Northern America, Canada and US, have become the developed ones. Even though Europe has suffered from World War II, they still have their advancement in knowledge, technology, and freedom, therefore an opportunity to rebuild their advancement.

Indeed, development is not merely about economical and technological issues. That was what most of the developing countries did in their earlier development phase. Therefore, development created new problems: economic inequality and societal instability. Why? As a human development, there is “maturity” in every progress. There is a human with a height of 2 meters and weighs 100 kilograms. But he is just 12 years old. Physically, he is an adult man, but actually he is just a boy who cannot yet think even for himself; to let him go out and live alone is a wrong decision.

Leap into Social Maturity



It is also a development. Social maturity is something any country can't. What is social maturity? Is it about education? Yes, but not at all. Social maturity is a capability of society to solve any conflicts peacefully.

Therefore, when we discuss development, it is all about backwardness: economic and social. It is about *absolute backwardness*, by meaning that the differences among the developing countries –including less developed ones— to the developed countries is a real gap.

There are two other backwardness, but a relative ones, they are political backwardness and cultural backwardness. Political backwardness is a relative one since the indicator for that backwardness is the democratic level of the political system. It means, the more democratic the political system, the more the political system is developed. In this context, the most developed democracy is the liberal democracy. In some cases, indeed, some less democratic countries have severe political living and therefore economic and social living. Most of the African countries are in this category. Some Asian countries, such as Bangladesh, Pakistan, Sri Lanka, Laos, Cambodia, and Myanmar have the same condition. But, China is no democratic country, and now it has become the economic giant in today's world. Malaysia and Singapore were criticized as less democratic countries, but the economic development as well as social development is far better compared to other more democratic countries in the regions. Singapore is named as one of the “First World Country”, not as “third world”—as another “nickname” for the developing and less developed country—one.

Cultural backwardness is also a relative concept and fact. It refers to countries who have traditional values rather than modern values. Indeed, most of the African countries and some of the southern Asian countries are being pointed as being the member of this “cluster”. It means that cultural backwardness aggravates the people living. Less technology makes women in the Sahara to Bangladesh have vast difficulties to find water for their family. Many of them have to walk for kilometres just to take a jug of water –sometimes not clean water. But, what about the Japanese; this country is rich by traditional values, inherited from time to time, from the way to have tea-drink, to the spirit of Bushido. Japan is one of the biggest economies in the world.

Developing Countries

The term “developing countries” includes the “new developed countries”, “developing”, and the “least developed” countries. Historically, developing countries were the 19th century born of a new world–after World War II was over in 1945, when Japan surrendered to the US following the destruction of Nagasaki and Hiroshima by atomic bomb; the first and shocking human demolished weapon. Human freedom was the key belief of those days. Most of the colonized areas in Asia were gaining its independence, started by Indonesia on 17 August 1945.

Box: **Developing Countries**

Developing country is a term generally used to describe a nation with a low level of material well-being. Since no single definition of the term *developed country* is recognized internationally, the levels of development may vary widely within so-called developing countries. Some developing countries have high average standards of living. Countries with more advanced economies than other developing nations, but which have not yet fully demonstrated the signs of a developed country, are categorized under the term *newly industrialized countries*. Kofi Annan, former Secretary General of the United Nations, defined a developed country as follows. "A developed country is one that allows all its citizens to enjoy a free and healthy life in a safe environment." But according to the United Nations Statistics Division,

There is no established convention for the designation of "developed" and "developing" countries or areas in the United Nations system.

And it notes that

The designations "developed" and "developing" are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process.

The UN also notes

In common practice, Japan in Asia, Canada and the United States in northern America, Australia and New Zealand in Oceania, and Europe, are considered "developed" regions or areas. In international trade statistics, the Southern African Customs Union is also treated as a developed region and Israel as a developed country; countries emerging from the former Yugoslavia are treated as developing countries; and countries of eastern Europe and of the Commonwealth of Independent States (code 172) in Europe are not included under either developed or developing regions.

In the 21st century, the original Four Asian Tigers^[10] regions (Kong, Singapore, South Korea, and Taiwan), along with Cyprus, Malta, and Slovenia,^[11] are considered "developed countries". On the other hand,

according to the classification from IMF before April 2004, all the countries of Eastern Europe (including Central European countries which still belongs to "Eastern Europe Group" in the UN institutions) as well as the former Soviet Union (U.S.S.R.) countries in Central Asia (Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan) and Mongolia, were not included under either developed or developing regions, but rather were referred to as "countries in transition"; however they are now widely regarded (in the international reports) as "developing countries".

The IMF uses a flexible classification system that considers "(1) per capita income level, (2) export diversification—so oil exporters that have high per capita GDP would not make the advanced classification because around 70% of its exports are oil, and (3) degree of integration into the global financial system."

The World Bank classifies countries into four income groups. These are set each year on July 1. Economies were divided according to 2008 GNI per capita using the following ranges of income:^l

- Low income countries had GNI per capita of US\$975 or less.
- Lower middle income countries had GNI per capita between US\$976 and US\$3,855.
- Upper middle income countries had GNI per capita between US\$3,856 and US\$11,905.
- High income countries had GNI above US\$11,906.

The World Bank classifies all low- and middle-income countries as developing but notes, "The use of the term is convenient; it is not intended to imply that all economies in the group are experiencing similar development or that other economies have reached a preferred or final stage of development. Classification by income does not necessarily reflect development status."

There is criticism of the use of the term 'developing country'. The term **implies** inferiority of a 'developing country' compared to a 'developed country', which many countries dislike. It assumes a desire to 'develop' along

the traditional 'Western' model of economic development which a few countries, such as Cuba, have chosen not to follow.

The term 'developing' implies mobility and does not acknowledge that development may be in decline or static in some countries, particularly in southern African states worst affected by HIV/AIDS. In such cases, the term *developing country* may be considered a euphemism. The term implies homogeneity between such countries, which vary widely. The term also implies homogeneity within such countries when wealth (and health) of the most and least affluent groups varies widely. In general, development entails a modern infrastructure (both physical and institutional), and a move away from low value-added sectors such as agriculture and natural resource extraction. Developed countries, in comparison, usually have economic systems based on continuous, self-sustaining economic growth in the tertiary sector of the economy and quaternary sector of the economy and high material standards of living.

However, there are notable exceptions, as some countries considered developed have a significant component of primary industries in their national economies, e.g. Norway, Canada, Australia. The USA and Western Europe have a very important agricultural sector, both are major players in international agricultural markets. Also, natural resource extraction can be a very profitable industry (high value added) e.g. oil extraction. (Source: Wikipedia)

Indonesia proclaimed its independence since the Netherlands aimed to come back to colonize. This European continental kingdom had colonized this area since 1600, from the commodity extraction by the Vereenigde Oost Indische Compagnie (VOC), a Dutch conglomerate, to the military model started in 1800. In 1942 Japan invaded Asia; seized Nusantara, the old name of Indonesia, from the Netherlands. In 1945 Japan lost the war. Its surrender was anticipated by Indonesian nationalist actors to take the Independence Proclamation. Indeed, the Netherlands sent a modern army and also mercenaries to fight Indonesia's people who fight for their independence.

After a long and miserable guerilla war, in December 1949, the Netherlands admitted Indonesia's independence. Independence has been achieved not by the nation's war alone, but the tremendous changing of world belief as well, that war and colonization is far from humanity. The United Nations, backed-up by the United States, promoted the new world of peace and prosperity.

In contrast to the Netherlands' deeds, the British had a preference to free its colonies. India, Malaysia, Singapore have gained their independence, and then all the colonized areas in Asia and Africa. However, there is a quite different fact of independence types of the new countries: British mode and non-British mode.

The independence of India, Malaysia, and Singapore means the transfer of the British administration to local or national administration. The willingness to follow universal declaration of human rights by the British differed from others. It is admitted that ex-British colonies become developing countries that perform better compared to other ex-European continent colonies because they had been more prepared nations, at least in terms of their public administration structure, system, and culture, to make them run faster than the other developing countries. Even India, who has lower income per capita than other commonwealth countries –ex British colonies—is assumed as one of the world economic and political powers under BRIC – Brazil, Russian, India, China—assemblage⁴.

In Indonesia, for example, the Netherlands' administration was devastated by Japan's administration by its occupation in 1942. Indonesia's administration has never had enough time to be developed, since the nation had turned to the ex-colonizer which eagerly coveted its national richness. About half of the public administration structure,

⁴Surely, there are some “non-performing” ex-British colonies, such as Pakistan, Bangladesh, and Sri Lanka. But, there are more local factors, such as culture, beliefs, and the structure of the society that lead those countries toward unsolved political conflict.

system, and culture was Dutch, half was Japan. It was a difficult and complicated job.

Box : Least Developed Country (LDC)

Least Developed Country (LDC) is the name given to a country which, according to the United Nations, exhibits the lowest indicators of socioeconomic development, with the lowest Human Development Index ratings of all countries in the world. The concept of LDCs originated in the late 1960s and the first group of LDCs was listed by the UN in its resolution 2768 (XXVI) of 18 November 1971. A country is classified as a Least Developed Country if it meets three criteria:

- low-income (three-year average GNI per capita of less than US \$905, which must exceed \$1,086 to leave the list)
- human resource weakness (based on indicators of nutrition, health, education and adult literacy) and
- economic vulnerability (based on instability of agricultural production, instability of exports of goods and services, economic importance of non-traditional activities, merchandise export concentration, handicap of economic smallness, and the percentage of population displaced by natural disasters)

LDC criteria are reviewed every three years by the Committee for Development Policy (CDP) of the UN Economic and Social Council (ECOSOC). Countries may "graduate" out of the LDC classification when indicators exceed these criteria. The United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN OHRLLS) coordinates UN support and provides advocacy services for Least Developed Countries. The classification currently (as of 1 January 2011) applies to 48 countries. Since the Least Developed Country category was initiated, only 3 countries have graduated to 'developing country' status. The first country to graduate from LDC status was Botswana in 1994. The second country was Cape Verde, in

2007. Maldives became the third country to graduate to Developing Country status on 01 January 2011. It has been suggested that Equatorial Guinea, Samoa, Tuvalu, and Vanuatu may become the next countries to graduate from LDC status.

Least developed countries can be distinguished from developing countries, "less developed countries", "lesser developed countries", or other terms for countries in the so-called "Third World". Although many contemporary scholars argue that "Third World" is outdated, irrelevant or inaccurate, others may use the term "Fourth World" in reference to least developed countries (although Fourth World is also used to refer to stateless ethnic groups). The term "less economically developed country" (LEDC) is also used today.

However, in order to avoid confusion between "least developed country" and or LEDC "less developed country" (which may both be abbreviated as LDC), and to avoid confusion with landlocked developing country (which can be abbreviated as LLDC), "developing country" is generally used in preference to "less developed country". Least developed countries suffer conditions of extreme poverty, ongoing and widespread conflict (including civil war or ethnic clashes), extensive political corruption, and lack political and social stability. The form of government in such countries is often authoritarian in nature, and may comprise a dictatorship, warlordism, or a kleptocracy. AIDS is a major issue in a lot of these countries. The majority of LDCs are in Sub-Saharan Africa.

Note, however, that the above characteristics generally do not apply to LDCs located in Oceania. Kiribati, Samoa, Tuvalu, and Vanuatu are politically stable democracies, and lack any form of civil or ethnic strife. Nor are they strongly affected by AIDS. Although they have small economies, often dependent on monocultures, the population generally does not suffer from extreme poverty, thanks to an enduring subsistence sector in the economy. The Solomon Islands is the only Oceanian LDC currently affected by political instability and ethnic

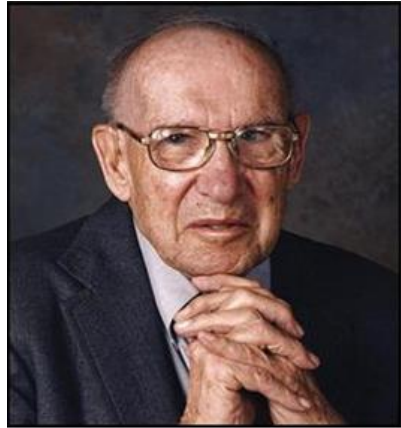
tension. In 2006, the United Nations recommended that Samoa be upgraded from LDC status to that of Developing Country. The Samoan government disagreed, and asked for a review of the recommendation. Samoa retains LDC status, pending a decision scheduled for 2008 or 2009.

During the last United Nations review in 2009, the UN defined LDCs as countries meeting three criteria, one of which was a three-year average estimate of gross national income (GNI) per capita of less than US \$905. Countries with populations over 75 million are excluded.

(Source: Wikipedia)

This fact probably explains why some developing countries are less – and some of them “lost”— developed. Therefore, Huntington understands that today, in the beginning of the 21st century, some “1970s developing countries” are becoming the developed ones. South Korea, Taiwan, and Singapore are among the well-passing-grade countries, whereas in 1960, South Korea was as less developed as Nigeria. But, in 2000, Korea was becoming an industrialized country, while Ghana was still a less developed country (Huntington, 2000).

Strategic readiness is the first key success of any nation state, regardless of their status: first, second, or third world countries. The existing public administration structure, system, and culture are the other understanding of strategic readiness, because this is the only system that proceeds and therefore produces public policies to manage public life in achieving the nation’s mission which was written clearly in the Constitution.



Peter F. Drucker

Public policy is a corporate strategic management in state-political institutions. Once we discuss public policy, it is indeed about political process and national beliefs, but in fact it is a practice of management. This understanding is not aiming to support the NPA –New Public Administration—approach, since management is somehow mistakenly perceptive. As management’s guru Peter Drucker (1999) mentioned, there are seven mistakes in management. One and the first of the sevenths mistake is that management is business management. Management is the specific and distinguishing organ of any and all organizations. Management exists for (the sake of the institution’s) results. It has to start with the intended result and has to organize the resources of the institution to attain this result; it is the organ to make the institution capable of producing results outside of it. The first management practice in the military organization and church, while in business there no word even understanding on management⁵. Therefore, we need to observe some developing countries’ performance for the last 50 years.

⁵The other mistakes are: second, that there is –or there must be— one right organization structure –the organization that fits the task. Every organization, even has the same need and understanding of management, they have to find their own-right-different-structure in regard to its need and goal. Third, there is –or there must be— one right way to manage people. People are different, therefore there is a need for an intelligent way to manage different people differently. Fourth, technologies, markets and end-users are given. Technologies are limitations. The based assumption of management is seeing them as the limit of the management. Technology is an instrument to make an effective management process. It is not management that adjusts to technology, but technology that has to adjust to management. Fifth, management’s scope is legally defined. The scope of management is not legal; it has to be operational; it has to embrace the entire process; it has to be focused on result and performance across the entire economic chain. Sixth management is internally focused, National boundaries are important primarily as restraint; the practice of management –and by no means for business only—will increasingly have to be defined operationally rather than politically. Seventh, the economy as defined by national boundaries is the “ecology” of enterprises management. Management prevails for the sake of the institution’s results. It has to start with the intended result and has to organize the resources of the institution to attain these results; it is the organ to make the institution capable of producing results outside of itself.

Table1-2: GDP Per capita for selected developing countries in selected years

Countries	1960	1970	1980	1990	2000	2005	2009
Singapore	\$394.65	\$913.87	\$4,859.27	\$12,091.36	\$23,077.10	\$26,876.73	\$36,379
Philippines	\$256.69	\$182.95	\$674.82	\$725.18	\$1,001.93	\$1,184.36	\$1,748
Malaysia	na	\$394.07	\$1,811.83	\$2,466.98	\$3,927.43	\$5,159.12	\$6,950
Bolivia	\$199.61	\$286.92	\$519.41	\$729.91	\$1,009.76	\$1,028.23	\$1,708
Ghana	\$170.70	\$246.49	\$393.31	\$380.25	\$250.27	\$484.80	\$663
S. Korea	\$155.67	\$278.82	\$1,674.38	\$6,153.10	\$10,884.45	\$16,387.64	\$17,074
Côte d'Ivoire	\$153.55	\$272.81	\$1,219.43	\$852.94	\$622.97	\$884.37	\$1,052
Sri Lanka	\$149.32	\$183.44	\$272.86	\$472.00	\$843.63	\$1,199.38	\$2,085
Egypt	\$148.86	\$217.73	\$522.40	\$774.70	\$1,483.80	\$1,211.43	\$2,450
Afghanistan	\$121.41	\$138.85	\$239.44	na	na	\$244.10	\$501
Thailand	\$103.78	\$195.45	\$698.28	\$1,561.98	\$1,997.54	\$2,743.49	\$3,941
Nigeria	\$99.07	\$233.35	\$903.43	\$301.44	\$368.54	\$686.34	\$1,112
Kenya	\$97.51	\$142.24	\$446.20	\$366.64	\$414.00	\$560.29	\$840
China	\$92.01	\$111.82	\$191.84	\$312.41	\$949.18	\$1,720.09	\$3,735
India	\$83.13	\$110.37	\$264.45	\$373.08	\$452.98	\$736.11	\$1,032
Pakistan	\$80.85	\$165.44	\$286.35	\$370.55	\$531.00	\$714.50	\$989
Bangladesh	na	\$138.55	\$220.41	\$289.57	\$365.33	\$423.30	\$583
Indonesia	na	\$82.16	\$526.04	\$642.01	\$800.04	\$1,301.07	\$2,329

Source: Nation-master for GDP per capita 1960-2005; (www.nationmaster.com); the IMF for GDP per capita of 2009 (date of April 2010) (www.imf.org)

Table1-3: GDP Per capita for selected countries rank in 1970 and 2009, a comparison of performance

Rank of this list of per 1970	Countries	Rank of this list of per 2009	Achievement (+) and (-)
1	Singapore	1	steady
2	Malaysia	3	(-1)
3	Bolivia	10	(-7)
4	South Korea	2	(+2)
5	Côte d'Ivoire	12	(- 7)
6	Ghana	16	(- 10)
7	Nigeria	11	(- 4)
8	Egypt	6	(+ 2)
9	Sri Lanka	8	(+ 1)
10	Thailand	4	(+ 6)
11	Philippines	9	(+ 2)
12	Pakistan	14	(- 2)
13	Kenya	15	(- 2)
14	Afghanistan	18	(- 4)
15	Bangladesh	17	(- 2)
16	China	5	(+ 11)
17	India	13	(+ 4)
18	Indonesia	7	(+ 11)

The table of world developing countries' performance at least showed us that there must be “something” behind the success, mild-success, and less performed developing countries. We may see that the developing countries such as Bolivia, Côte d'Ivoire, Ghana, Nigeria, and Afghanistan, have dropped their performance from 4 to 10. Meanwhile, some other countries, such as India, Thailand, China, and Indonesia have outperformed their performance from 4 to 11. Singapore has the steady performance, but her status is becoming “first world” since their GDP per capita in 2009 was USD 36,379; above of Italy (USD 35,435) and United Kingdom (35,257), and slightly below Canada (39,658) and Iceland (37,991).

However, China is ascending to become the world's biggest economy. Today's presence of PR China even has been challenging US economic superpower, as the US trade deficit to China has been increasing

tremendously from USD 22,8 billion in 1993, in 2009 became USD 503,6 billion –335%! And, it was 1,6% of the US PDB! (see Meredith, 2008)

Indeed, China “inherited” Hong Kong from British colonization. However, the economic generator of China is not Hong Kong alone; it also includes Shanghai, Guangzhou, Shenzhen, and even Beijing. Together with Russia, Brazil, India, this country founded “the Fantastic Four” or “BRIC”; the biggest economic player in the world.

Indonesia had fallen into a crisis in 1998. The country had been dwelled from a middle-income country –USD 1.050 of GDP per capita—to become a poor country –USD 350 per capita income. However, reform in 1999-2010 had promoted Indonesia into a middle income country –about USD 1.400 GDP per capita—and became a member of G-20, the biggest economic players in the world –replacing G-7. Indonesia is a country with the biggest Muslim population –about 60% of her 260 million people—that successfully transforms herself into the most democratic country in Asia. It is not about “democratic imagery” as shown by some Asian countries, but the real democracy. It was a direct election for the Presidency and parliament in 2004 and 2009, contested by 5 presidential candidates, with open public debates, lively criticism, and open political system, in the hope of the best stability that ever made in the democratic developing countries in Asia. Indonesia is now named as one the “economic club” named CIVETS: China, India, Vietnam, Indonesia, Turkey, and South Africa.

How do you spell growth? Think CIVITS, not BRIC

[The Source]

By ANDREA HOTTER

Forget the BRICs; it's all about the CIVITS.

The new buzzword among hedge-fund managers in London, CIVITS—China, India, Vietnam, Indonesia, Turkey and South Africa—are tipped to be the hot spots to watch for growth through the current decade.

The term BRIC, coined in 2001 by Goldman Sachs chief economist Jim O'Neill and referring to Brazil, Russia, India and China, has come to be widely used as a way of describing the transfer of economic power to the emerging markets and away from the developed world.

But the latest acronym includes only China and India from the original lineup; Brazil is deemed now to be relatively well developed and the love affair with Russia is seen as over.

It's a far cry from the start of the last decade, when Goldman Sachs argued that the combined economies of the BRICs could eclipse the combined economies of the wealthiest countries of the world—including the U.S. and the

whole of Europe—by 2050.

China is well on its way, and its inclusion in the CIVITS is more than deserved. Its economy overtook Germany in 2007 and surpassed Japan in July, because of its breakneck growth. Goldman Sachs now says China will overtake the U.S. by 2027 to become the world's largest economy; PricewaterhouseCoopers pitches it even earlier, at 2020.

India has drawn slightly more mixed views. The world's second-most-populous nation suffers from poor infrastructure, volatile disputes with its neighbors and high levels of bureaucracy that hinder its ability to achieve its potential. Goldman Sachs sees India outstripping the U.S. by 2050.

So if Brazil and Russia are old news, what is behind the inclusion of new entrants to the top picks for emerging-market growth?

On the face of it, South Africa's entry is a little strange. But hedge funds say the country is a proxy for the African continent, which has seen its collective gross domestic product soar to equal roughly Brazil's or Russia's.

Africa is largely a commodities story, with rising demand for minerals and oil driving

consumers to pay dearly for its natural riches.

Indonesia, meanwhile, is already the largest economy in Southeast Asia and a member of the G20. It has emerged from the global downturn in better shape than its neighbors. Again, it is a natural-resources story, producing and exporting oil, natural gas, tin, copper and gold.

Vietnam, meanwhile, makes a lot of sense. It's one of the world's fastest-growing economies, attracting vast foreign investment and is a significant agricultural exporter. PricewaterhouseCoopers has said Vietnam could be the fastest-growing of the emerging economies by 2025 with a potential annual growth rate of almost 10%, pushing the size of the country's economy to around 70% of the U.K.'s by 2050.

Turkey is also one of the fastest-growing economies, boasting low inflation and soaring foreign investment following a series of key economic reforms.

So whither the BRICs? Goldman Sachs isn't giving up on them.

But it did admit that the stellar performance of BRICs' stocks in the last decade might not be repeated this decade.



Malaysia is becoming the hub of the world. It is not about PETRONAS Tower which Sean Connery and Catherine Zeta-Jones were acting in the best seller movie “The Entrapment” (1999), but its city development,

modern transport system, and a lot of forest in the city, make Kuala Lumpur one of the eco-friendliest capital city in the world. It is hardly difficult to achieve such a performance among ethnic of “Malay”—the ethnics spreads alongside Indonesia to Malaysia peninsular—which is imagery as being slow, indiscipline, low work spirit, and the like. Singapore is being “A Wonder of Asia” since many visitors can find “city in the forest” –not forest in the city. Public transport quality of life is unquestionable. The New Water, a government-linked-company, has been transforming the sewage and sewer system into clean and safe water.

Some of the examples lead us toward many conclusions, but let me introduce my finding: it leads toward a thesis that the excellence of the nation will more and more depend upon how those nations are able to develop the excellence of public policy.

Some countries are democratic, and some are –in my term—discounted democracy. However, they are the same: successes in managing the nation and performance. Some of them are rich-resources countries, and some are scarce-resources countries. They are both succeeding to become leading nations in Asia Pacific.

How about the other countries? India is one of the world's software resources. Bangalore is becoming the second Silicon Valley. However, most of the cities have less performance to become best practices

cities. Pakistan, Bangladesh, and Sri Lanka are still under heavy conflict, either political or ethnic. Iraq is still in trouble. It is difficult to see the future of Afghanistan and Syria. Most African countries are hard to predict their future. Instead of their problem of an unfortunate season in the middle terrain, there is also latent conflict as well as hatred. Without mentioning any countries, people around the world can see through the “television” as Marshall McLuhan noted “extension of man”. Problem and severe life is a tearful reality. Perhaps, using the critical word of Noah Chomsky (2006), they were being part of the failed nations –which refer to any nation who failed to protect their own citizens from poverty and misery. It is a long way to go for those nations.

The question is why some nations become excellent nations and some nations fail? There are ideological answers that are mostly proposed by western political consultants: because they are far from democracy. So, the answer is democracy. Democracy is a driving force for becoming an excellent nation –which the proxy is the most widely accepted: GDP per capita. In my perspective, this answer is overshoot. Why are some countries which are not such of democratic countries in those of our colleague political consultants’ definition, but they have such excellence? China is not democratic country, but now China is the main player in the global economy; from its economic size, foreign savings, to the aggressiveness of its economic players. Singapore is a discounted democracy country, but there is a challenge for their people, and their economy is one of the best in the world. Lee Kuan



Yew was named as one of the best leaders in the world. Malaysia exercises democracy with some differences and the country is now becoming one of the promising next industrialized nations.

India, Sri Lanka, Pakistan, and Bangladesh are conceivable as some of the most democratic countries in

Asia. However, the economic performance needs to be far improved. That ideological answer was right when implemented in some countries in Africa. Democracy as an answer is also “in danger” when it leads toward Sunil Bastian and Robin Luckham (2003) mentioned as democracy deficit, a condition of:

- First, democracy means little to ordinary citizens, a “hollow citizenship”. If they do not enjoy equal rights and entitlement as citizens: either because constitutional and legal arrangements fail to guarantee these rights; or because they are excluded from the public sphere due to gender discrimination, societal inequality, lack of organization, cultures of intolerance or violence.
- The inability of citizens to hold government and political elites accountable for their use of power (weak vertical accountability) is a second crucial form of democratic deficits. This may stem from procedural defects such as may occur in voting systems or decentralization provisions. Or it may reflect weak societal support for democracy –citizens may have little effective choice between alternative political programs: civil society may be weak and divided; or the power of dominant economic interest may be disproportionate.
- A third type of democracy deficit is on the terrain of high politics and manifests itself in the weak horizontal accountability of powerful and potentially tyrannical executives vis-à-vis the legislature or judiciary. This may be due to weak constitutional and legal checks and balances –but it may also be because they are circumvented by government patronage, corruption, judicial inertia, and weak opposition parties of co-opted media.

Democracy development in developing countries sometimes means strengthening civil society in one part, and in the other part lessening government. The choice comes from the experience that politics in developing countries were monolithic where a group of people dominated for a long time. They may be military or political parties.

Democracy's model of solution advises strongly that the existing authoritarian regime must be reformed. In Asia, two cases revealed the approaches are the fall of President Ferdinand Marcos of Philippine in 1992 and President Suharto of Indonesia in 1998 by a rush and haste reform; such a changing into democracy through amuck. The idea and practice to weaken the state has become common in many developing countries in the name of democratizing the countries. In contrast, Francis Fukuyama has been finding in his *State Building: Governance and World Order in the 21th Century* (2005) which noted that weak, incompetence, or nonexistent government is the source of severe problems. He noted that lack of state capacity in poor countries has come to haunt the developed world much more directly. Fukuyama's analysis of the role of the states in development begins by posing the question: Does the US have a strong or weak state? The weak state will easily become a failed state (Chomsky, 2006), as a state unable to protect its citizens, even from horizontal conflict among citizens.

In terms of economic development, Michael Porter, guru of competitiveness stated strongly in his *Competitive Advantage of Nations* (1998), for the government, old distinctions between laissez-faire and intervention are obsolete. Government, first and foremost, must strive to create an environment that supports rising productivity. He advised that the government must strive to improve the business environment in many ways. Porter noted that it must not, however, limit competition or ease standards for safety and environment impact, because such "help" actually retards competitiveness by stunting innovation and slowing productivity improvement. Government's weakening is endangering solutions from the business and economic perspective. Singapore's experience verifies the idea, as mentioned by Tong Dow, Chairman of the Singapore Institute of International Affairs in his *A Mandarin and the Making of Public Policy* (2006): "What our competitor cannot take away from us is good government". The finding is exemplified by Bon Siong Neo and Geraldine Chen in *Dynamics Governance* (2009) that the answer toward an excellent nation is not democracy, but effective government. The most often asked question, is what makes government effective? Osborne and Gaebler have been

introducing a concept and practice of Reinventing Government (1992) and followed by Banishing Bureaucracy (Osborne & Plastrick, 1996). The core idea was transforming *business-entrepreneurial value, strategy, and practices* in public organization, especially government. In my lecture in Indonesia, I always remind my students –the senior and high rank officers—that the idea is good but sometimes it is like chewing gum: we can chew but do not swallow, as it might kill us. In 1996 Henry Mintzberg reminded in “*Managing Government, Governing Management*”, of the *Harvard Business Review*, that reinventing government was ineffective as government is much different to the business sector, as the government cannot ever assume the public as their customers, but shareholders. In 2006, the best-selling author of (*From*) *Good to Great*, Jim Collins, wrote his finding, in *Good to Great and the Social Sector: Why Business Thinking is Not the Answer*, that the idea of transforming business into public sector in order to make good (or bad or worse) public sector to become the great one is irrelevant. He strongly noted (2006: 1-2):

“We must reject the idea –well-intentioned, but dead wrong—that the primary path to greatness in the social sectors is to become “more like a business”. Most business –like most anything else in life—fall somewhere between mediocre and good. Few are great. When you compare great companies with good ones, many widely practiced businesses norms turn out to correlate with mediocrity, not greatness. So, then, why would we want to import mediocrity into the social sector? ... Our work is not fundamentally about business; it is about what separates great from good”

The policy toward reinventing government has somewhat failed in many developing countries, as the developed policy is merely “copy and paste” in which the context of the policy is totally different. The successful developing countries had developed their own policy on bureaucracy reform –and it was not merely about “reinventing government”.

Singapore has developed their policy to develop a “clean” and, therefore, “credible” government as the foundation of the reform. The result is what Neo and Chen found: an effective government. Question on government’s effectiveness is among the most important questions faced by any developing countries, as the failed government is all too common and often catastrophic. There are numerous examples of countries that have been saddled by bad government policies, poor implementation, ethical failures, and the inability of government to change when it is necessary. The victims are citizens, whose lives and livelihoods suffer (Neo & Chen, 2006).

In case of the democratization policy in Indonesia through a long-term political program of UNDP –12 years programme– to democratize the country named as “Deepening Democracy”⁶, is good indeed, but in many cases, it is a needed solution. Too liberal democracy in Indonesia has made the country take a long time for recovery after crises. In the phase of transition, what was happening is: institutionalized transition. In fact, the country has been trapped into policy development that jeopardize the national development itself, as many of the developed policies had made difficult the development process –i.e. political

⁶The project’s report of UNDP noted some ideas: “Politics matter for human development. Reducing poverty depends as much on whether poor people have political power as on their opportunities for economic progress. Democracy has proven to be the system of governance most capable of mediating and preventing conflict and of securing and sustaining well-being. By expanding people’s choices about how and by whom they are governed, democracy brings principles of participation and accountability to the process of human development. This Report is about politics and human development. It is about how political power and institutions—formal and informal, national and international—shape human progress. And it is about what it will take for countries to establish democratic governance systems that advance the human development of all people—in a world where so many are left behind. Politics matter for human development because people everywhere want to be free to determine their destinies, express their views and participate in the decisions that shape their lives. These capabilities are just as important for human development—for expanding people’s choices—as being able to read or enjoy good health. The Report argues that (1) For politics and political institutions to promote human development and safeguard the freedom and dignity of all people, democracy must widen and deepen; (2) Just as human development requires much more than raising incomes, governance for human development requires much more than having effective public institutions; (3) To be plural and independent, the media must be free not only from state control but also from corporate and political pressures; (4) Increased pluralism in global politics has been aided by new forms of collaboration between governments and global civil society groups; (5) International efforts to promote change do not work if national actors feel excluded.

policies which permitted for unlimited political parties licenses, that make election attended by 48 political parties as contestants, and decentralization policy that makes central government lost its effective power to control local government; economic policy that permitted foreign investor to own local bank ownership up to 95% of the shares, and gas and oil policy that enable producers to export their production as much as they wish, regardless about domestic demand for gas to support electricity and fertilizer industry; to social policy in term of drastically abolishing strategic social subsidy, especially in education, health, and family planning. It most probably, for the single idea of political advisor for developing countries as Indonesia was merely promoting democracy in terms of strengthening “civil society” and weakening government in the other. The idea was rejected by Francis Fukuyama (2006) who stated it is impossible to have a strong nation with only having a strong society without a strong government.

Democracy is not just like computers: it needs hardware and software. The hardware is democratic political institution and the software is the democratic political process, and it means political institutions. Furthermore, democracy needs cultural competence. It is about values and beliefs that are not easily found in the majority of people in developing countries, even for the western educated people. The values and beliefs of total equality and total human rights are in the discrepancy toward local values and beliefs. Values are meaning for culture, and beliefs are meaning to the religious side.

The conclusion is that if the government matters, how to make it really matters for people and the nation, not for the elites or regime alone. The answer is it needs a *well-governed government*. This premise leads us toward the second kind of answer.

The second kind of answer is the technical answer. The answer mostly comes from the technical consultant which mostly mentions good governance and some mention financial structural adjustment. Their answers were good, However, to my understanding neither provide the strategic problem solving nor pragmatic solution.

The developing countries in today's globalization need more strategic and pragmatic solutions rather than ideological and technical solutions. The reason is that we are now living in the world of the ended ideology. Perhaps, Fukuyama was right in his *The End of History and the Last Man* (1992) which mentions that the competition between socialism and capitalism has ended with capitalism as the winner. Today capitalism is the name of the game. Globalization is about global capitalism. But, Lester Carl Thurow, an American political economist, former dean of the MIT Sloan School of Management (May 7, 1938 – March 25, 2016), in his *The Future of Capitalism* (1996) was right, too, as he stated that capitalism was heterogeneous capitalism: perhaps US capitalism to UK and Europe capitalism is the same, but there were another different capitalism; there were Chinese capitalism, Japan capitalism, Malaysian capitalism, Singapore capitalism, to Indonesia capitalism. It is not about *ersatz* capitalism (Kunio, 1996); it was just a *different* capitalism, as they are working effectively. In some instances, there are some paradoxes. For instance, the People's Republic of China; this communist nation has been choosing capitalism as their economic way, but still socialism is relevant for China. Mao was right when stated that “no matter if the cat is white or red, as long as she can catch the mouse”. It is not a pragmatic solution, but a strategic-pragmatic solution.

Lee Kuan Yew had chosen to be an “iron hand” to bring Singapore to the brightest nation as it is today. In his interview with The Financial Times 8 September 2010, he frankly stated that he had to do some nasty thing, such as locking fellow up without trial. He did the way because he had chosen Singapore's bright future rather than the luxuries of democracy. Perhaps, in the next century Singapore will become more democratic, but for the majority of people, the name of the game is not democracy, but sustainable welfare growth and national security. Malaysia has the same pathway to Singapore. What are the answers? Ian Austin has mentioned in his *Pragmatism and Public Policy in East Asia: Origins, Adaptations, and Developments* (2001). However, pragmatism alone is not the answer; it must be strategic-pragmatism, as mentioned by Neo and Chen (2009). Strategic-pragmatism is about governance, as noted in *International Herald Tribune* column on 9 February 1998, that:

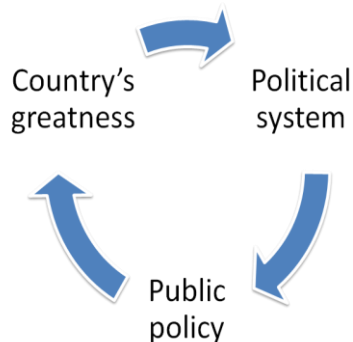
“Democracy does not guarantee that you will never have economic crises. We know that market overshoots. Investors take crazy risks. Good governance is the only real protection. The most non-corrupt, transparent and accountable financial system has been hurt the least. Those who had democratic but corrupt systems were hurt the second worst, but at least have been able to respond quickly by voting in better governance. (But) a corrupt, authoritarian regime can't adapt”.

Governance is not as technically agenda as developed by some international development agencies and advisors, of transparency, accountability, participations, and others. Today's most relevant understanding about governance is about the relationship between governments and citizens that enable public policies and programs to be formulated, implemented, and evaluated, as noted by Gambhir Bhatta in International Dictionary of Public Management and Governance (2006). Excellent governance is where the government succeeds in developing –from formulating to implementing and achieving its objectives—excellence public policy.

Public Policy in the Developing Countries

Developing countries is a definite one. Hence, even though understanding of public policy in the context of the developing countries is perhaps less-attractive toward the public policy scholars, it is increasingly critical as today's premise is: there is never a poor country, there is always a country with

poor policy. In reverse, I would say that the success and failure of developing countries will depend more and more upon how successful those countries are in developing excellent public policies. Indeed,



democracy is important, but it is not anymore, the key to success in making an excellent nation --or a great nation-- as the end result of any political system, including democracy. Public policy is their success factor. Therefore, it was advised that for any project to make excellence for developing countries, the agenda is now moving from “deepening democracy” toward “excellent public policy” (Nugroho, 2009).



China, Singapore, and Malaysia are becoming excellent countries with less and “discounted” democracy, while some other so-democratic countries --not to mention one-- could even reach its minimum level of development. However, some countries that implement democracy, such as Indonesia and India are now becoming the important countries in the world-discourse; and the global appreciation toward their presence and active participation in the world forum are increasing. Thus, public policy is not about democracy or less democracy, but about how the government provides guidance toward their society to enter the future, as public policy is a today's political system's decision to determine what the future will be.

The importance to recognize public policy for the developing countries is ever more challenging as the world has not the same as before, where it might be divided into “the west” and “the rest”; or between “the developed” and “less developed”; as the world now facing the era of unity; as globalization has brought --or perhaps “trapped”--the human civilization in the “giant ship without partitions (or hold of a ship)”, that once we failed, the ship will be sink, and all the passenger will sent into the bottom of the sea. It has just so visible in the crises of global warming, global disease --i.e.



bird flu to swine flu-- energy crises, to economic, and financial crises --as we had in 2008. That is why, the discourse of public policy needs to be enriched, from the “developed-countries-approach” alone, to a “developed” and “developing” countries public policy of cross-fertilization.

Therefore, this introductory book promoted the seminal thesis that the excellence of the nation will depend more and more upon how those nations are able to develop an excellent public policy. To my understanding, the promoted idea toward developing countries is a premise of:

“Regardless of the ideology, political system, its reform and turbulence; regardless of the “democracy” or “discounted democracy” they have; regardless they are nations with abundant natural resources or scarcity, what matters is “how excellent is their public policy!”

Another argument about the success and failure of a nation sometimes comes from the operational-technical understanding. The answer is regarding the infrastructure, market access, and financial resources. At table 1-1 we see that while countries from Asia to Latin America have emerged from poverty, Africa has failed to realize its potential in the 50 years since its independence. Greg Mills, the former director of the South African Institute of International Affairs and one of South Africa's most respected commentators, confronts the myths surrounding African development in his *Why Africa Is Poor and What Africans Can Do about It* (2010). He shows that African poverty was not caused by poor infrastructure, lack of market access or insufficient financial resources. Instead, the main reason Africans are poor is because their leaders have made bad policy choices.

That is why the suggested prompt-action of any developing countries is to develop excellent policies. Democracy and governance are indeed needed in the process of development, but they are a vehicle, since all the output of the political process, no matter what is the political

system, is public policy. It is what all developing countries must be counted on.

What is public policy? We have indebted to many politics and public policy scholars in finding the proper and relevant understanding about public policy. Harold Laswell and Abraham Kaplan (1970) defined public policy as a projected program of goals, values, and practices. David Easton (1965) defines it as the impact of government activity. James Anderson (2000) defines it as a relatively stable, purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern. James Lester and Robert Steward (2000) define it as a process or a series or pattern of governmental activities or decisions that are designed to remedy some public problem, either real or imagined. Steven A. Peterson (2003) defines it as the government action to address some problem. B.G. Peters (1993) defines it as the sum of government activities, whether acting directly or through agents, as it has an influence on the lives of citizens. William Jenkins (1978) defines it as a set of interrelated decisions taken by a political actor or group of actors concerning the selection of goals and the means of achieving them within specified situations where those decisions should, in principle, be within the power of those actors to achieve. He noted that public policy is a goal-oriented behavior on the part of the government, and public policies are decisions taken by the government which define a goal and set out means to achieve it. Michael Howlett and M. Ramesh (1995) defines that public policy is a complex phenomenon consisting of numerous decisions made by numerous individuals and organizations. It is often shaped by earlier policies and is frequently linked closely with other seemingly unrelated decisions. Understanding about social reality is always like five blind peoples who define the elephant. The one who took the head told others that an elephant is like a snake. The one who took the leg said it was like a pillar. The one who touched the body stated that the animal was just like a wall. And the one who took the tail said that the elephant was just like a brush. Thomas Birkland (2001) noted that there is a lack of a consensus on the definition of public policy. I have a preference toward a strategic-pragmatic approach on understanding public policy;

therefore, Thomas R Dye (2005) has provided a more beneficial definition. He suggested the understanding that public policy is whatever governments choose to do or not do. He added that public policy is what governments do, why they do it, and what difference it makes.

What about the difference it makes? It means that public policy must be for the result. To be in the middle of the multinational corporations seeking investment radar, any big cities in the world, surely include the developing countries, has to be in the list of top ten of Economic Intelligence Units (EIU)⁷; a list of most livable cities in the world. In 2010, the top ten were Vancouver and Calgary (Canada), Helsinki (Finland), Sydney, Perth, and Adelaide (Australia), and Auckland (New Zealand). South-east Asian developing country's cities are below 50: Singapore (58), Kuala Lumpur (78), Bangkok (101), Manila (107), and Jakarta (125). President of Eurasia Group, US based, the world most leading political risk research and consulting firm said that the ideal city is city with a politically stable environment, a stable legal system, relatively effective policing of corruption, baseline social harmony, a well-educated local workforce, a broad base and liberal policy environment that encourages the cross border flow of ideas, information, people, money, goods and services. And the only outside of western cities that meets the requirement is Tokyo, ranked 3 among the top ten.

20 World Most Global Cities

1. New York	14. Toronto
2. London	15. Beijing
3. Tokyo	16. Berlin
4. Paris	17. Madrid
5. Hong Kong	18. Vienna
6. Chicago	19. Boston
7. Los Angeles	20. Frankfurt

⁷EIU uses data from Mercer Quality Living Survey which compares the standard of 221 cities based on 30 criteria, benchmarked against New York, with the greatest importance aspects being safety, education, hygiene, healthcare, culture, environment, recreation, political economic stability, and public transportation.

8. Singapore	...
9. Sydney	36. Bangkok
10. Seoul	39. Taipei
11. Brussels	48. Kuala Lumpur
12. San Francisco	51. Manila
13. Washington DC	53. Jakarta

Source: AT Kearney’s Global Cities Index 2010

In today’s world, it is important to put cities' performance as one of the keys of policy accomplishment. First, because all the countries in the world transform into cities’ country, since most of the population are going to the city’s population; villagers move to cities, and village areas change into cities. Second, the city represents the earth’s modern and novel living. Cities become the nation’s representative of their citizens. Third, the city, especially the capital city, is the “shop window” of the nation. It represents the values and facts of the nation. Therefore, city performance is becoming critical in regard to developing the country’s overall performance imagery.

The list of those cities has shown that developing countries have to catch up their policy performance. Thailand, Taiwan, Malaysia, Philippines, and Jakarta are among others. The challenge is “how?” Some of the answers are put down on the political ground, and some are on the too technical ground. Politically speaking, all answers will lead to democracy and liberalization. Technically saying: *All answers will lead to good governance and implementing the most advanced technology of policy making.*



Thus, in regard to the developing countries, the suggestion is a strategic-pragmatic understanding about public policy based on

Thomas Dye's definition. Public policy consists of two basic concepts: policy and public. Policy is an authoritative decision. Decisions made by the one who holds the authority, formal or informal. Public is a group of people who are tied to a certain issue. Public is not the general people or society or stakeholders. It is part of them who connected strongly to a specific issue. Public is also a sphere where people become citizens, a space where citizens interact, where state and society exist. Therefore, public policy is any State or Government (as the holder of the authority) decision to manage public life (as the sphere) in order to reach the mission of the nation (remember, nation consists of two institutions: state and society). Toward developing countries, public policy is any government as well as state decision as a strategy to materialize the mission of the nation, the vision of the nation's leader. Public policy is a strategy to bring the society from today's society, to enter the transition, and finally to achieve the ideal society –that mostly stated in any nation's Constitution.

Public policy is a color which is poured at the upstream of the river. If we pour the red color, the river water will turn to red. If somebody poured poison there, everybody who drinks the water of the river will be poisoned, instantly. Public policy is the rule of the game in any society as a political entity. Life is about growth and order toward welfare and prosperity. There is always life's rule of the game. Even the mafia's society has its own rules of the game. An excellent society must be a society who has an excellent rule of the game. Common people – and sometimes scholars—mention “the rule of the game” as “law”. The Rules of the game are not as simple as law. Rule of the game is public policy since law is the formal and legal form of public policy (Sueur & Sunkin, 2003).

In regard to the definitions, a calling for excellent public policy is a government and state calling for. Public administration may be defined broader than just the government's bureaucracy. It also refers to the state, which includes the three pillars of democracy in any modern country: executive, legislative, and judicial branches of a nation's polity. Surely, public administration can be understood in the narrow

understanding of government. Meanwhile, in some cases, the government can be assumed to embrace all other democratic institutions branches.

Herewith I would like to go into the pragmatic approach that any political entities, public administration, and especially government's most precious tasks are only two; they are developing excellent public policy and providing excellent public services. And, public policy is the first key task of any government, since public services are mostly part of the public policy implementation.

Therefore, the excellence of any government will be measured on how excellent she develops the excellent public policy to bring the country toward the envisioned nation-state when it was founded in her independence and stated in her Constitution. Excellent public policy is the most critical mandate of any Presidents and Prime Ministers around the world since the excellence of the world is coming from the sum of the excellence of every nation in this lovely earth.

Back to the first story on the developing countries origin, there are some countries that have inherited the public administration structure, system, and culture from its colonizer, others have not. However, after about 50 years (and some of there are more) of independence, the issue of competent public administration to proceed and produce public policy is not in relation to the origins of each country's independence mode. Since the world has been so widely open, knowledge, science, skill, and practices are more than possible to be shared together, therefore the issue is now how some developing countries have excellent policies and some others do not. This is what we have in calling.

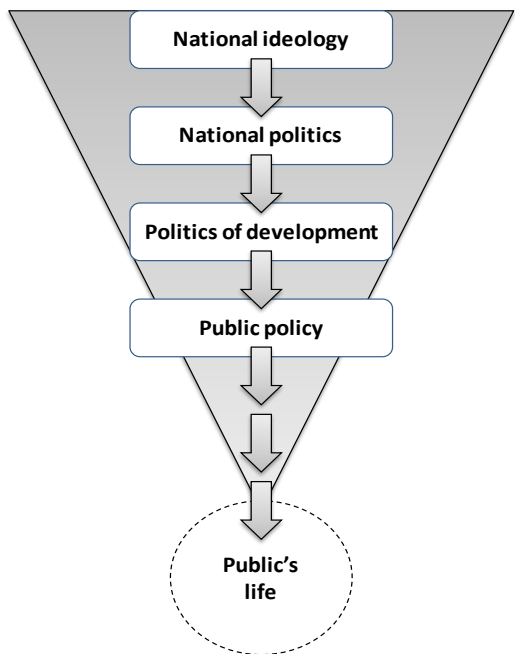
Chapter Two

UNDERSTANDING POLICY: DEVELOPMENT TO CHARACTER

Development is the “name of the game” of every new emerging country –the nations that have just been founded after World War II. It was spreading along Africa and Asia; from Nigeria to Korea; from China to Indonesia. In the 1970s-1980s, this area was named as “the Third World”, to devise from the “First World”, the most developed countries in Western Europe and Northern America, and “Second World”, the Socialist-Communist countries –Soviet Union and its allies. As some of them had successfully transformed the nation from the “third world” to the “first world”, Japan, South Korea, Taiwan, and Singapore, the citation of “third world” was irrelevant anymore. The eloquent word is “developing”, as some of them are developed, some of them are developing, and some others are less developed. However, still, as the new-born countries, those are named as “developing countries: as they have one key character, the choice to have a planned development rather than *laissez-faire* development.

The question is: what is the correlation between development and public policy? Developing countries have chosen their own national ideology. They have been naming their own ideology as close to their identity. Indonesia has chosen *Democracy of Pancasila*; Malaysia has *Democracy of Rukun Negara*. Other countries did not try to find their identity, but follow what was internationally accepted as democracy or communism. China is a communist nation, but their economic system is capitalist, which logically can only exist in the democratic political system.

Whatever their ideology, public policy is the *children of the ideology*. The question is now, how to translate ideology into public policy in the context of the developing countries. In the first place, there is a nation's ideology, as we mentioned before, as the nation's belief on goodness. Political system anchored to the ideology, whoever the given elite. Once political elites are in control, they will develop



their own political beliefs. The democratic parties tend to bring democratic politics, the religious-based political will tend to bring their religious belief into politics, and the conservative bring their conservativeness as the platform of nation's politics, however, all the political platforms are based upon the national ideology. The national politic determines the model of development of the nations.



Indonesia under Sukarno and Suharto administration (1945-1965 and 1965-1998) has undergone the political development of government driven. Under the Habibie administration, there was an effort to change toward people driven. However, it was not successful. The next presidents --Wahid, Megawati, and today, Yudhoyono-- continue to take government driven development.

Surely, there were some differences among those models. Soekarno and Soeharto tend to be less democratic; Habibie, Wahid, Mega, and Yudhoyono tend to be more open to the public. Malaysia under

Mahathir and Singapore under Lee Kuan Yew were the same as Indonesia under Soeharto. However, there were some tremendous changes after those leaders stepped down from their post, replaced by their predecessors. However, still the politics of development in the developing countries is government-led with some changes of a room for public participation. Public policy is the downstream of the nation's politics of development. Using the thinking framework, public policy is the closing stages of ideology; it is the operational concept of ideology of the developing countries that proceeds in the politics of the nation, and then politics of development.

The consistency of policy to ideology determines the success and the failure of a nation. In Asian monetary crises in 1998, Mahathir had chosen to protect the national interest from international monetary intervention. Malaysia kept their currency away from the free market – to get a floating rate. Instead of asking international monetary institutions for any help, the Malaysian government did internal consolidation and used the reserve money and capital in the pension fund which was controlled by the government, as the monetary backup system (see Brawley, 2005: 397-408). Malaysia has succeeded in hiding from monetary crises. Indonesia chose to follow international monetary institution's advice, and the nation get into trap, and get instant bankruptcy in 1998-1999; from the middle income country (US \$ 1.050 of GDP per capita in 1997) to become the poor country (US \$ 350 per capita in 1998-1999) (See Nugroho, 1999; Nugroho, 2001; Nugroho 2009; Backman, 1999; Schwartz, 1999).

Singapore is undergoing tremendous development performance since the nation is consistently developing policy toward its ideology of harmony and prosperity. Malaysia and Singapore have the better opportunity to sustain their policy consistency toward their ideology since there is no political change in the two countries. The political elites are coming from the same organization since their independence, Indonesia has been undergoing dramatic change in 1965-1971, from Soekarno to Soeharto, 1988-1999, the reformation, from Soeharto to Habibie, 2001, an impeachment of President Wahid, and 2004, when

Indonesia has the new direct elected president, and 2009, when the small party of President Yudhoyono (in 2004 less than 5%) in the parliament election (more than 20%, and become majority). Before 1966, the leading party was nationalist party, and then in 1965-1966 there was a transition to communist party, in 1971 led by the “army backup party”, the Golongan Karya (or The Pro Development Assemblage). In the 1999 election, Golkar lost, and the winner was Democratic Party, led by Soekarno’s daughter. In 2004, the winner was the 19 small party coalitions. The biggest party, Democratic and Golkar, lost. In 2009, Democrat Party –Yudhoyono party’s– won the election. In Malaysia, the ruling party is still Barisan Nasional with UMNO in the center of the national coalition, and in Singapore is still PAP, the Lee Kuan Yew party, as the ruling party.

The question then: do developing countries need no political succession in the ruling party of the nation to keep the policy in line with the nation's ideology; in order to keep the development speed on the way to create prosperity to the people? This is a difficult and somewhat tricky question. If the answer is “yes”, by passing on the Malaysia and Singapore story, then what happened to Ferdinand Marcos who led the Philippines and there were still many things left behind. How about Suharto, in 32 years with the same party, how come it ended with the embarrassing and tearful succession in 1998 –he was impelled to resign by a massive student’s demonstration, a series of riots, a severe national chaos, which led parliament pressure to his resignation.

This problem gets complicated with the emergence of the “politics of dynasty”. In India there is the Nehru “dynasty”; Bhutto “dynasty” in Pakistan? If the question is “no”, why Singapore is now becoming one among “the First Nation” even though it was hard to mention that Singapore has provided democracy to the people. Lee Kuan Yew was replaced by Goh Tjok Tong, and nowadays transferred to Lee Hsian Long, son of Lee Kuan Yew⁸. Malaysia’s today PM is son of the

⁸PMs of Singapore were Lee Kuan Yew, GohTjok Tong, and now Lee Hsian Long.

Malaysia's PM in the previous time, the late Tun Abdul Razak⁹. Some of the second generation of the previous PM is now preparing to become next leader, as such son of the late PM Hussein Onn, that now becomes Minister of Home Affair, Hishammuddin Onn, and son of PM Mahathir Mohammad is now becoming Deputy Minister International Trade and Industry (MITI). Indeed, Malaysia now is being challenged by a series of political turmoil, since the status quo has been challenged by the opposition and also by the presence of new difficulties to keep economic growth at the ruling power's promised rate. However, the nation keeps steady its development, and today it performs two pillars of development sustainability by two key programs: ETP or Economic Transformation Program and GTP or Government Transformation Program. Those two are generated under the policy of Tenth Development Plan, New Economic Plan, and One Malaysia policy. How about the Philippines, whose previous President, Gloria Arroyo Macapagal, was the daughter of prior Philippine's President, Arroyo Macapagal, and today President, Aquino, is the son of the previous President, Cory Aquino. President Megawati Soekarno of Indonesia who becomes a president after the reformation was the daughter of the late President Soekarno, the first President of Indonesia¹⁰.

Let the question remain in the developing countries agenda, since the core agenda of us is how to promote excellent polity or the "political elite's entity" of those nations regardless of the power: status quo or changing elites. In some view, it might become a naive way-out, since policy is highly related to power. However, by believing in goodness, there is always an enormous effort of any ruling power that exists on behalf of the people.

Public Policy: "What for?"

The difficulties to define the public policy objective come from the different interests and backgrounds of the scholar who defines it. In

⁹PMs of Malaysia were Abdurrahman, Abdul Razak, Hussein Onn, Mahathir Mohammad, Abdullah Badawi, and now Najib Razak, son of Abdul Razak.

¹⁰Presidents of Indonesia were Soekarno, Soeharto, B.J. Habibie, Abdurrahman Wahid, Megawati Soekarnoputri, and now Susilo Bambang Yudhoyono.

the context of developing countries, the more relevant definition of the objective of public policy is to arrange it upon the resources concerned. This is because public policy is in regard to resource allocation, because there is always an expense in any effort to manage anything to get the value of that managed-thing. Policy objective is also defined in an opposite concept since any policy is always in the extreme of two poles between the *agreed* and the *objection*.

The first objective of public policy is to distribute national resources, which includes redistributing one, and in the opposite is to absorb the national resources. Herewith we may come to the first objective of public policy: it is to distribute versus to absorb. Tax is the only effective and the most accepted government revenue. It is a policy of absorption. Absorptive policy is also named as extractive policy (Kolb, 1978: 226). The absorptive policy aims to support the distributive (and redistributive) policy, such as social subsidy, poverty eradication, to government expenditure for public education, housing, and health care. If the distribution is effective, there is no need for second phase distribution, or redistribution. Sometimes, redistributive policy is not effective, therefore the government carries out the next-distributive policy as a redistributive one. The policy of reallocation of resources of the military to education is presumably a redistributive policy in term there is a correction toward the previous distributive policy. Distributive policy also identified as allocation policy, meanwhile redistributive as re-allocation policy.

The second cluster of the objective of public policy is to *regulate* and *liberate* or *deregulate*. The regulative policy will –as its names— regulates, orders, creates control, standardizes, legalizes, or makes conform. Most of the policies are understood to have this objective. In reverse, deregulation policy is policy which releases, looses, discharges, or liberates any regulative policy. This policy was popular in 1985s after UK's PM, Margaret Thatcher, introduced privatization in all UK's state companies, and it became a worldwide accepted idea. The era of privatization heightened in 1998/1999 when the International Monetary Fund imposed a “structural adjustment package” to any developing

countries which had financial problems in Asia. The package that derived from the idea of Prof. John Williamson that is famously named as “Washington Consensus”. The conditions were *price decontrol, Fiscal discipline by reducing government budget; Public expenditure priorities, tax reform, financial liberalization, floating exchange rates, trade liberalization, domestic saving, dismantling negative investment list policy for foreign direct investment, privatization government corporation, deregulation, and property rights*. The idea was well-accepted by the IMF and became a concept of “structural adjustment package” for any countries seeking help from the IMF, and any financial stimulus package of the IMF well-known as a “Structural Adjustment Loans” (SALs) (Brawley, 2005). The core of the package was deregulation and privatization. They became the “magical stick” of IMF and the World Bank policy to remake the world’s economics. Washington consensus has been receiving heavy critics (see Stiglitz, 2002) as being neo-liberalizing the rest of the world, especially developing countries unwisely, even Williamson has noted that his idea was not to bring the world into a total liberal’s world, because Washington Consensus was originally formulated not as a policy prescription for development, but was a lists of policies that were widely held in Washington in 1989 that were desirable for implementation in Latin America (see Nankani, 2004). Deregulation policy is not a bad policy, since it was promoted at the right time, right place, and right subject.

The third cluster of the objective of public policy is dynamics and stabilization. Policy objective is to stabilize. Soeharto of Indonesia, Mahathir Mohammad of Malaysia, Lee Kuan Yew of Singapore, and Deng Xiaoping of China, had the same problem managing the country: there was too much instability. In Indonesia, for example, under the “old regime” –Sukarno’s presidency, the cabinet had turned over in an average of 3 months. Nothing could be done but chaos. General Soeharto took over the country with 650% of inflation in 1966, and during his presidency, all the policies were based on keeping political stability. It was the same with the other Asian developing nation’s leaders at the same time. Stabilizing the political system was luxurious in many developing countries –even until now for some countries in

southern Asia and most of the developing countries in Africa. However, stabilization is freezing. Dynamic is the name of the game. In 1999 Indonesia underwent democratization. Now, Indonesia is perhaps the most democratic country in Asia with the most stable political system. Therefore, the aim of the public policy in today's Indonesia is making the nation "dynamic".

The fourth cluster is strengthening the state versus strengthening the market of objectives. Market strengthening policy is widely accepted globally as liberalization is today's name of the game. It is a choice to foster economic development. Indeed, the market is the key driving force for economic growth around the world. Since 1995, Indonesia's economic growth engine has been the business sector. In today's Malaysia's New Economic Plan, the business sector is being requested to contribute more than 90% of investment. Singapore, Taiwan, South Korea, China, are proof of the rightness policy aim of strengthening the market. However, strengthening the nation is also a new agenda for the developing countries, as to mention Francis Fukuyama's findings on his *State Building: Governance and World Order in the Twenty First Century* (2005) that today the world needs a strong government and state to support the strong society and market. Fukuyama is right when he reminds us that a weak, incompetent, or nonexistent government is the source of severe problems. Lack of state capacity over the poor countries haunted the developed world. Fukuyama (2005) has been beginning his analysis on the role of the states in development by posing this question: "Does the US have a strong or weak state?"

In sum, we might conclude that the objectives of public policy are:

- a. distributive versus absorptive
- b. To regulate versus liberate
- c. stability versus dynamics
- d. To strengthen the state versus strengthen the market

We may develop the objective cluster into the idea behind the objective. If the agenda is about resource allocation, the objective will

be “to distribute or to absorb”. If the agenda is about mode, the objective will be “to regulate versus liberate”. If the agenda is about strategy, the objective will be “to stabilize or to make dynamics”. And, if the agenda is about mode, the objective will be “to strengthen the state or to strengthen the market”. The objectives are also depending upon who is the main objective: state or society.

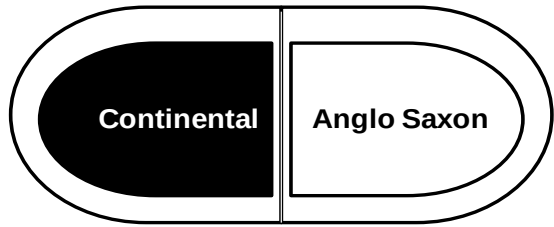
Issue	Objectives (1): state interest mainly	Versus	Objectives (2): society interest mainly
Resources	to absorb (absorptive)		to distribute (distributive)
Mode	to regulate		to liberate
Strategy	to stabilize		to make dynamics
Focus	To strengthen the state		to the market

In practice, developing countries have been using all of those policy objective balance and combining, to keep pace of the development process. It means that any public policy must have more than one policy objective. It is underlining the principles of balance and equality to keep all the actors in the nation, state and society, to work together in achieving the mission of the nation –the beliefs on goodness which they hold in mind and heart.

Public Policy Paradigm

As a learner and practitioner, it was found that basically there are two paradigms of public policies in developing countries, first is the paradigm that sees that public policy is the government's task alone; secondly, who sees public policy as interplay between government and society. The first paradigm sees that public policy is the derivative of law (or *rechtorrar*), and comprehends policy as law, especially public law, or it is assumed as interchangeable to administrative law. The second paradigm tends to see policy as derivative of politics, especially

democratic political
process, and sees it as
interaction –even
agreement—between
two key actors in every
nation: state and



society. The first paradigm is simply named as continentalist, and the second as Anglo-Saxon.

The continentalist approach¹¹ tends to see public policy as law or at least as cascade down of law, where the role of government is to make law and society must follow that law. The “law’s understanding of public policy” I have found in the European continent, by seeing that in those areas were not founded “policy science” but “law” or “government” or “politics”. Policy is even closer to “politics”, therefore in terms of “policy” it is practically understood as “law” than politics itself. It was my experience in Germany, France, Dutch, and Sweden. Perhaps, we also have difficulties to find the synonyms of policy in some major languages on the European continent.

In this approach, policy is considered as the government's task and interaction among state institutions. Public participation is something instrumental or peripheral. I might be wrong, but this is how Indonesia’s policy making has been conducted until today. It was the Dutch administration who taught Indonesia's administration. Public participation was not named in the process. Indeed, but as a supplement.

Using the assumption that the practices were coming from Netherlands’ colonization administration, it might be traced back toward the influence of France in the Netherlands and many countries in ancient Europe. French’s Emperor Napoleon Bonaparte had put the foundation of *Napoleon’s Code* in 1807 –the draft has been prepared since 1793—which noted that it has been influenced by Roman’s law of

¹¹ For discussion on “Continentalist” see i.e. Jacques Ziller (2003); Fabio Rugge (2003).

Corpus Juris Civilis. Regardless of the content, the policy process was believed as “state is making law, and society (shall) is following the law. The law-making model of public policy was strengthened by Otto von Bismarck of Germany in 1871. The Napoleon policy paradigm has influenced all the European countries as France expanded its territory, to Italy at the south to Dutch, Belgium, and Poland at north.

The principle of “society in order” has underpinned the political system. Law and order were the main theme of European countries at the age of 19. This model explained why Hitler successfully brought Nazi as an extreme model of Germany’s total-state led political system, as well as Italy under Mussolini. In the most extreme point, the continentalist is implemented under the different political ideology in Socialist-Communist countries, from the Soviet Union and its satellites of Eastern Europe in the previous time, and still followed by Cuba, North Korea, and in today’s most growing country: People Republic of China.

Back to ancient Europe, the continentalist paradigm built up under the democracy system and political practice of “*Trias Politica*” that differentiates between legislative, executive, and judicial powers. In the different view point, the system was following the elitist political system, since the power holders of those political institutional branches mostly come from the elite communities in the social, political, and economic context. The French’s “*Trias Politica*” was somehow may be assumed as rationalization of the sovereign aristocrat’s community –an effort to gain public trust. Indeed, in the next stages, the democratic political system is able to deliver the more equal and egalitarian “political power circulation”, as dreamed by French revolt slogans of “*Liberty, Equality, and Fraternity*”.

The European administration inherited this paradigm. Some scholars from Europe and Europe are educated mostly with the word and concept of “law” rather than “policy”. Law is about state task and function, policy is an agreement between state and society. Is it a problem with European public policy? It was not. Actually, there was nothing wrong with the approach, except there was a competency,

high standard of morality, integrity, and discipline inside the lawmaker –the government—plus efficiency of bureaucracy. Public participation in policy making “goes without saying”.

In today’s Europe, indeed public participation is being the key for policy making, even less of word of participation. Public policies are close to ideal, since the quality of government officers to parliament members, and therefore the country’s leader, are excellent, whereas mass media, interest and pressure groups, have been playing an important role as a mechanism of checks and balances to the government. Democratization in the European continent in post-World War II has strengthened the prominent policies. Indeed, there were the same failures, but the policy process was not let alone as a de-voiceless context.

Some of the continentalist prominent thinkers include Prof. Wolfgang Merkel and Prof. Rainer Pitschas. Merkel was member of the *Bertelsmann Stiftung*, member of *Wissenschaftlicher Beirat Beim Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung* or *Board of Advisor of the German Federal Ministry of Economic Cooperation and Development*. Pitschas is professor of Post Graduate School of Administrative Sciences Speyer, Federal Republic of Germany. He has visited Indonesia for some occasions to give lectures. He wrote *Trusted Governance Due to Public Value Management: Public Governance in Europe between Economization and Common Wealth: A Value-based Concept of Public Administration* (2006).

How about the developing countries that practice this model? The problem is: that *ceteris paribus* does not exist in many developing countries. The Continentalist model, which might be named as combining the model of “institutional”, “group”, and “elite”, turns out to be the core of policy problems since most of the developing countries have fewer visionary leaders and elites, discipline of bureaucracy, and integrity of parliament members. Mass media unable to represent people’s voice, non-government organizations are expressing foreign interest –their supporting donors—businessmen

playing their own interest, and policy makers as well as lawyers are transforming from professional to become partisan. “Public policy” loses its important part: “public”. The country is in danger, since there is a Russian proverb which says: “A fish rots from the head down”.

We have the tentative conclusion, ex-continentalist-countries-colonies, such as Indonesia (Dutch), Vietnam (France), Philippines (Portuguese), and some countries in South America and almost all of Africa, are in solemn problem because of practicing continentalist policy paradigm in the different context –a context of less needed *ceteris paribus*. The question is: how about other countries?

There is another paradigm that might be named as the Anglo-Saxon model¹². Intended or unintended, the approach was derived from the beliefs of democracy, even though in the “primitive” form. The paradigm was believed to come from the British tradition of policy making which started in ancient England at the age of 12 when King John was the King of England. In 15 June 1215 King John released Magna Carta, a King’s stamped document which stated that in making decisions the King shall listen to the aristocrat’s consideration, and the Empire apparatus shall not threaten people arbitrarily. In Magna Carta, which comprised of 63 articles, among others stated that “*No free man shall be taken or imprisoned or disseized or outlawed or exiled or in any way destroyed, nor will we go or send against him, except by the lawful judgment of his peers or by the law of the land*” (article 39), and “*To no one will we sell, to no one will we deny or delay right or justice*” (article 40).

In British modernism, John Stuart Mills (1806-1873) wrote *On Liberty* (1859) which stated that individuals have the same rights and freedom. The concept of egalitarianism was firstly exercised as a relationship between individuals, then developed into a relationship between individual and state, and lastly between society and state.

¹² For discussion on “Anglo-Saxonist” see i.e. Paul Craig (2003); Larry S. Luton (2003).

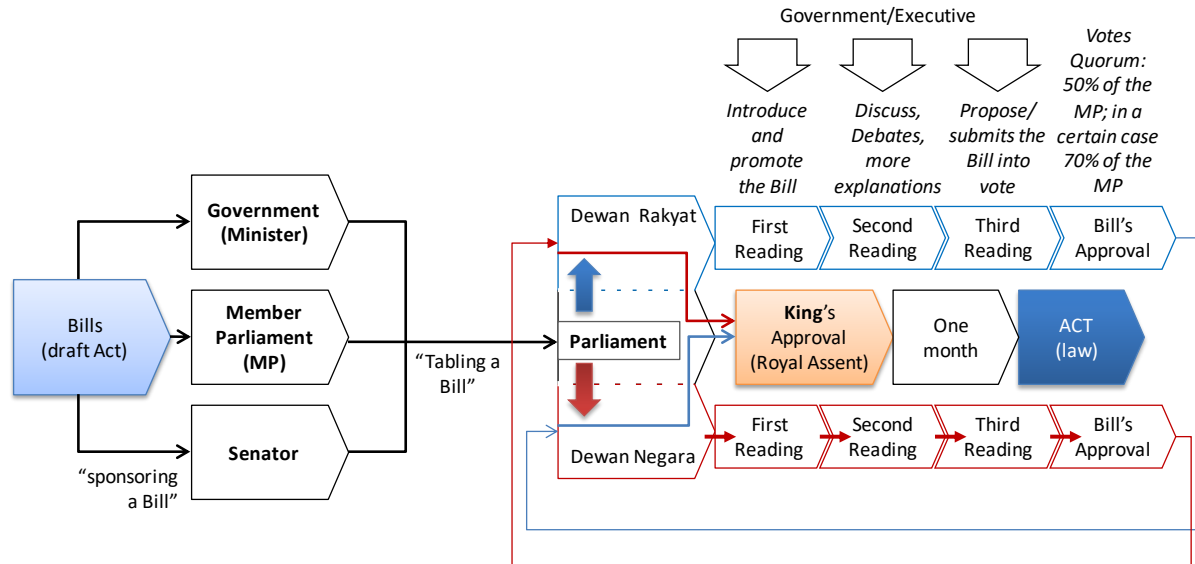
Libertarianism was the driving force of Anglo-Saxon policy paradigm groundwork.

Libertarian beliefs founded the United States as an independent nation-state, as a different architecture of political system compared to Europe. The US consisted of immigrants from many countries, ethnicities, and many others of diversity. The right of the citizen was the first among others principles. Therefore, the US Declaration of Independence stated strongly on egalitarianism of all the citizens –even in the first phase the so-called citizens exclude native people and colored people, especially black people. The US political context was different immensely to Europe. The citizen and state have equality, therefore any policy made by the state must be in the manner of agreement between state and society. Policy is an interplay process between individuals in the society, as individuals or groups, of the nation.

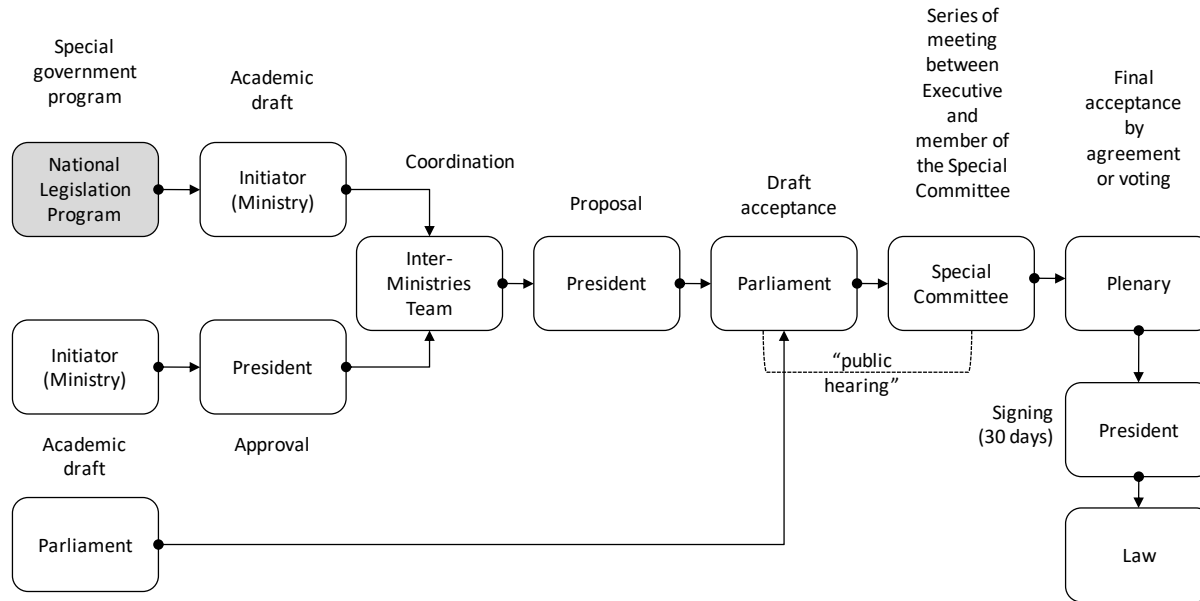
The Anglo-Saxon model therefore, sees public policy as a political product, in which the political process is understood as democracy, whereas there is a participatory process in the inside. Good governance which is exercised today was the extension of the understanding of good public policy in the formulation, implementation, and performance appraisal.

Therefore, there is a next assumption, that developing countries which were formerly colonized by European continental countries, such as France, Germany, to the Netherlands, practice the continentalist model of policy paradigm, while developing countries which were formerly colonized by British practice the Anglo-Saxon model of policy paradigm. Let us see the policy making model in Malaysia, which is an ex-British colony, and Indonesia an ex-Dutch colony.

Malaysia generic's model of policy-making



Indonesia generic's model of policy-making

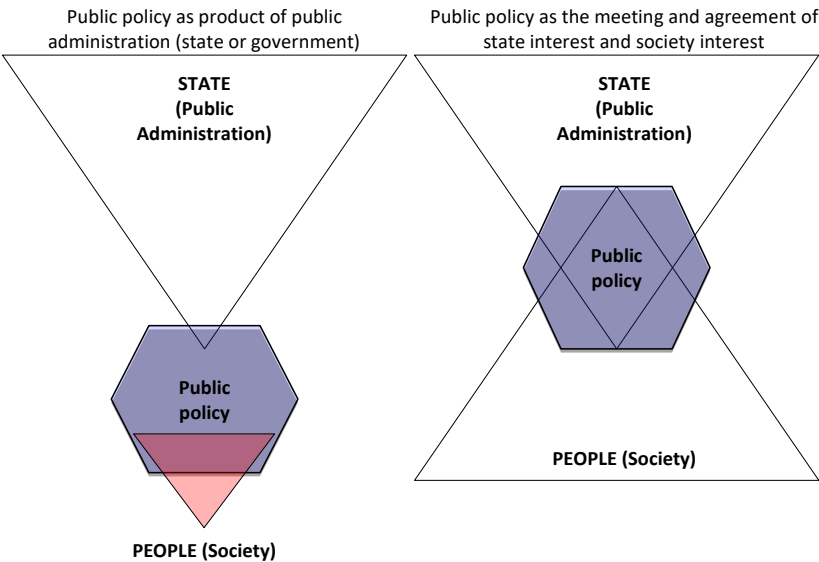


We see that there is nothing much different between those two policies. The both were institutions driven, either from the executive or legislative side, and less included the public side, which means a “continentalist” approach. Malaysia has a British background; Indonesia has a Netherlands background; the question is: why do they have the same model? If Indonesia becomes continentalist, it is understandable, but how about Malaysia, in which the British are Anglo-Saxonist. There was no clear answer, but one possibility is: the developing countries' regimes inherited their ex-colonizer's way of doing policy. For the colonizer, they did not need to ask the people whether the policy was good for the colonized people or not; they just had an unfree society; a colonized one. Policy means what colonizer's want, and no need to include public participation, since public for them was their people in their homeland, not at their colonies. The culture has been strengthened under an autocratic regime in most Asian countries, especially in 1970s-1980s, where ideological developmentalism was in place; where the first world leaders neglected that developing countries should be democratic or not, as long as they could take any economic and political benefit. Continentalism and the belief and practice of the political system were hand in hand.

Asian crises in 1998 led to the fall of Indonesia's autocratic regime. The change in Indonesia, as the biggest country in south-east Asia, has turned its neighborhood to transform the policy making from the continentalist of the frame-work of continentalist, toward Anglo-Saxon. Indonesia's policy making has become transparent and participatory. Policy of transparency and accountability on government practices has been introduced since 1999 and turn Indonesia as the most democratic (and stabilized)¹³ nation in Southeast Asia. Nowadays, the surrounding developing countries are turning their policy approach toward the Anglo-Saxon model. In Malaysia, PM Najib introduced the “Economic Transformation Program” as the New Economic Plan and “1Malaysia”

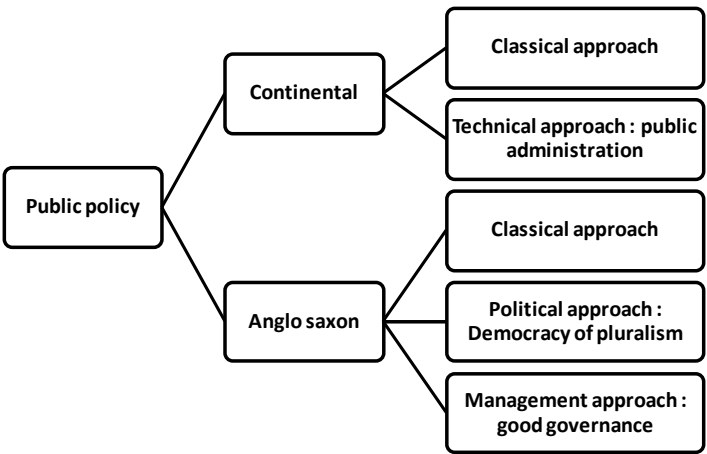
¹³Note: in Asia and most developing countries, democracy is the reverse of stability. India, Phillipine, Pakistan are more democratic, but less stable. Therefore some countries, such as Malaysia, Singapore, and China, are hesitant to transform their political system into democracy.

policy which are promoted openly to the public for input and criticisms in the internet and a series of public discussions. PM Najib is also introducing Economic Transformation Plan which is promoted in a series of public debate along the nation¹⁴. In Indonesia, the process of national policy planning has been accomplished through the bottom up process, starting from village level, to the district, city, province, then national meeting. The process involves citizens to the President.



differentiation of continentalist and Anglo-Saxon is relevant as an understanding that there is a top down approach and there is a top-down and bottom up approach.

However, since public administration science has promoted that policy as its products alone, the technical approach of public policy seems to be attached to the continental paradigm. The emergence of democracy, pluralism, and good governance has turned the policy paradigm toward a top-down and bottom-up approach, and therefore an Anglo-Saxon's one.



The quest for the best paradigm led toward the challenge of the continentalist model. However, will power let alone his privilege? Let alone society and individuals take over some part of their sovereign? This is a developing countries' biggest challenge. Regardless they are named as continentalist or other, but as long as they have the same pattern, still there is a hesitation.

Developing countries shall rethink their today and tomorrow's policy paradigm to achieve excellence. The choice is not about continentalist and Anglo-Saxons, but more toward the excellence of the public managers, including those who lead and manage the three political state branches of executive, legislative, and judiciary. According to American businessman Warren Buffet, the characteristics he seeks in a

manager is intelligence, hard work, and integrity, and then said, “If you don’t have the third, the first two will kill you”.

The Policy and Law

The unproductive debate is questioning the difference between policy and law –or *public law*. The “streetwise” answer is: *policy tends to guide; law tends to bite*. Public policy was formulated by the idea of creating a better society; meanwhile law was created by the idea of prohibiting some societal conduct. Policy imagines the society as a better one, so the aim of policy is to move the society. Law imagines the society consisted of good people, but also many bad people, therefore, the aim of the law is restraining.

However, is there any connection between policy and law? Indeed, there is a discourse of policy paradigm of continentalist and Anglo-Saxon, but the link between policy and law is as clear as Andrew Le Suer and Maurice Sunkin (2003) noted that law is the end form of public policy. Law is a formal and legal legitimating toward policy to make it having legal bounding to the public life. It gives policy a legitimacy of the effort to achieve the nation’s mission and leader’s vision. However, there is also another explanation for the sake of the society in regard to legalizing the policy: it is an effort to limit government power, as modern government is not an unlimited government. It states by Suer and Sunkin:



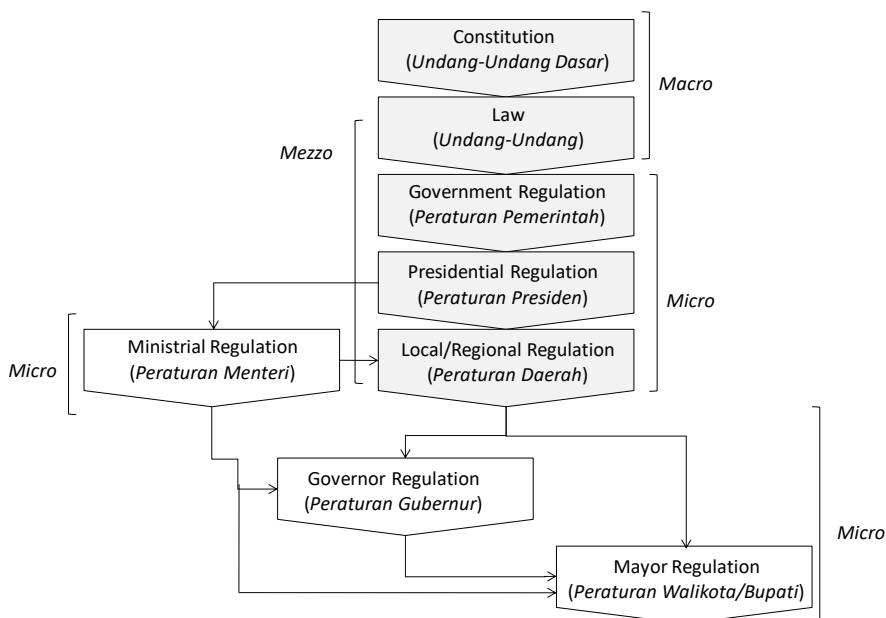
“The main legal stages reflect two fundamental roles performed by law in the constitutional system. In one the law, in the form of legislation, may be seen as a tool which enables the government to pursue its policies. In the other, law in the

form of legal principles enforced by the courts becomes a mechanism for controlling government power. The principles of limited government... there is the legal limit of government”

In regard to Suer and Sunkin, the first step for policy process is identification of a problem needing government action, followed by the second step, government proposes a policy, thirdly, law as process of providing legal authority for policy to be applied, fourth, applying policy, and the fifth is facing the political and legal challenges to policy implementation.

In short, a policy without law’s form has no power to implement. Legal legitimating is critical as modern democracy has called for public accountability. It is about what the formal agreement has been written to the public shall be accounted to. The policy process in regard to law will be policy making, law making, and finally public policy becomes law. General word named the “public policy as law” as regulation, as an exact of written regulation.

Back to the “streetwise answer”, we may find that “law that generated from policy” tends to guide and promote better society, and “law that generated from law” tends to restrain and control. Which one is better? We need them both. In the certain arena, we need the first form, as to development, and in the different areas, we need the other form, as to maintain order and security –such as law on crime and corporate law. In the discussion of public policy, we tend to see the first understanding – as regard to Suer and Sunkin-- law that generated from policy.



There are two models of policy as a law form in developing countries. The first model is probably derived from the continentalist model, as Indonesia's experience, which the beliefs stated that Law shall be *macro*, because there will be some detailing in the lower regulation. The lower regulations consist of two levels, middle, and lowest. Therefore, the structure of the policy as law is structured into *macro*, *mezzo regulation*, and *micro policies*. Macro is the guiding policy, mezzo is the intermediate policy, and micro is the implementing policy. We might take Indonesia's policy structure. At the top level, there is the Constitution, as the macro level policy. Below the constitution is Law; that can be assumed as macro policy and sometimes assumed as mezzo policy, too. Below Law is Government Regulation as a mezzo policy and sometimes acts as micro policy. Below Government Regulation is Presidential Regulation as a micro policy, then Regional or Local Regulation (RoR), as the micro policy. Actually, in the regional context, RoR is assumed as a macro and mezzo policy that needs to be detailed in the form of Governor or Mayor Regulation. At the national level there is Ministry Regulation as micro policy of Law and Government Regulation.

In this structure, one policy has its macro, mezzo, and micro structures. For example, a policy of Investment: there is Law on Investment, Government Regulation on Investment, Ministry of Investment Regulation, Regional Regulation in Investment, and Governor or Mayor Regulation on Investment. The problem is: a single policy in the national level takes time to get implemented, since implementation will be in the local, and all must be a complete cascaded down of policy structure.

This model is rather different to countries which are ex-British colonies, such as Singapore and Malaysia, whose policy is a “one stop service policy”. A Law detailed into the implementation so it doesn’t need another exemplifies policy as its implementing tools. This model is also implemented in Anglo-Saxon countries such as the US, UK, and New Zealand. However, actually most of the developing countries prefer to adopt the hierarchical structure of policy as practiced by Indonesia.

In regards to simplicity and time-effectiveness, it will be a tremendous change toward the Anglo-Saxon approach with the basic understanding that if any policy, especially Law, could be made into the detail, so be it. There shall not be any macro, mezzo, and micro. Today, there is a shifting paradigm in some developing countries. Indonesia has developed Law on Decentralization (Law 32 Year 2004) which has detailed into the implementation. However still, there are a lot of efforts at the level of the Ministry, especially the Ministry of Home Affairs, to develop its mezzo and micro policies, even though it merely duplicates the articles in the Law.

After this understanding, we now come into the question, is law the only policy form of public policy? For developing countries, the answer is NO. Therefore, we have the next discussion.

The Form of Public Policy

As we have discussed, the first form of public policy is law. There is a shared agreement that so-called public policy has the end-shape of law. The fact is, in developing countries, public policy is not always a law.

There are two other forms of public policy, that seems to be unreasonable, that effectively exercised, and sometimes replaced, the formal public policy in law-shape: the speaking of public leaders publicly and the behavior of the leaders.

In developing countries, in which paternalistic value is as strong as democratic value; turns us into two other models of public policy. “Paternalism” comes from the Latin PATER, meaning to act like a father, or to treat another person like a child (Suber, 1999). In reality, paternalism is more than “acting like father” and/or “treat other person like a child”, but it is a vice-versa action between leader and follower, which is in one side leaders act like father and treat follower as children, on other side, followers see, perceive, and ask the leaders to become more than a leader, but also a father which encompass all the function of father-ship and leader-ship. In fact, leaders must lead, protect, set example, caring, loving, and giving. The followers are doing whatever the leaders are saying and wanting. This relationship is more than “patron-client” relation as regard that the relation among “patron” and “client” is a transactional relationship in the economic sense. Paternalism includes patron-client, because it has meaning from economics to culture. In developing countries, leaders are seen as representing goodness. In the normal condition it is good, but in the exploitative context, the system will crack down.

Paternalism has emerged in most developing countries' political systems, from the “first world nation”, such as Japan, South Korea, and Taiwan to Singapore, leaders so matter. Therefore, in the context of public policy, there is other policy than in law form: the statement of the leader and the behavior of the leader. It comes to our premise that the next policy shaped in the developing countries is the government's leader statement. A statement of the President, Prime Minister, King, Ministry, Governor, or Mayor is a policy. It will be followed by the people for two reasons: conventional paternalism, and rational paternalism.

Conventional paternalism is a paternalism that is understood as the

inherited culture of the traditional society. Leaders are not merely “leaders” but also “king”, “father”, “judge”, to “guardian angel”. He or she provides the guiding-rule, obligation to people, set examples, and gives prosperity. The surrender of the people to the leader has derived from the cultural beliefs. Thus, paternalism at the very early understanding is not a leader who stipulates his will toward their followers, of whatever will and in whatever way. It is not about the compulsorily approach of the leader alone, but the belief of the people who surrender to the leader as a cultural and societal calling.

The rational paternalism is paternalism by the emerging of the rational platform and is accepted in the modern values. The core of the understanding of leadership is a “followership”; it means the people follow leaders. The followership is derived from the fact that the meaning of the leader is *leading*, and there is no *leading* without obedience of the people who are being led. The leader in modern values also sets a set of examples –as one of many attributed characteristics of a leader. Indeed, Max Weber mentioned “authority”, which means “legal to power”, which was differentiated into *traditional authority*, *rational authority*, and *charismatic authority*. Regardless of authority, the basic identity of a leader is he or she embeds with a follower's loyalty.

Mass media in the modern world has been becoming a central instrument for enlarging the rational paternalism among modern society by exposing their ideas, speaks, words, examples, behaviors, and also their exclusivity. The principle of “man makes news” has generated the basic belief of public exposure only to media which exposed “man-maker’s news”; and they are the leaders of the society, from the traditional one, modern, to the unspoken society’s leader. The traditional one is the opinion leader or in other word stated as informal leader; they are social leader, religious leader, and other types of opinion leader. The modern leaders are the head of any organization, from tribes to the business, government, and not for profit organization, from schools and universities to the hospitals and social working organizations. The most quotable leaders are political leaders,

especially the executive branch of political institutions: The President or Prime Minister, followed by their ancestors: ministries, governors, majors. In the global context, the statements of the heads of the global institutions, such as the United Nations, The World Bank, and the International Monetary Fund are the most quoted. The world's predominant countries' leaders also dominate the world of paternalism. The speeches of the US President and US Central bank are echoed by mass media across the country and followed by the rest of the world.

If the modern world has followed paternalism, even in terms of rational paternalism, moreover the developing countries. The statement of a leader becomes the truth and followed by society, even without further considerations. Why is paternalism well-accepted even in modern society? Because leaders set policy agenda, and every policy agenda issued by leaders it instantly becomes the “real policy” –a legal formal form of policy. Leader then becomes “the agenda setter”, by himself or extrapolated by mass media through their massive publication. The rational paternalism in the developing countries has been happening even stronger than in the developed countries, since it combines with the traditional paternalism. Therefore, the speaking of the public leaders publicly is the second public policy in the developing countries.

The third form of public policy in the developing countries --and mostly unspoken-- is the behavior of the public leaders. The list of the corruption perception index published by Transparency International figured out the “unseen policy” but “effectively



practiced” on the developing countries at the last of the list. The public policy in those countries is supposed to be “money policy”; it means the policies contaminated by corruption. I may conclude that Indonesia, my hometown country, has had the same problem some years ago. The corrupt behavior of the ruling elites cascaded down to the people as

we noted that public policy is coming from the belief in goodness. If the leaders believe that corruption is OK (therefore, good), and they practice it in their daily life, it will turn the belief of the society that corruption is OK. The bribery and corruption will be living side-by-side in harmful “harmony”.

The other small behavior that sets examples among society is smoking. Most of the developing countries fail to promote laws which restrict – moreover prohibit—smoking. Singapore has succeeded. Malaysia is not as successful as Singapore. Indonesia, Philippines, India, Pakistan, and Bangladeshis are examples of the failure. They failed because the leaders are willing to smoke and legitimize that smoking shall be OK¹⁵. That is why, the law on tobacco failed in Indonesia because most of the parliament people are heavy smokers –regardless there are some issues of successful lobbying by the cigarette companies, including the international corporations’ companies, in Indonesia to the policy making process.

Policy of Development

The specific policy for developing countries is the policy of development. There are three characteristics of the policy of development. First, it is aiming to achieve the nation’s mission to develop the society to catch up with backwardness, especially compared to the developed world. Table 1-1 has shown that countries that got their freedom in the 19th century –post World War II—were poor countries. Therefore, the focus of the countries was development. It has been transformed from a strategic action to an ideology. The idea of catching up was in-line with the idea of lifting-up the condition of poverty in the society and the low financial and budget capacity of the government. The ideology of development has turned development as an overarching strategy into the economical approach. Therefore,

¹⁵In Indonesia, the biggest sponsor for sport is cigarette companies –two from the biggest five are transnational companies of US and Europe. It is easy to find smokers among the athletes and sport trainers in Indonesia. The bill of tobacco then ratified by parliament but the word that “tobacco is harmful” which was stated clearly in the bill have been erased.

development then meant economic development. It was acceptable, since the first priority of humans is economic welfare which starts from the basic human need of food, clothes, and shelter, to the secondary need and luxuries. Policy of development was the economic policy, and all other policies, such as political and social policies, were entitled to those policies.

The entitlement of policy on political development to economic policy has been shown by the effort in many developing countries to limit political participation, as taught by Samuel Huntington in his *“Political Order in the Changing Society”* (1965). Indonesia, Philippines, and South Korea are some of the developing countries which implemented the model from the 1970s to 1990s. Singapore and Malaysia have implemented the approach from the 1970s until today, as I mentioned as discounted democracy. Indeed, they are now changing a lot, but the pattern is not changing much. China is still in the political control model. It means that political policy is all entitled to keep the political process under government’s control so economic development can sustain and achieve public economic welfare. This choice has been made since some developing countries that chose political development as the center (and not economic development) proved as less developed ones, such as India, Pakistan, and Bangladesh. Indonesia had the same experience in 1960-1970. Indeed, there are some developing countries that keep political participation low, but they at the very least in its economic development, such as Burma (now Myanmar), Laos, Cambodia, to many countries in Central America and Central Africa. Those countries have been less developed compared to Malaysia and Singapore since the policy on political development is not entitled for economic development, but political development policy for the sake of political development alone. It means that the political development’s choice is to keep the ruling elite at the power ship.

Asian HDI, Wealth, and Democracy in 2010

Country	World rank	GNI per capita (PPP 2008 \$)	Democracy (score 0-2)
Japan	11	34,692	2
South Korea	12	29,518	2
Singapore	27	48,893	2
Brunei	37	49,915	-
Malaysia	57	13,927	1
Sri Lanka	91	4,886	2
Thailand	92	8,001	2
Philippines	97	4,002	2
Indonesia	108	3,957	2
Viet Nam	113	2,995	0
India	119	3,337	2
Pakistan	125	2,678	2

Source: UNDP, 2010

The understanding of policy development as economic development at its center of public policy has been in the developing countries since the 1960s until today. The difference is today there is a greater effort to make a balance between economic development and other policies, especially social policy. The idea of balancing economic policy to social policy mainly stems from the findings that economic policy alone has turned people and society toward a materialistic and let alone their humanity. Critics of development in 1970-1980s changed the face of the policy of development in the developing countries. Education, health care, children, elderly, disabled, poverty, and women's issues which turned into gender equality, has been coloring the new era of policy on development. The political reform has been coming as the new need of the society in the 1990s altogether with the demand for good governance. Policy of development is going in balance between economic alone to social and political. It has happened in the great change, such as in South Korea, Iran, and Indonesia, to the change in the limited areas such as Malaysia, Singapore, and China.

China, as a case, at the third quarter of 2010 has formally stated that they have shifted the single focus policy to the balance with social development. The communist party leadership closed a conference on Monday 18 October 2010 with calls for “accelerating the transformation of the nation’s economic development pattern” and “putting more emphasis on securing and improving social equality and justice” (The Wall Street Journal, 24 Oct 2010: 14). The changing policy was reportedly driven by the dawdling of economic growth combined with the reached agreement by the ruling Communist Party and the coming political succession.

Indeed, there is greater understanding to change the development focus from economic alone to economic and other development, but in reality, the center of the policy of development is still economic development, whatever change has been taking place, and it will be the mainstream understanding and therefore policy of development in the next decade. There are two interconnected reasons: first, the world accepts success and performance in the economic sense, such as Gross Domestic Products (GDP) to GDP per capita as the reference of categorizing developed and less developed countries. The list of the richest, rich, middle, poor, and least countries of the global institutions, such as The World Bank and International Monetary Fund, has been the global most accepted reference, with the strong reason: economic indicators are the most objective assessment of performance. That is why, it leads toward the second reason, that most, if entirely not a wise word, the developing country’s policy makers eager for economic development because it’s real and visible. Every responsible political leader in any developing country in the position of decision maker will have to conclude that the wealth of the society is the ultimate goal of their existence, regardless if they are King, Queen, President, or Prime Minister.

The second character of policy of development is that the policy is always in the condition of resource’s scarcity. I would like to use the word “policy in scarcity”. It has a big difference to the developed countries. Their problem in policy in regard to its resources is not

“scarcity” but “limited”. The developing countries have at least five basic scarcities. First, there is a scarcity of human resources. The problem of the ex-colony nations was having a smaller number of educated people, since no colonizers had willingness to educate colonized people, with the simple, practical, and reasonable reason: it endangered their status quo; it is harmful for the colonization. Scarcity of educated people was not in regard to policy making, implementation, or controlling, but more for policy support. When people do not realize that development requires sacrifice and hard work, they tend to oppose any government policy as long as the policy makes it difficult for them; even the difficulties were in the short time to get the long-time prosperity. The problem of lack of human resources is obviously harmful for policy making and implementation. Education is not merely about science and knowledge, but ingenuity, innovativeness, and integrity. It might be understood when policy of development exists in the context of policy makers and political elites with low ingenuity, innovativeness, and moreover, integrity. There were merely rusted policies.

The second scarcity is management. It is about organization and its system, processes, and values. Many developing countries were blessed with abundant economic resources, but many of those countries have not enjoyed their richness. From Nigeria, Cote ivory, India, Pakistan, to Iraq, even Indonesia, have been struggling to get their status as the middle-income country. Logically, those countries must be rich before entering the 21st century. However, they are still stuck in the same position. In the year of 2005, Cote d’Ivoire’s GDP per capita was \$ 884.37, Ghana \$ 484.80, India \$ 736.11, Pakistan \$ 714.30, and Indonesia \$ 1,301.07 (see table 1.1). Many arguments might be raised, but the unseen reason was that those countries have no management infrastructure to manage their richness; there is no organization and its system, including technology, to transform the raw resources into the wealth of the society. The only choice was to invite global corporation organizations to manage the rich on the idea that the richness will belong to the people. The corporations mainly came from the first world of the developed countries. They had the

opportunities to develop their business entities; a luxury which is not entitled to the new countries.

Indonesia has invited many global mining corporations to explore the country's richness, from oil and gas that is explored by Shell, Caltex, to BP; to copper and gold which is explored by Freeport, Newmont, and others. There are also others rich in oil, gas, and mining in the cluster of "developing countries". There are two critical problems. The global corporations have their mandates to transfer the opportunity and profit to their headquarters; therefore, some neo-Marxian theorists found that the transfer of economy from developed countries to the developing countries was about 1:4. Assumed \$1 transferred from developed countries to developing countries, and 4 from developing countries to developed countries. According to neo-Marxian theorists it was something that must be wrong; it was unfair; it was creating a relation of the "central" and "peripheral". However, in the management theory, especially in the business model, it was a performance. Management's task is to create value. One of the value creation proofs is profit. It means that the business is relevant. Creating 4 from 1 is the best practice. On the other hand, there was no mistake if policy makers of the developing countries invited them to manage the natural resources in their country. However, the practice of absorbing the richness to the corporation's home-countries was not a mistake, either. It was logical. The problem is: it is happening and unstoppable by any meaning because it is not a mistake. Because, it was a fact to be solved, and the consequences that were unthinkable when the policy was firstly chosen. The idea of transforming the country's richness to domestic players indeed happened, but not as much as it was thought before. Business has its own interest, and it is an unstoppable one.

The second problem is: the transfer of wealth of the global corporation operations mostly goes to the government budget rather than directly to the society. Indeed, there are employment opportunities for the local people, business opportunities, and other economic impacts. Still, the biggest portion of the revenue is transformed to the government through taxes, licenses, and fees. The transfer was justified by the

political exercise for funding the administration process and development process. The expense side of the developing countries government budget was divided into two categories: administration expense and development expense. The first expenses belong to the personnel salary, operational expenses of the government, and the like. The second expenses belong to the development project, such as public infrastructure to the subsidy. The problem is, it is not clear whether the money from natural resources exploration belongs to the development or for the expense of the administration? Since the budget mixes all the money. The tricky question can be: does the development expense come from the people's tax; and the money of natural extraction merely to fund administration expenses? If it is like that, what is the concession of natural resources extraction for? Is it for the people of the ruling elites who take control of the office of public administration? The right and political answer is: the administration is to serve the people, and serving the people means for the sake of the people's welfare. It is development! However, that right answer still can't answer why the abundant resources which are managed by global corporations, in which the money goes to the government budget and is spent for the development did not create the level of development performance it should achieve? What is going wrong? There are many answers that might not explain the question satisfactorily; because the answer lies on the fact that the developing countries have no management system and infrastructure so they have to "import" the "management's package" from the developed countries to transform its assets into wealth. The problem happens when the "incoming management" is extracting the richness and less on promoting national development on one side, and the inclination of the public administration to use the "value" that is transformed by these corporations to the government budget is less-accountable.

Therefore, the development challenge is a management challenge. It is about how to transform assets into value. Therefore, policy of development is advised to follow the management pathway. Some countries which have been successfully performing the approach are Singapore, South Korea, Taiwan, and Japan. They even have countries

without natural resources. Policy agenda then encompasses the idea of developing national or domestic organizations and creating their management excellence, from business to not for profit. However, this is the most difficult part, since policy of development mostly struck at the macro level and left the micro behind. Management is a micro one. The failure of developing management excellence implies the dependency of the country toward international business players who do business as the business organizations usually do!

The third challenge is scarcity of money. The development needs money. Ragnar Nurkse explained brilliantly: A poor country is poor because it is poor. They are poor because they do not have money; that is why they cannot develop economic opportunity such as industries and public infrastructures; that is why there is no employment opportunity being created; that is why people do not have a job; that is why they do not have income; and that is why they are poor; and the country with poor people is the country who have less saving and therefore less investment for welfare opportunity. However, the idea of borrowing money from abroad comes under the period of Samuelson's understanding of macroeconomics. Instead of boosting local saving, which were tough; and sometimes impossible, developing countries preferred to find offshore loan, which the priority was to avoid commercial loan, therefore non-commercial loan from The World Bank (IBRD) due to the development loan, and International Monetary Fund (IMF) for monetary stabilization loan, were the priorities. The problems are then the policies of development tend to be dictated by these international financial agencies. Indonesia had an episode in 1998, when the country was in financial crisis, the IMF requested a structural adjustment policy package, which included closing 16 banks, creating national rush and the collapse of the national economy, reducing the GDP per capita from US\$ 1.050 (1997) to US\$ 350 (1999). Critics of IMF's failure crisis recipe have amounted (i.e. see Stiglitz, 2000; Stiglitz, 2002; Brawley, 2005), and even this institution has accepted her mistaken advice, but the damage has happened. Thus, a need for a huge loan is responded to by the international financial agency, but then the policy from the international agency is dictated to the developing countries,

making it lose its independence. The different case of Malaysia, who refused IMF advice, had saved the country from severe economic collapse as experienced by Indonesia. Its policy relies on capital and currency control supported by domestic financial support mainly from public savings in the government's controlled social security institutions, and rejected IMF's advice to liberalize its monetary and economic system (see Brawley, 2005). The independence from international financial institutions makes any developing country be able to make policy independently in regards to their people's interest – rather than the lender's interest.

The Policy Character

Now the question is: how to have a determined instrument to measure whether average policy tends to be characterized as “less developed country” or “developed country”? I would like to introduce a preliminary model as a glance measurement of whether the policy being developed tends to go into the direction toward developed or less developed as figured below.

Less developed and developed: policy approach

Less developed	(Why?) ...what about...	Developed
Per capita income less than US\$ 7,000 and not preserved from economic crises	Economic welfare and sustainable economic growth	Per capita income more than US\$ 7,000 and preserved from economic crises
More natural extraction policy than natural protection and conservation policy	Life is about to balance development and environment sustainability	More natural protection and conservation policy than natural extraction policy
More restriction policy than enabler policy	Value of life is trust	More enabler policy than restriction policy
More controlling policy than managing policy	Organizational and human resources maturity	More managing policy than controlling policy
More policy which keep people stay than to drive people to mobile	Level of people mobility	More policy which drive people to mobile than to keep people stay
To keep and maintain order	Types of regulation	To response the future

Indicator of “economic welfare and sustainable economic growth” is measured by per capita income and economic growth for the last 10 years, Economic policy (macro), Business policy (micro), policy that develop Competitiveness instrument, and Investment policy. This indicator contributes 15% to the total score. Indicator of “Life is about to balance development and environment sustainability” is measured by policy in Investment, Environment protection, Mining and Industry, Forestry and plantation, and Water resources management and sanitation. This indicator contributes 25% to the total score. Indicator of “Value of life is trust” is measured by policy on Political parties and institutions, General election, Security, and Mass media and communication. This indicator contributes 20% to the total score. Indicator of “Organizational and human resources maturity” is measured by policy on Education, Manpower, Law and order, and Corruption eradication. This indicator contributes 15% to the total score. Indicator of “Level of people mobility” is measured by policy on Tax,

Individual Ownership, People and public empowerment, and Mobilization permit (immigration and emigration). This indicator contributes 10% to the total score. Indicator of “Types of regulation” is measured by policy on National planning, Capital city planning, Transport, Environment, Strategic Defense, and Strategic Economic Architecture. This indicator contributes 15% to the total score.

Exercised Policy

(Why?) ...what about...	Policy exercised	Weight of scores
Economic welfare and sustainable economic growth	▪ Economic policy (macro) ▪ Business policy (micro) ▪ Competitiveness instrument ▪ Investment	15%
Life is about to balance development and environment sustainability	▪ Investment ▪ Environment protection ▪ Mining and Industry ▪ Forestry and plantation ▪ Water resources management and sanitation	25%
Value of live is trust	▪ Political parties and institutions ▪ General election ▪ Security ▪ Mass media and communication	20%
Organizational and human resources maturity	▪ Education ▪ Manpower ▪ Law and order ▪ Corruption eradication	15%
Level of people mobility	▪ Tax ▪ Ownership ▪ People and public empowerment ▪ Mobilization permit (immigration and emigration)	10%
Types of regulation	▪ National planning ▪ Capital city planning ▪ Transportation ▪ Environment ▪ Strategic Defense ▪ Strategic Economic Architecture	15%

By seeing this matrix, we might measure what the policy will likely be. If the majority of the policy in regard to balance development and its sustainability tend to be natural extraction policy rather than natural protection and conservation policy, therefore the quality of the policy is “less developed”, compared to the “developed” which tends to have natural protection and conservation policy rather than natural extraction policy. The criteria of “less developed” and “developed” does not necessarily represent the nature of the country. China, for example, is still a developing countries, but its future policy is “frightening” US and Europe automotive industry since this year PR China Government of China developed the policy of proposed 10-year plan for electric vehicle of ‘new-energy car’ development to make China “Going Green” (Asian Wall Street Journal, 19/9/2010).

By 2015	By 2020
▪ China to put more than 500.000 battery cars and plug-in hybrids on the road	▪ China to put five million battery cars and plug-in hybrids on the road
▪ China to foster three to five major suppliers of key parts such as advanced batteries and electric motors	▪ China to develop capacity to produce and sell three million of conventional gas-electric hybrids a year within the country
▪ China to achieve an average fuel economy of 5.9 liters per 100 km meaning that vehicles on average need to be able to travel 100 km on 5.9 liters gasoline	▪ China to foster three to five Chinese companies to become globally competitive makers of battery cars of plug-in hybrids
	▪ China to foster two or three major globally competitive suppliers of key parts like advanced batteries and electric motors
	▪ China to achieve an average fuel economy of 4.5 liters per 100km, meaning that an average vehicle needs to be able to travel 100 km on 4.5 liters of gasoline.

In this exercise, it means that China is more developed in policy rather than many developing –and perhaps– industrialized countries which prefer to become “A Non-Green country”. The anger of the automotive industries in the US reflects the less-developed policy of their

hometown policy makers. How about overall developing countries policy condition? We use the model below to exercise some of the developing countries in Asia regions.

Less developed	(Why?) ...about...	Developed
India, China Indonesia	Indicator 1: Economic welfare and sustaining economic growth	Japan, Singapore, South Korea, Taiwan, Malaysia, China
India, China Indonesia	Indicator 2: Life is about to balance development and environment sustainability	Japan, Singapore, South Korea, Taiwan, Malaysia
China, Singapore, Malaysia	Indicator 3: Value of live is trust	Japan, South Korea, Indonesia, Taiwan
China, Singapore, Malaysia	Indicator 4: Organizational and human resources maturity	Japan, South Korea, Taiwan, Indonesia
China Singapore, Malaysia	Indicator 5: Level of people mobility	Japan, South Korea, Taiwan, Indonesia, Singapore
Indonesia	Indicator 6: Types of regulation	Japan, Singapore, South Korea, Taiwan, Malaysia, China

Note: if the country is noted for having two clusters (developed and less developed) it means that they have not achieved full scores in each category, especially the developed one. For example, the level of mobility of Singapore is not 100% developed as the country is scored as less developed.

Source: exercise based on review on relevant policies among selected countries (Japan, Singapore, South Korea, Taiwan, Malaysia, India, China, and Indonesia) 2000-2010 and selected interview.

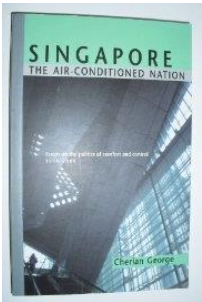
Using the method, we may perform grouping of some developing countries in range of 1 (the less developed) to 5 (the most developed) as below:

Rank	1	2	3	4	5
Score	(1-20)	(21-40)	(41-60)	(61-80)	(81-100)
High	Sri Lanka	Iraq	Iran, Vietnam Philippine	Indonesia	Japan, South Korea, Taiwan
Medium	Myanmar	Pakistan	Egypt	Thailand	Singapore
Low	The conflicting African countries, Afghanistan, North Korea	Bangladesh	Cambodia, Lao	India	China, Malaysia

Note: Policy exercise only covers some selected countries of Japan, South Korea, Taiwan, Singapore, PR China, Malaysia, Indonesia, Thailand, and India – scored from 61 to 100— but the model is embracing some other countries as preliminary comparisons –and it is not being discussed in detail, yet.

Source: exercise based on review on relevant policies among selected countries (Japan, Singapore, South Korea, Taiwan, Malaysia, India, China, and Indonesia) 2000-2010 and selected interview.

Indeed, the exercise is not encompassing all the developing countries, and also some leaders of these countries probably disagree with the clusters, and it is recognized respectively. Japan, South Korea, and Taiwan are scored as the “horse-races” of the developing countries, but the well-known acceptance of Singapore has a different score. Singapore has lower scores than Japan, South Korea, and Taiwan even though the island is now being named as the “first world” (see Lee Kuan Yew, 2000: Lee Kuan Yew, 2002), but Singapore is a relative fragile country as it performance is based on its status as “an air conditioned country” (see Cherian, 2000¹⁶) in terms that the government controls almost the entire aspect of social, economic, and political living. The democratic challenge sooner or later will embark



¹⁶Even though the book is about Singapore Politics in the 1990-2000, while today the island has liberalized in many ways, but the overall framework still reflects today’s Singapore political system.

Singapore, and by its today political structure and institutions, it is uneasy to predict the Singapore next decade performance as merely as today's performance extrapolation. The idea is promulgated by the Singapore founding fathers, Lee Kuan Yew recently (2010) that the future of Singapore will be harder than today. Hence, it is the two faces of a coin: the eminent of democratic calling as the political platform that yet not prevails, and the challenge for a sustaining good and professional bureaucracy and politicians. Still, the prevailing policy in Singapore and the global interest toward this country provide strong support for any political change.

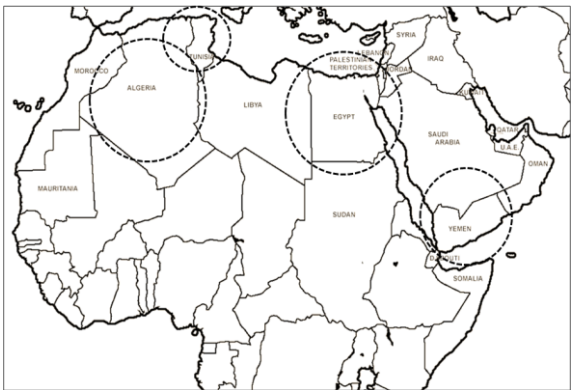
The same problem is now embedding Malaysia, as the country is much the same with Singapore –the “air conditioned” country. As the government takes control in social, political, and economy, as it seems in the recent Malaysia's 10th National Plan, Economic Transformation Plan (ETP) and Government Transformation Plan (GTP). The stagnation of democratic reform by prevailing ISA (Internal Security Act) policy and issue of corruption in the bureaucracy and ruling political elites are the biggest challenges toward the future of Malaysia's performance. China is having the same problem, even though in a different context. As long as China has its form as socialist-communism political country, there will be no such serious problem in the future, as the system makes possible authoritarian policy. However, the challenge is: will China be able to keep its political system in the same shape in the decade with the increasing welfare of the people? As the Chinese proverb says: “after the stomach has been full, then people will start to think”. If the choice is about changing the political system, China will be much different compared to today's China, as some of the well-developed areas such as Hong Kong, Shanghai, and Guangzhou will find their way, and the other less developed will keep as today as the “rest of China”. However, the question is not rest on China alone, but toward the US and Europe, as China has been transforming into the global economic actor that brings the consequences if there is something very wrong with the Chinese economy, the suffering will not be on China alone, but the rest of the world.

Indonesia is the developing country with the most performing democracy, but the country will face serious problem as the country ignorantly put less interest to develop the “basic ingredient” of excellence policy, i.e. policy that developed domestic players in business and social sector, pro-environmental policy, and the good governance in the politics and public administration. India has tremendous economic development, but its local culture and belief becomes an obstacle in developing overall performing policy. Thailand has a better policy framework as the country has a strong and credible monarchy institution that effectively balances any conflicting interest.



For the last 30 years, Egypt's development was supported by the US, as President Mubarak led the country as a “soft enemy” of Israel, the most strategic US ally in the middle-east. In 2010 on a visit to

Egypt, President Barack Obama stated that Egypt is “a friend” of the US. However, as Mubarak has led the country under dictator manners, a series of massive people movements made him step down in mid of February 2011. The US has turned his support down –just the same as happened to Marcos in the Philippines and Soeharto in



Indonesia a decade before. The democratic movement has been spreading to Tunisia, Algeria, and Yemen. In the next five years, the

democratic movement will spread wider than today, especially toward the “less democratic” or “discounted democracy” countries. Some of the authoritarian-style of countries will face the same problem as democracy become inevitable when the world is getting connected and people around the world knew that political freedom is their divine rights. This fact still quests the relevant answer: is democracy is the embedded requirement for a great policy, or a great policy can be prevailing without democracy? The case of Singapore, Malaysia, and China are the most relevant examples. As any developed democratic countries in Western Europe and Northern America are actually seeking for their economic interest as they also support non-democratic regimes in the developing countries as long as the less democratic of the developing countries political system supports the developed countries economic and political interest.

Cambodia and Lao are still looking for their way to their policy as well as their political model. Meanwhile Iraq, Pakistan, and Bangladesh, followed by the last scored countries such as Sri Lanka, Myanmar, North Korea, and many countries in Africa which are still in unresolved conflict are looking for the limelight to take a distance from their condition as a failed state.

What is then to be done by those countries? It is in regard of their unfinished “homework” as we see in this table:

Less developed	(Why?) ...about...	Developed
India, China Indonesia	Indicator 1: Economic welfare and sustaining economic growth	Japan, Singapore, South Korea, Taiwan, Malaysia, China
India, China Indonesia	Indicator 2: Life is about to balance development and environment sustainability	Japan, Singapore, South Korea, Taiwan, Malaysia
China, Singapore, Malaysia	Indicator 3: Value of live is trust	Japan, South Korea, Indonesia, Taiwan
China, Singapore, Malaysia	Indicator 4: Organizational and human resources maturity	Japan, South Korea, Taiwan, Indonesia
China Singapore, Malaysia	Indicator 5: Level of people mobility	Japan, South Korea, Taiwan, Indonesia, Singapore
Indonesia	Indicator 6: Types of regulation	Japan, Singapore, South Korea, Taiwan, Malaysia, China

By the first indicator, the India, China, and Indonesia need to develop public policy that

- Enhance national economic capacity in term of economic welfare and sustaining economic growth. It means that the Per capita income shall achieved more than US\$ 7,000 and the economic system a more “crises proof”
- Able to balance development and environment sustainability. It means that the policy shall be developed as the more natural protection and conservation policy than natural extraction policy. China is having a future pro-environment policy, but

overall China is still one of the biggest world pollution contributors.

By the second to fifth indicator, China, Singapore, Malaysia is need to:

- More enabler policy than restriction policy
- More managing policy than controlling policy
- More policy which drive people to mobile than to keep people stay

The sixth indicator advised Indonesia to develop more policies that respond to the future, especially policies that enable local economic players to become dominant players, as today a most liberal economic policy has let the international player dominate the national economy, as, for example, the policy of banking ownership permits foreign ownership up to 99%.

The seminal model is not a comprehensive one, but it might be applied to identify and develop what weakness to be made out and then respond properly. Indeed, it was not the only measurement for the policy condition of any country. In the context of the value of life, which promotes trust by the majority, the policies are more to enable than restrict. The organizational and human resource maturity acceptance also reflects on the quality of policy: whether the policy is more managing or controlling. The level of people's mobility indicates whether a policy is more likely to keep people static or stagnant than mobile or dynamic. Lastly, the character of the policy is more to keep and maintain order or more to respond to the future. In many countries where rule of law is an immensely important problem, they need a majority of policies to keep order than in the developed one.

Chapter Three

THE POLICY PROCESS

Public policy never emerges in an “empty space” (Nugroho, 2003). As noted by Kraft and Furlong (2005: 31):

“Public policy is not made in a vacuum. It is affected by social and economic conditions, prevailing political values and the public mood at any given time, the structure of government, and national and local cultural norms, among other variables”

Thus, there must be a context that provides the “birth” of any public policy. The context is a series of processes that put public policy at critical steps. It was believed in goodness that any society holds in their living. It is about everything they feel is good for their life as a society. The goodness is formally stated in the Constitution. The United States believes that goodness is when everyone has the same and equal right before the law. Indonesia has the belief that the nation’s birth is a God given; therefore, God is the ultimate of goodness. Malaysia has beliefs that Islam is the goodness of the way of life of the nation. There are many other beliefs on goodness that sometimes are similar from nation to nation, but sometimes they have some differences. The key point is that goodness lies in the constitution. Therefore, the first argument is that every public policy must relate to their constitution, with no exception.

Belief on goodness which stated formally in the constitutions is somehow beliefs that stay deep inside the heart and soul of the people of the nation. It is about values and norms they believe as the guiding principle to hold the society together and life as a brotherhood to achieve the common goal. Therefore, beliefs on goodness create values and norms. It might be understood as culture, ethics, or other concepts. The key point is that the values and norms determine how the society will be managed.

Managing society as a nation-state is about choice on political institutions which they shall have or provide to run the nation as a political entity. Society that believes in equality will hold the principles that everybody has the same rights and the same service before the law. The society will develop the values of dialog before making decisions, and if there are any disputes, they try to solve in the dialogue way. The culture of dialogue transforms into a shape of democratic political institutions. There are legislative, executive, and judicial branches that work to serve the people's needs and aspirations.

Political institutions process political input, to be managed as a throughput, and then output. It was David Easton's concept about the political system, plus the environment factor. However, the key point is there are political processes among political institutions to determine how the nation will be carried out to achieve its mission as noted in the constitutions as the beliefs on goodness. The most important –perhaps the only important— output of the political process is public policy.

Herewith I prefer not to state that public policy is the product of public administration, since some of the scholar's preference on public administration understanding is about government and bureaucracy, therefore executive branch. In the other side, there is a new acknowledgement that public administration embraces political arena, since government and its bureaucracy also playing politics, and in my personal understanding, in the wider definition, public administration may be taken as state, therefore involves democratic institutions of the nation. I would like to convey this idea since public policy is, basically, a law or regulation, which is in the democratic political system, is the accountability of the legislative.

In regard to democratic institutionalization of Montesquieu of “trias politica”, government is the law implementer. But, in the modern state, the government, even the bureaucracy, creates its own law and regulation in order to implement the law. Its aim is to detail the law which was made by the legislative branch. In developing countries, there are two common facts in regard to government practices. First,

since the development and administration expertise are in the government's institutions, parliament as the legislative institution is so dependent on the executive while making law. Most of the law which is made in many developing countries was drafted by executives. In some sense, it seems like that legislative merely follows the executive. There is also a sense of corruption inside the process. The negative side is it tends to be "legislative dictated by executive". The positive side is "they work as a team". The level of legislature expertise has been driving parliament to follow the executive. Therefore, the executive needs to understand well what public policy is, as they will not bring the situation into a "contaminated disguised interest", but toward a situation in which the executive leads the legislative to become empowered. The situation happens in Indonesia. Previously, parliament was criticized as "an executive's stamp", because most of their decisions on law derived from the executive. Today, parliament in the national as well as local has been empowered so they are able to manage the policy process as it shall be. However, regarding the competence of the legislative, the government still plays a role as law maker since a lot of implementing policy will not be able to be provided alone by the legislative.

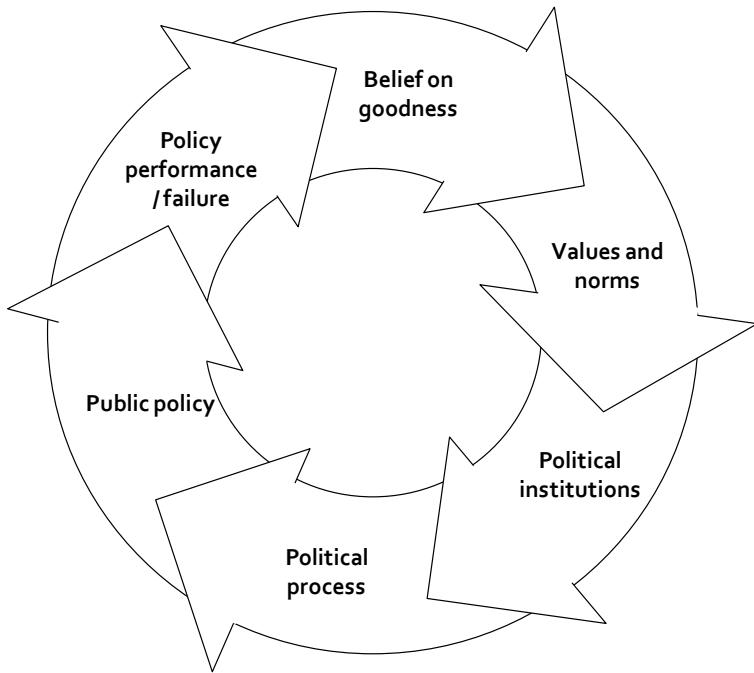
The judicial institution also plays the role of policy maker since the institution has the mandate to provide the last judgment of any law dispute or when executive practices are suspected against the law. Therefore, the judicial branch has to be empowered by public policy competence.

As an interplay relation, political process among the main democratic institutions –legislative, executive, judicial—and inside each branch, especially in the executive branch where the interactions are among national and local governments, the output will be public policy.

Therefore, in sum, we might reaffirm that the political process among democratic –or less democratic—institutions produces public policy. It means that public policy is more than the public administration's product or output. However, it is also still a public administration as

governments in developing countries have the biggest accountability on public policy since the expertise in development and policy administration is there. The idea also developed from Frederickson's proposal about the new public administration which means that the (New) Public Administration seeks not only to carry out legislative mandates as efficiency and economically as possible, but to both influence and execute policies which more generally improve the quality of life for all (Frederickson, 1971, 314).

Public policy then, as we noted in the introduction, is the “rule of the game” which is formalized and legalized by law. The ideal state is public policy reflecting the beliefs on goodness that is reflected in values and norms that proceed in the political process among political institutions. The challenge now is how to achieve policy performance. It is a critical one, because policy performance and failure determine whether the belief on goodness will be kept in sustainability or it will be changed. In developing countries, there must be a policy about corruption eradication, because corruption is the biggest enemy of any developing country, especially the less developed ones. Poverty and greediness tend to lead some political elites and bureaucracy to corrupt. The policy must be some of the people's beliefs that taking things that he or she does not deserve is a mistake –or even sin. If the policy becomes successful, people's belief will be stronger, and they will protect their society from corruption as a practice or as a latent value. China and Singapore are the best practices for this policy implementation. That is why; economic growth and welfare in that country keep going steadily. Indonesia has been trying hard to implement the policy. Governors, Ministries, Parliament Members, mayors, and many high rank officers, have been taken into corruption eradication court, and they have been sent to jail. It will be difficult to see other countries who talk about corruption, but the corruption is still there, even in the bigger size. Without mentioning any nations, we see that the failure of public policy has changed people's beliefs on goodness. They believe that corruption is normal. When a country has those beliefs on goodness, the country is just waiting for its fate of failure. It will take time, but not so long.



Hence, we recognize that public policy is part of a sequence of:

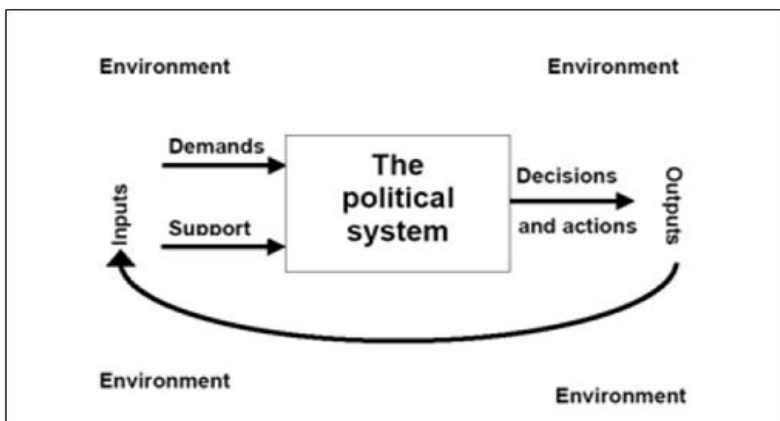
1. Belief on goodness
2. Values and norms
3. Political institutionalization
4. Political process
5. Public policy as the product of political process
6. Policy performance or its failure which generates the new beliefs on goodness of strengthening the presence one. It will respectively develop the next sequence.

Models of Policy Process: A Safari

Model is a simplification of the complex reality. An academically or scientific model derived from the scientific findings and therefore a theory. A model helps us to better understand a complex reality;

therefore, a model is something we believe as the “valid and reliable sample of reality”. In today’s agenda, a model also helps us to create a new reality; a future. This is also relevant in terms of model on policy process.

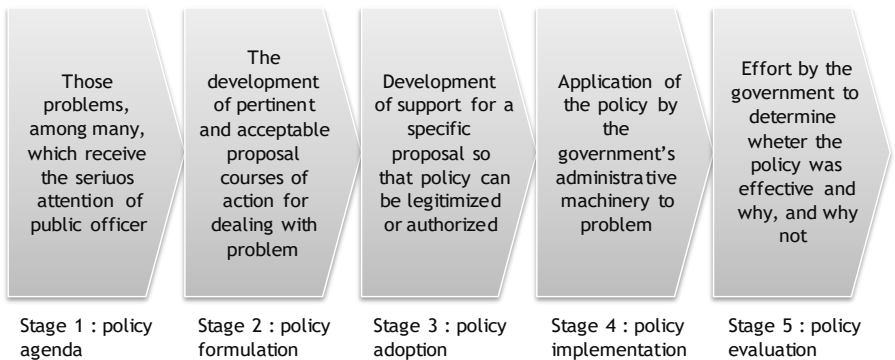
The first model introduced here is named “System Model”. It was developed by political scientist David Easton who introduced that the political system is a complex process that involves input, process or throughput, and output. In his *A Framework for Political Analysis* (1965), Easton explains that the input factors include demand and support, as to be proceeds in the political system with the output is Decision and Action. Political process of the political system exists in the environment with its entire context.



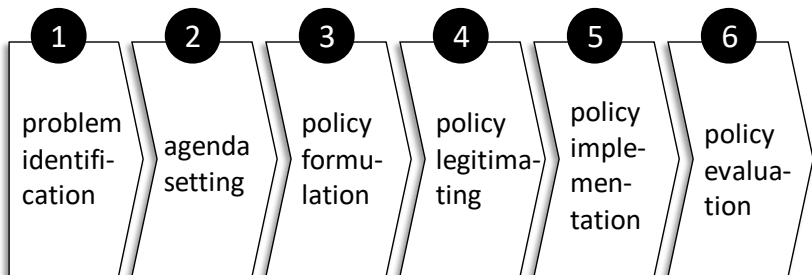
There is congruence between the political system processes of Easton's Explanation with the public policy process. The policy process started with public demand and support toward political institutions, and the decision of the policy process is public policy. What Easton mentions about decision –or political decision—is absolutely about public policy. It is about a government's decision that upholds all the entities of the political system –the society.

James E. Andersen, David W. Brady, and Charles Bullock III (1978) develop a more advanced model of policy process as linear stages – definite US thinking mind. It starts with the problem. It is about some

problems among many, which receive serious attention from public officials. This first stage, named as policy agenda stage, followed by the second stage, policy formulation stage, is the development pertinent and acceptable proposal courses of action for dealing with problems. The third stage, policy adoption, is the stage of developing a support for a specific policy which can be legitimized or authorized. The fourth stage, policy implementation, is the application of the policy by the government's administrative machinery to deal with the problem. The final stage, policy evaluation, is an effort by the government to determine whether the policy was effective or not, why it is effective, and if it is not, there is a quest of why it is not effective.



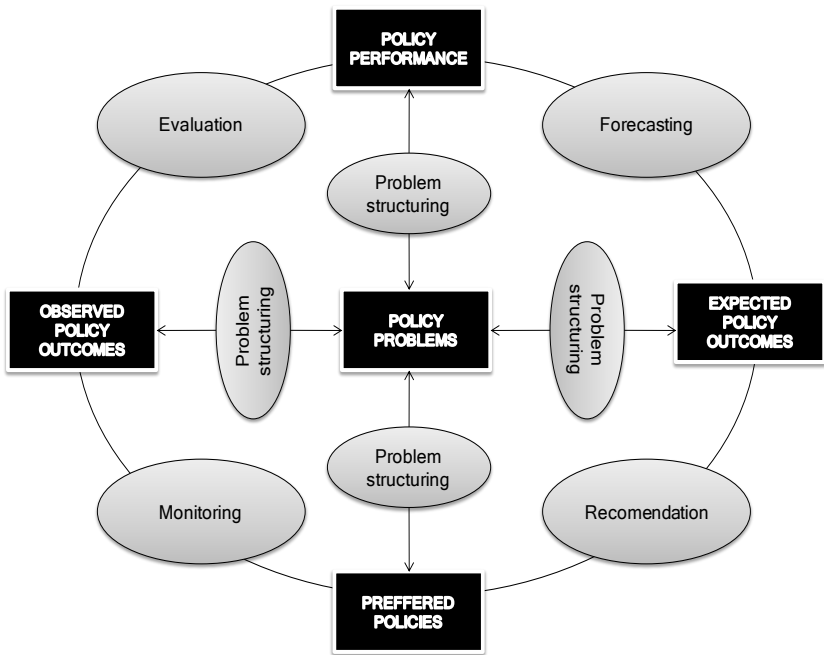
Thomas R Dye (1995) has developed a linear model of policy process by six steps. First is to identify policy problem; second, to develop a model of agenda setting for policy development; third, is performing policy formulation process; fourth, is finding the legal base of the policy by policy legitimating; fifth, is about policy implementation; and sixth, is about policy evaluation on policy implementation and performance.



Stella Theodoulou (2005) proposed the linear approach on policy process by noting that the public policy process may be broken up into six fluid stages.

1. Problem Recognition - Problems that may potentially make their way onto the public policy agenda are recognized.
2. Agenda Setting - Problems that are deemed worthy of attention are placed on the agenda.
3. Policy Formulation - Various policies are crafted to deal with the problem that has been set on the agenda.
4. Policy Adoption - An official policy is agreed upon.
5. Policy Implementation - The public policy that has been officially agreed upon is put into action.
6. Policy Analysis and Evaluation - The implemented policy is evaluated for its effectiveness.

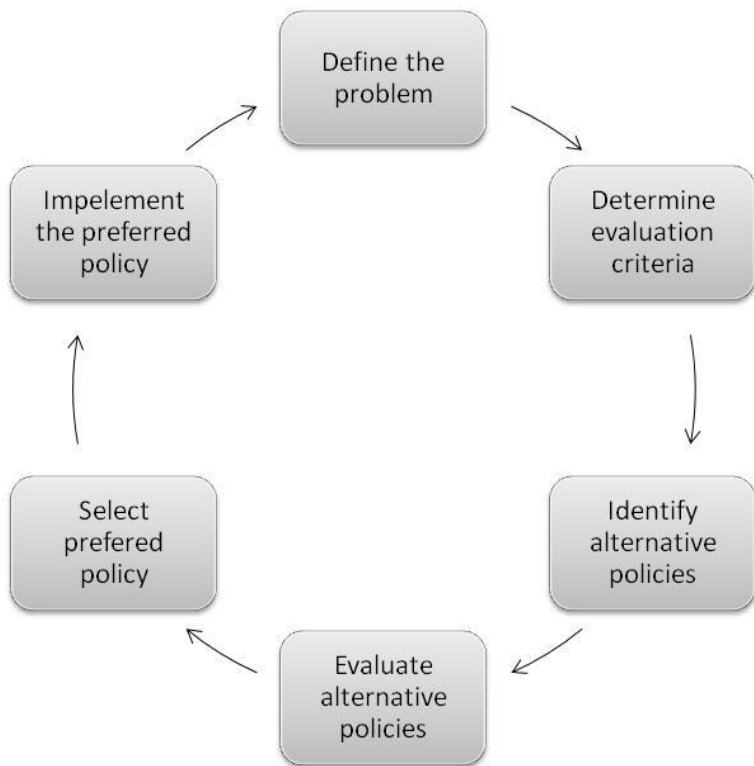
William Dunn (2004) develops the circular model of public policy. It is started with policy problems to be captured by effort of problem structuring. It was a policy recommendation toward the preferred policy after doing policy forecasting to decide expected policy outcomes. Policy implementation will be followed by policy monitoring to measure observed policy outcomes. Policy evaluation is established to appraise the policy performance.



The detail of the policy process steps which is described by Dunn include eight phases. First, agenda setting phase, it is when elected and appointed officials place problems on the public agenda. Many problems are not acted on at all, while others are addressed only after a long delay. Second, the policy formation phase is when officials formulate alternative policies to deal with a problem. Alternative policies are assumed in the form of executive orders, court decisions, and legislature acts. Third, policy adoption is when a policy is adopted with the support of a legislative majority, consensus among agency decisions, or a court decision. Fourth, the policy implementation phase is when an adopted policy is carried out by administrative units that mobilize financial and human resources to comply with the policy. Fifth is policy assessment, including auditing and accounting units in government. This step is to determine whether executive agencies, legislatures, and courts are in compliance with statutory requirements of a policy and achieving its objectives. Sixth, policy adaptation, the audit and evaluation units report to agencies responsible for formulating, adopting, and implementing policies that poorly written

regulations, insufficient resources, inadequate training, etc., require the adaptation of policies. Seventh, policy succession phase, is when agencies responsible for evaluating policies, align with policy makers themselves, acknowledge that a policy is no longer needed because the problem has been dissolved. Rather than being terminated, the policy is maintained and redirected toward a new problem, goals, and objectives. Eighth, policy termination phase, is when agencies responsible for evaluation and oversight determine (rightly or wrongly) that a policy or an entire agency should be terminated because it is no longer needed.

Carl V. Patton & David S. Sawicki (1993) developed a policy process as sequences of: defining the problem, determining evaluation criteria, identifying alternative policies, evaluating alternative policies, selecting preferred policy, and then implementing the preferred policy. Patton and Sawicki have it focused on policy analysis rather than policy process. But, the understanding of policy analysis provides analytical understanding about how a policy shall be developed.



Patton and Sawicki model named A Basic Policy Analysis Process. It consists of six steps. First, verifying, defining, and detailing the problem. The key issue is about developing a problem statement. Patton and Sawicki introduce six steps: thinking about the problem, delineating the boundaries of the problem, developing a fact base, listing goals and objectives, identifying the policy envelope, displaying potential costs and benefits, and reviewing the problem statement.

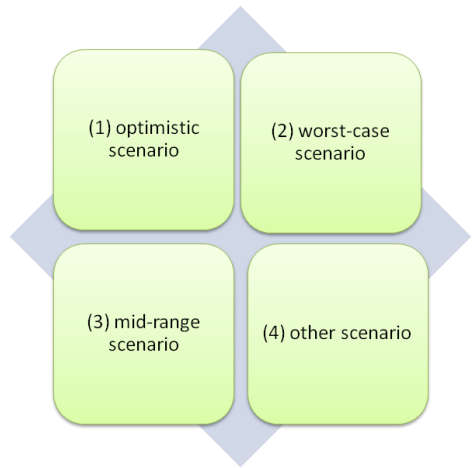
The second step is establishing evaluation criteria. There are eight criteria advised by Patton and Sawicki (1993). First, it is a free market model, which noted the importance of the “Pareto Optimum” model. The authors noted that “under perfect conditions. The free competition using a price system will produce a condition in which no one can be made better off without someone being worse off. The second

criterion is cost criteria, which uses criteria of marginal costs, sunk cost, and opportunity costs. The third criterion is benefits criteria, to see the opportunity to achieve the goal. Fourth, standing criteria, which is noted that policy must have the potential to make at least someone better off without making any one worse off? Fourth, externality criteria, which noted that a phenomenon of effect to which the market assigns no value, positive or negative, but that has a societal cost or benefit. Fifth, elasticity criteria, which is categorized into two criteria: price elasticity and income elasticity. Sixth, marginal analysis criteria, which uses the measurement of fixed costs, variable costs, and average costs. Seventh, it is the equity criteria which refer to justice and fairness that are categorized into horizontal, vertical, transitional, and intergenerational justice and fairness.

The third step is identifying alternative policies. Patton and Sawicki (1993) categorize model for policy alternative identification into five: the researched analysis and experimentation using passive collection and classification, no-action analysis using development of typologies techniques, Quick surveys using analogy, metaphor, and synaptic to see old problem with new approach, literature review combine with brainstorming, and comparison of real world experience.

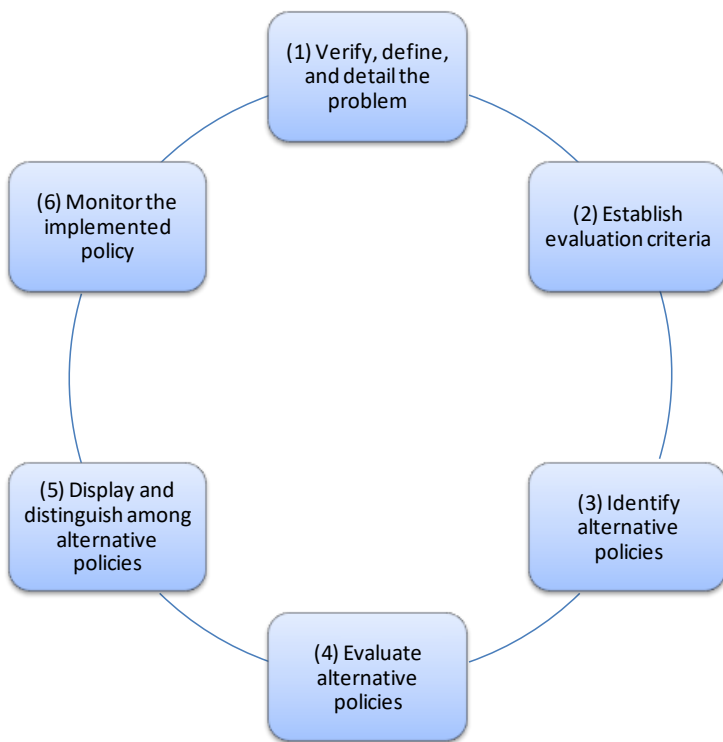
The fourth step is evaluating alternative policies. Patton and Sawicki categorize five models of evaluation. First, forecasting analysis which has three techniques: discounting future value, discounting net benefits, and sensitivity analysis. Second, it is the analysis of political feasibility to assess political actors, motivations, beliefs, resources, effectiveness, and site. Third, it is about analysis of implementation. Patton and Sawicki quote Ingram implementation's challenges: (1) the implementing agency must have will, competence skill, or resources to carry out the implementation and (2) the agency must be able to succeed at constituency politics. Quoting Carol H. Weiss on his *Evaluation Research: Methods for Assessing Program Effectiveness* (1972) and Giandomenico Majone on *Evidence, Argument, and Persuasion in the Policy Process* (1989), Patton and Sawicki separated

two types of implementation failures: (1) program failures, it is when policy failed to be implemented since the design, and (2) theory failure, it is when policy implemented since the design but did not confer result as it wishes. Fourth, is about scenario writing analysis. The analysis is categorized into forward mapping and backward mapping with each of the analyses having four types of scenarios: optimistic, worst-



case, mid-range, and other scenarios. Fifth, it is analysis of uncertainty, which Patton and Sawicki quote Yehezkiel Dror categorization of quantitative and qualitative uncertainty.

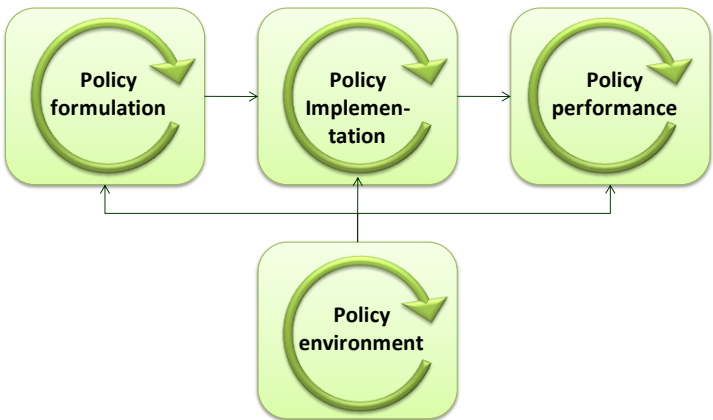
The fifth step is displaying and distinguishing among alternative policies. There are two difficulties identified by Patton and Sawicki. First, conflict between individual and group rationalities. The game approach of decision making by using the “prisoner dilemma” model is ineffective when implemented in a group level, since the rationality of the decision making in the group level is different from individual level. Second, there are multiple criteria of conflict between policy goals and criteria of policy performance.



The sixth step is monitoring the implemented policy. Patton and Sawicki proposed a continuum model of policy evaluation in a series of ex ante, maintenance, monitoring, and ex post policy analysis. Ex-ante policy analysis means the pro-program quantitative and qualitative analysis of problems, decision criteria, alternatives, pros, cons, and expected outcomes of implemented policies, and steps necessary for implementation and evaluation. Policy maintenance means that the analysis of the policy or program was implemented to assure that it was implemented as it is designed and does not change unintentionally during implementation. Policy monitoring means the recording of changes after the policy or program is implemented. Ex-post policy evaluation means the quantitative and qualitative analysis of whether the policy objectives were achieved and whether policy should be continued, modified, or terminated.

Policy Process as Value Creation

The policy process is actually a value creation process therefore it always takes place in a value chain process of policy formulation, implementation, performance, and its environment. In each dimension, it comes to pass its dynamic and therefore value. The policy formulation has its internal dynamics that in sum generate values that contribute the implementation. The success of policy implementation depends upon the interplay between implementer, system, infrastructure, and the clients. The implementation performance contributes values to overall policy performance which ultimately create value to public life. The policy environment has provided its own dynamics that promote value to the value creations of policy formulation, implementation, and therefore performance. The challenge of this approach is how each component of the process provides more values than liabilities. The developing country has its problem of political maturity, therefore the political process in practice tends to undermine values rather than generate ones.



Policy process, in practice, has its own details. As a wise word says, “the devil is in the detail”, therefore herewith we will dwell into a deep level to figure out the details of the policy process. Policy process, either linear or circular model, has to be started with policy issues. I prefer to use the word “issue” rather than “problem” in the consideration that “problem” is something that has already happened, a fault in societal

life, and it must be solved. Meanwhile, the policy challenge in the developing countries is to develop the countries from the less developed to the developed ones. Therefore, policy is not about what really exists and it is a problem, moreover it is about the future to be created. It is about the vision of the future society. That is why; we promote the understanding of public policy in developing countries as any government as well as state decisions as a strategy to materialize the mission of the nation, the vision of the nation’s leader. Public policy is therefore a strategy to bring the society from today’s society, to enter the transition, and finally to achieve the ideal society.

To determine whether an issue is a policy issue or not a policy issue needs an action named policy analysis. In this stage, policy analysis means a process to determine any social policy being a non-policy issue or a policy issue that needs a public policy. The question is how to determine an issue is a policy issue or not.

No	Issue	Policy issue
1	Common interest	Common interest and strategic
2	Important	Strategic, more than important
3	Interesting	Interesting and influence public life
4	Timelines but less long-term impact	Timelines, long term impact
5	Negative	Positive
6	Focus for what has been happening	Focus to existing and potentially to be happening
7	No need for policy action	Policy action taken

Agenda setting is the theory to take a societal issue to become a policy issue. The agenda-setting theory was firstly introduced in 1922 when newspaper columnist Walter Lippmann introduced the finding that the media had the power to present images to the public. McCombs and Shaw conducted research on presidential campaigns in 1966, 1972, and 1976. It was found that the media was becoming an agenda-setting instrument for the candidates to bring any issue for campaign. The

content of the media has been taken as the agenda to be communicated to their voters. McComb and Shaw concluded that mass media exerted a significant influence on what voters considered to be the major issues of the campaign. The agenda-setting theory finds that media has a powerful influence to tell us what issues are important, and anything outside of the media coverage and exposure then is not important (see, McCombs, 1982; McCombs & Shaw, 1972; McCombs & Weaver, 1973; McCombs, Shaw, & Weaver, 1997).

The core assumption is as Bernard Cohen (1963) stated: “The press may not be successful much of the time in telling people what to think, but it is stunningly successful in telling its readers what to think about.” There are two critics on the agenda-setting theory. First, in some ways, the media does not reflect reality, and sometimes they filter and shape their own reality. News and publication by mass media are created by journalists and editors, the “press team”. As human beings, they have their own capacity and competency to choose and judge the reality, to their own interest to put an angle or point of view. Second critics is that media itself, as an institution, has its own political agenda; therefore, it is inevitable that media exposure is bias¹⁷. But, since the media is –as Marshal McLuhan stated—the extension of man, it becomes the only tool to help the policy maker to develop public policy. Media, however biased it is, is still doing its pervasive function toward public policy.

Indeed, there are some other policy sources besides media through agenda setting theoretical instruments, such as research, opinion of interest or pressure groups, and public proposals. But in practice, especially in developing countries, the media has been playing the biggest part in setting policy issues to become policy agenda.

Policy agenda is the key ingredient to policy formulation. Here we find the importance of policy analysis as a method of policy formulation. Policy analysis is a process of a thorough examination of policy agenda

¹⁷The author has been working as freelance, journalist, and then editor in a news magazine for 12 years (1986-1998). The argument is based on thesis of agenda setting critics and personal experience.

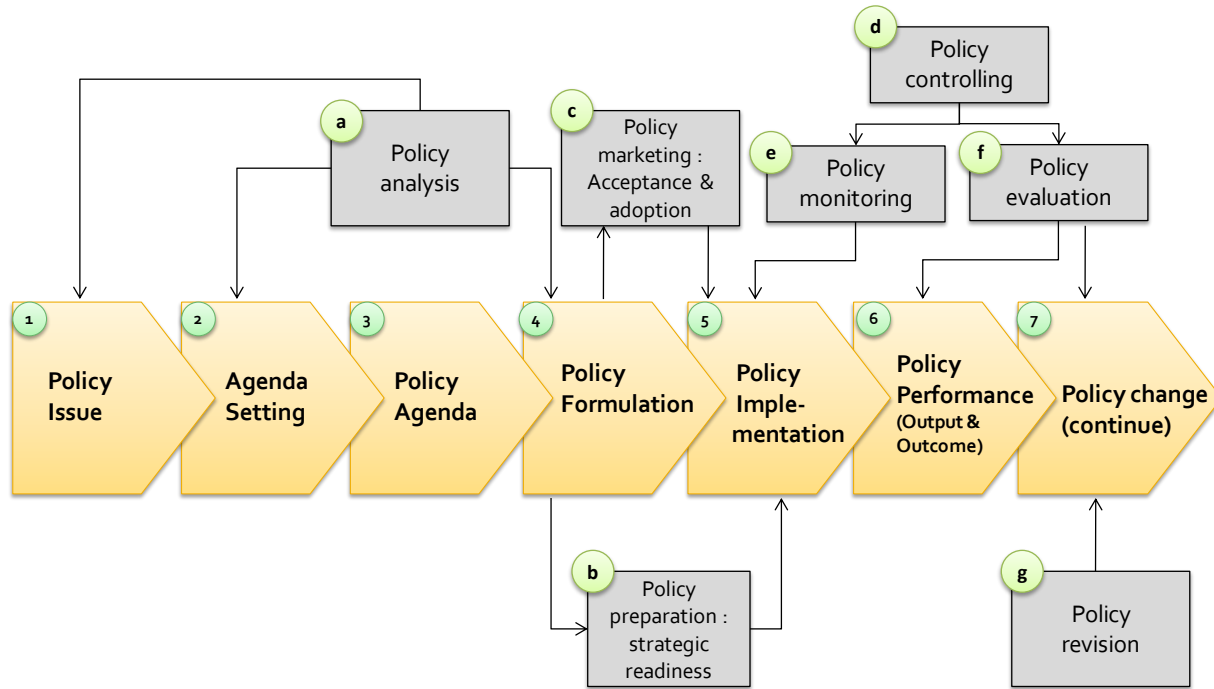
to find policy advice as the basic argument for policy formulation. Policy formulation is one of the six products of policy analysis –there are policy information, policy description, policy statement, policy memo, policy paper, and policy formulation (Nugroho, 2009).

Policy formulas must be legalized and formalized by law to enforce the rules of the game. Political decision of the policy is being shaped by law-making procedure to make it implementable-policy. The implementation then becomes the core agenda. The problem is, most of the developing countries' administrations used to think: "after policy is legalized as a law, implementation is just going into being". In many cases, public policies fail in implementation, either program failures, where policy fails to be implemented as the design, or theory failure where policy implemented as the design but did not confer result as it is expected. Most of the failures come from two causes: from the implementer, where the policy implementers either do not accept the policy or they are not prepared enough to implement the policy, and from the public, either the public rejects the policy, or they are not ready to become part of the policy implementation. Therefore, the critical responsibility on the policy implementation is policy marketing to get policy acceptance and adoption among policy implementer and public, and policy preparation in terms of undertaking policy strategic readiness toward policy implementer and public.

Policy implementation is going toward policy performance, as the ultimate goal of policy development. Indeed, policy performance will be attained if policy implementation undergoes proper policy preparation with the strategic readiness alongside the implementation policy phase.

In order to assure the policy reaches its goal by its performance, it takes policy control. This is more than what we have discussed about policy monitoring and evaluation that encompass both steps. In developing countries, policy problems often occur in the phase of implementation and assuring the performance. The critical issue is somehow less discipline and integrity of the public administration in the highest level to the bureaucrat on the street. It neither was nor obscure that political

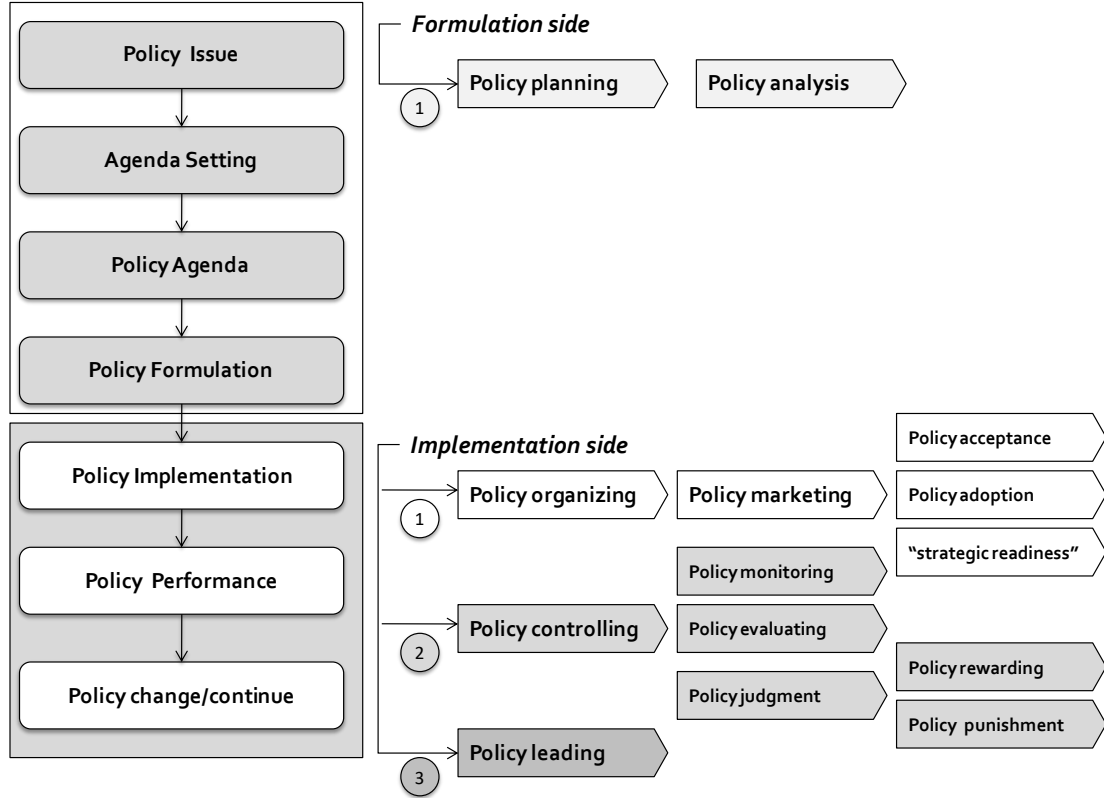
elites and bureaucracy do jeopardize their own policy by conducting miss-policy-discretion. That is why, controlling is more important than monitoring and evaluation, since the two steps are somewhat away from the policy process. In Indonesia, the Vice President has an obligation to control policy implementation and performance. This function is also performed by the US Vice President under Bill Clinton's administration –the VP was Al Gore; he then introduced the practice of reinventing government and banishing bureaucracy in the US administration. There is also a special post of development oversight in the Office of President. The post is still persisted to Indonesian public administration today. Meanwhile, there is still policy disobedience among political elites, bureaucracy, and even the public. The task of the office is not easy since they have to deal with the upper structure, inside structure, and beyond structure.



The last stage of the policy process is assessing the finding of policy controlling, especially the result of monitoring and controlling. This stage is also named as policy review, and in developing countries it is advised to be conducted minimum 3 years and maximum 5 years to keep the policy being up to date to the recent change and context. There are three choices in regard to the review: policy will be stopped, continued, or continued with some revision –including some correction.

Suppose we choose to use a linear model, there are seven series of actions in the policy process. Meanwhile, if we choose the linear model, we may argue that the policy change stages might become the policy issue, and then the process will be started all over again.

We may also develop the top-down of flowing stages of action which leads toward three key steps of the policy process. There is policy planning, organizing, policy controlling, and policy leading. Therefore, in this case, we may find a management approach on the policy process (see Nugroho, 2010). In policy planning, which involves policy issue, agenda setting, policy agenda, and policy formulation, is accomplished by policy planning and policy analysis undertaken. Policy organizing involves policy organizing which includes policy marketing to achieve policy acceptance, policy adoption, and then strategic readiness. Policy controlling incorporates policy monitoring, policy evaluating, and policy judgment which are followed by policy's reward or punishment. The policy leading process envisages the critical role of the leader in leading the policy process. They set examples and envision bureaucracy and the public to get the policy done.



By seeing the model, we may find that public policy is also about management which has planning, organizing, controlling, and leading dimensions. This is the other unseen side of public policy beside the political side. Therefore, the approach of the idea is that public policy is not a political haste, but a soft side of political process. It is being softened since it has the neutral side: managerial side. Yes, public policy is a coin with two faces: politics and management. The danger is when we turn to one side. Politics that neglect management will turn public policy into a series of policy changes in short of a “change to change”. Political elite changes, so public policy is. Policy’s continuity does not mean sustaining the political status, but the sustainability of growth as prosperity of the society. Meanwhile, management of public policy that is carried out without political resemblance makes it naive, a journey without knowing what exactly direction and mission to be accomplished.

Policy Process for Developing Countries

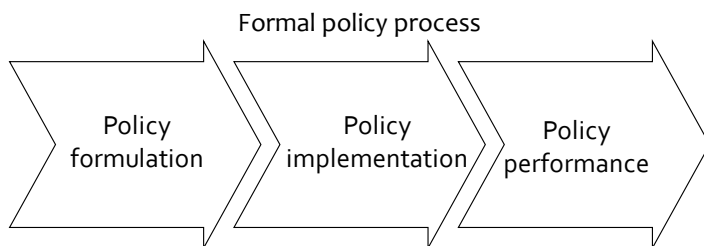
The case of Lee Kuan Yew and Mahathir in Malaysia has shown that in the success or failure of policy development and implementation, leaders’ matter. The key success factor is an integrity and discipline leader, and not about popular one¹⁸. In the case of Jembrana, it was clearly shown that the developing country needs a kind of authoritarian-accountable leader to make a policy decision and therefore creates values for the society.

Winasa was a Regent of Jembrana, Bali. He has a PhD degree and he was a professor in the University of Singaraja. He was a dentist, teacher, and also an entrepreneur, which has just come into politics in 1998, after Indonesia embarked on a dramatic political reform. Winasa then decided to reform the vision of local development. In 1990s Indonesia, the vision of regional development was more economic, which focused on business development and economic growth by using local wealth. The conventional wisdom was: economic

¹⁸ Even in the business sector Jim Collins (2001; 2006) has found that the “Good to Great Leader” is somebody that is keen to integrity and discipline rather than popularity.

development generates money (local budget), and money was for educational development. Thus, the logic was economic first, education next. Winasa changed the conventional wisdom: education first, economics follows.

Now the question is: how to make gratis education without additional money and how to make the economy being generated by inducing educational policy rather than economic policy. This question leads to the second finding. In the universal acceptance public policy process the sequence is: policy formulation, policy implementation, then performance (see Anderson, Brady, Bullock, 1978; Edward, 1980; Quade, 1982; Mazmanian& Sabatier, 1983, Grindle and Thomas, 1991, Dye, 1992; Patton & Sawicki, 1993, Weimer & Vining, 1999; Merilee David Scott (2000); Anderson, 2000; Dunn, 2004; Hill, 2005).



Winasa has faced the reality that forcing education policy in terms of gratis education for the public school will conflict with the local policy (local parliament and local leaders) for the idea was not common and in reverse to the conventional wisdom of local policy development. Formulating policy first would be difficult since he did not have sufficient support in the local parliament. Therefore, he did the policy “without” policy in the conventional wisdom. In an interview, Winasa explained:

“In 1999 I called all the schoolmasters and senior teachers of all the public schools in Jembrana for a meeting in my office, and I told them ‘Start from next semester, I do not permit all the public schools to ask school-fee for any student!’ Surely, many of them were startled and complained, and many others were

mumbling. However, I was formed to my decision, and I told them that their welfare will be my first concern”¹⁹.

The paternalistic value of the Jembrana society, as well as other less developed regions in Indonesia, allowed the Regent to act authoritarian, whilst the theory of a “benevolent dictator” has matched the phenomenon. For sure, no-one dared to challenge the regent’s oral decision, even the local parliament since the decision was so popular that people would challenge any-body who refused the idea. Starting from the year of 2000, the education in the public school in Jembrana was gratis.

The policy was popular for the public, but not for the teacher and school management entity, since in prior they were allowed to take school-fees from the students, therefore they have additional income for management and school organization. In an interview, Winasa stated:

“The public servants have been paid by government, the school building was built by government, and the education process as well as school management is already financed by government, what other expense should be into the people and student’s burden”

To be recognized, before the Law on Education ratified in 2003, there was no obligation for national as well as local governments to free the school-fees in the public schools. It means that all public schools were allowed to take money from the student. The idea of gratis schooling in the public school was thought and accepted as impossible and odd. Therefore, the policy of gratis education was a breakthrough to the presence practices and agreed convention. Winasa as the new leader changed the unethical school management which was allowed by prior policy and convention toward the new view of the ethical and good

¹⁹ To be recognized, before Law on Education ratified in 2003, there was no obligation for national as well as local government to free the school-fees in the public schools. It means that all public schools were allowed to take money from the student. The idea of gratis schooling in the public school was thought and accepted as impossible and odd.

governance of school management. To make balance, Winasa introduced per-hour incentives for teachers, but still in the government control; which means not delegated to the school-management –thus there are no “school-based incentives”.

The policy toward gratis education in the public school was also challenged by the agreed beliefs that it should be a “cross-subsidy” between the poor and the rich, which meant poor students shall be gratis, but the rich student shall pay the school-fee. But, Winasa preferred to gratis all the students in order to develop the friendship among students, to create a harmonious society for the future²⁰.

Hence, since 2001, Jembrana has been having the policy of gratis in public school, and it was the first in Indonesia. The performance has acknowledged a year after the policy was implemented successfully, since the policy was not “inline” with the national policy and also the “agreed convention” among public school management²¹.

After the “policy without policy” implemented and succeeded, Winasa released an executive decision in the form of Regent Decision No. 24/2003 on Freeing the School-fee for Public Elementary, Junior High School, and Senior High School in Jembrana Regency.

The next agenda was the private school. Winasa released a new decision to give merit-based scholarships in the Regent Decision No. 1615/2005 on Scholarship for Performing Students in science, art, and sport, in any Public and Private School Public Elementary, Junior High School, and Senior High School in Jembrana Regency.

In 2006, five years from the first of education policy reform implemented, Winasa promoted the policy to the local formal policy

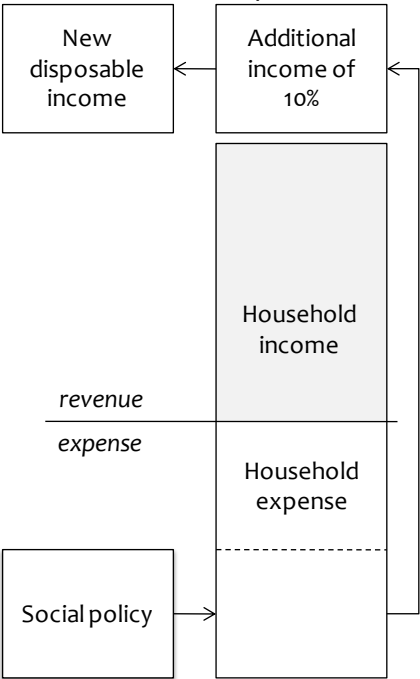
²⁰ For discussion about school and socialization, see Morison & McIntyre (1975).

²¹ It was explained by Winasa, that his senior officer had ever gone to the national meeting and being reprimanded. But, Winasa said that he did not care as long as he defended the people's interest.

which was known as “Local Regulation²²”. Therefore, the Regency of Jembrana released Local Regulation No. 10/2006 on Education Subsidy for Public Preschool, Elementary, Junior High School, and Senior High School in Jembrana Regency.

This is a unique policy process. In Indonesia, all the policies related to the budget allocation and reallocation must go through the local parliament and be released as Local Regulation as the legislative decision –not executive decision. Any policy steps dissimilar to this process will lead into impeachment. But, Winasa had neither faced any rejection nor impeachment. The reason was his policy was toward people's interest and he did it in a governance manner: transparent and accountable, since there was no case of budget abuse in the administration.

Winasa had successfully forced the local parliament as well as local policy to accept his reform in education. And, he was performing what I might say as “policy innovation” in two terms. First, the innovation was about challenging the conventional development wisdom in Indonesia that somehow stated: economic first, education follows. He chooses education first, economics follows. This innovation was in accord with the novel development about competitiveness based on human resources (Pfeffner, 1996) and the emergence of knowledge-based society (Drucker, 1994). Amid with the facts, there inducement of policy education has substantially

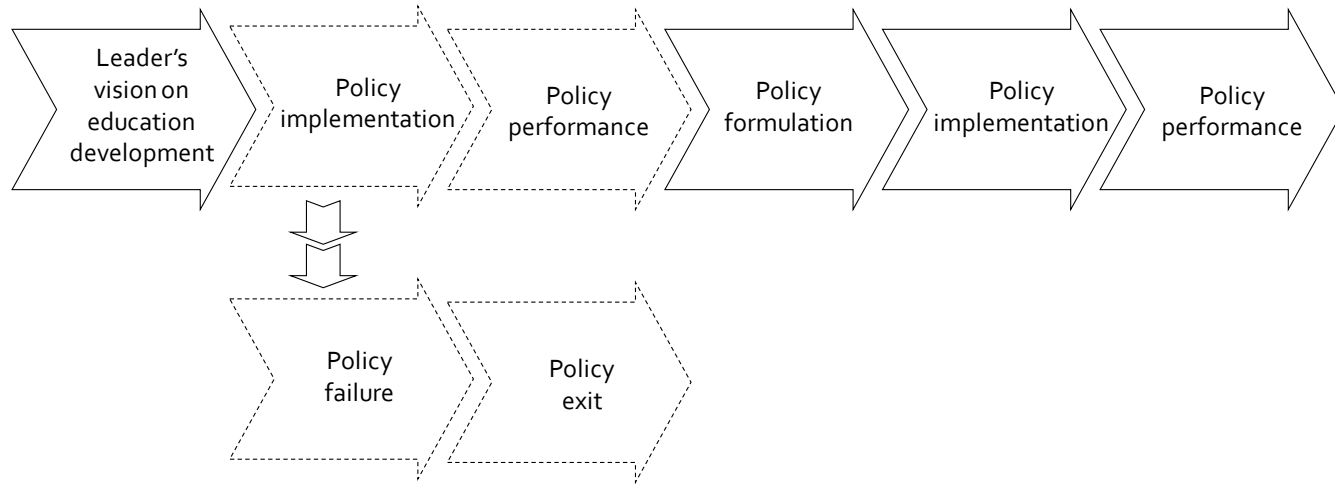


²² Local regulation is equal to Local Law, and it was a joint product of local legislative and executive.

contributed to the economic development. Making education gratis –as social policy-- has been creating the new disposable income of the household, since the prior expense on education transferred into the economic expenditure.

Second answer is policy innovation. The policy process is innovative since it does not follow the theoretical framework which was promoted by public policy scholars. The innovative policy process in Jembrana was started by the leader's vision on education development and therefore policy on education, followed by “policy implementation”, and then it became a policy agenda to formulate the real policy, to be formally implemented, and formally perform. It was clear that if there was any failure, the Regent would easily find a “policy exit” to hinder the political impeachment (see picture 4), besides, if it started, the formal process of policy implementation would take time and expense since local parliament in Indonesia at that time was contaminated with financial abuse.

Jembrana innovation on policy process



Thus, the first and most important finding in a successful education development in Jembrana is the “leader factor”. This finding is congruent to the finding in the research which is carried out by The World Bank about decentralization success in South America in 2003-2004. Campbell and Fuhr stated that:

“Leadership is key...a champion or visionary is found behind virtually every innovation. The Latin American cases are no exception. A champion –whether an author, entrepreneur, or leader— is able to read what is possible at a given moment, understand what the public wants, and visualize a new way of doing things. Above all, the champion is able to convert his vision into reality... Leadership is crucial to innovation. It is hard to imagine the successful beginnings, let alone positive outcomes, of the innovations documented in this book without the driving force of leadership. (Campbell and Fuhr, 2004: 439)”

Thus, the lesson to learn is: the developing countries leader has to be aware that the key success factor of policy is much more dependent on them rather than on the system. The challenge of innovation is the deepest calling for every developing country's leader. It was not about “strong leader” or “paternalistic” one, but it is a committed leader, which means a leader with integrity and discipline, that can develop a valuable innovative policy –and not merely “creative”.

Chapter Four

POLICY MAKING: THE STRUGGLE FOR MODEL

Policy is always about the state or government's decision. The aim is to change the existing condition toward a better one. Richard Titmuss in his *Social Policy and Introduction* (1977) advises an excellent understanding on policy as the prime mover toward social change. Titmuss stated that policy is the principle that governs action toward given ends. The concept of policy is only meaningful if we believe we can change in some form of another, therefore Titmuss reminds us that we do not have policies about weather, because we can change weather. Policy is about *what we may change*; it is about a social range in the human range.

This understanding of policy is very much relevant to developing countries. Development is a concept which was first introduced by the US President Harry S. Truman on 20 January 1949 in his Presidential inauguration's speech, when he introduced the word of "underdeveloped areas" that need effort of "development". Europe was destroyed by World War II (WW II). The US introduced the Marshall Plan (MP) Program by injecting capital to the continent. Europe has been surviving by the US global policy. The program has been copied to the new-emerging nations –those nations who have their independence after WWII. However, it was failed. Besides the capital injection was conducted in hesitation, only some limited countries became US targets for MP II, such as Japan and South Korea and some strategic countries in the middle-east –due to the effort to stop the expansion of communism. The idea was that the "less developed area needed a specific approach". It was called *development*.

The United Nations has promoted the wisely approved understanding of development: it is an ever-ending dynamic effort to achieve betterment; development is not a static concept (UN, 1975). It is continuously changing. The idea was exercised by the President of the UN University Sudjatmoko (1997) who defined development as a

learning process from a stage of living to the next and better stage of living. He recommends that development is something to be learned at societal and individual level; a personal and collective action, not merely to adapt to the coming change, but to direct toward the vision of the society (Sudjatmoko, 1997: 50).

Nobel laureate Amartya Sen, endorsed the definition by introducing a concept development as freedom, by stating that development can be seen, it is argued here, as a process of expanding the real freedom that people enjoy. Sen has been focusing on human freedoms contrast with narrower views of development, such as identifying development with growth of gross national product, or with the rise in personal incomes, or with industrialization, or with technological advance, or with social modernization. He noted that viewing development in term of expanding substantive freedoms directs attention to the ends that make development important, rather than merely to some means, that, inter alia, play a prominent part in the process. (Sen, 2000: 1).

I am indebted to these scholars to propose the understanding of development as a planned and directed social changing process by the developing countries to catch up them belatedly in their journey as a nation-state. The changing process in the developed country shall not be structured as development, since in the concept of “development” lies the concept of “underdeveloped”. It means those countries have been “waking up late” and have to hurry their companions: the developed countries, the industrialized countries, the wealthy countries which are mostly in Northern America and Western Europe.

Public policy in developing countries is *in the context of development*. It is somehow a key platform of engineered social change to achieve their vision toward the newly but welfare nation-state. Therefore, the idea of public policy in some parts is universal, but for some reasons it has some critical differences in the developing countries.

The problem is, in my experience, most of the public policy in many areas –economic, politics, social, and infrastructure—was merely a copy-and-paste policy from a west-well-developed country with

extreme differences to the developing countries –moreover toward the less-developed country. Somehow, it looks like putting ice in the hot plate: it melts instantly before having any impacts. The process of academic transfer to the developing country’s intellectuals is not followed by the digestion process by those academicians.

Singapore has been successful in transforming the country from a swampy third world sea port into a first world financial dynamo –I like *The Star Daily* remark on Singapore (TSD, 3/10/2010: 40). Malaysia has been surviving from Asian financial crises in 1998-1999. The both successes are because they found their way to go and structured their owned public policy. Indonesia has been undergoing a painful transformation because of mistake-advice of IMF in the financial crises 1998/1999 –and then there was a confession from the institution long after the nation had been suffering, and it was happening after some widely criticized by world-wide economist, which one of them was a prominent US economist Joseph Stiglitz (2002).

The facts lead this book for advising scholars, academicians, intellectuals, as well as public policy practitioners to be well-understood that indeed intellectual voyage in the west-well-developed-countries will result in the transfer of knowledge and capacity. The problem is: there is neither such universal theory nor practice that can easily be copied-and-pasted around the world without “digesting” first, and then the more appropriate, fit, and contextual public policy appears.

The idea was promoted since some of the west-well-developed countries public policy experts and practitioners who work with me in some domestic project were so cautious to prepare the public policy which still derived from their intellectual background, but they try hard to contextualize it, and to make it “fit to the user”. It was the core message of the book entitled *Public Policy for Developing Countries*, because it is not about theory, practice, but it is also about *wisdom*.

Policy Formulation

Guy B. Peter, a public administration scholar, criticizes the bad practice of public administrators in making policy formulation. Peter (2004) stated that a great deal of policy formulation is done by inertia, analogy, and intuition. In my academic and practical experience for the last twelve years as a public policy learner and practitioner in my home-country and some neighboring countries in Southeast Asia, I found that Peter's criticism is happening around, and it has never been realized that the practice will lead the nation into a severe future crisis. Public policy is simply turning into individual policy. The beliefs on goodness are substituted by personal beliefs and therefore interest. If there were a group, the beliefs belong to the groups, as well as the interest. Public policy does not necessarily represent public interest. In fact, some developing countries' public policy stays poor since it does not represent the basic rightness of the public policy.

The basic argument of the book is there are two core tasks of the government: developing excellent public policy and accomplishing public service. Government is the only institution that politically, legally, and strategically has a mandate to make and decide public policy. The other phase of public policy, such as policy analysis, policy implementation, and policy evaluation can be subcontracted to the business, universities, and/or non-government organization (NGO). However, policy decisions are an area of government secrecy. Therefore, the decision-making process in public policy is not about the secret job of the government, but the government has to be accountable.

Policy formulation, therefore, is the key part of the government's concern in the public policy process. The problem is, many of western-origin-advisor and western-educated-experts bring the single-lens minded that the only and the must-follow policy making process is the democratic model one. It is a panacea's way of thinking that needs to be challenged.

There are two reasons for criticizing the malpractice. First, even in the western literature, there were at least twelve models of policy formulation: from the democratic to the elitist, from the group model to deliberative model. Secondly, the wise in any part of the world, west and east, both agreed that every problem had its own solution. That is why knowledge and science, especially social and humanity science, spring in the world, especially in the western rationalist society. It is dire advice that the only model for policy making is democratic one, and the other was not a choice.

Back to the west-literature on public policy (see Dye, 1995; Hill, 2005; Henry, 2007), as we recognize that in some extent, science and knowledge as well as technology, are universal, there are, at least, thirteen models of policy formulation:

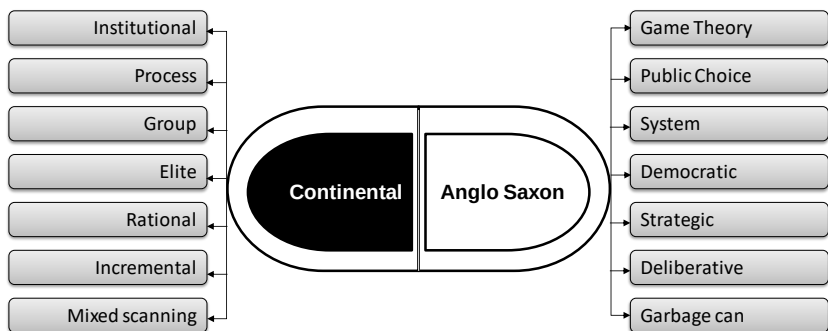
1. Institutional	8. Game Theory
2. Process	9. Public Choice
3. Group	10. System
4. Elite	11. Democratic
5. Rational	12. Strategic
6. Incremental	13. Deliberative
7. Mixed scanning	14. "Garbage can"

Nicholas Henry (2007) has classified those approaches into two groups of models:

- 1) Substantive model, or procedural, descriptive, and objective, which is dominated by political scholars. This approach is also named as the cluster of the incremental models, which consist of incremental, elite, group, system, institutional, and neo-institutional, and organized-anarchy –which the other scholar named as deliberative.
- 2) Theoretical model, or may be named as effectual, prescriptive, and normative. This model is dominated by public administrators –the practitioners. This approach is named as the cluster of the rationalism models, which consist of rational choice and exclusion models.

The practical need to triumph academically, therefore Henry's approach will not be used, but the existing thirteen of policy formulation models.

The model number 1 to 7 tend to be practiced by continentalist approach, meanwhile model number 8-14 tend to be practiced by Anglo-Saxonist. Indeed, there is some exceptionality, since the practice of policy making is also pragmatic and eclectic, therefore some Anglo-Saxonist also use model number 1-7, but rarely the continentalist take the model of 8-14.



First, it is the institutional model. The basic idea is the task in making policy is the government's task as an institution. Therefore, the process of policy formulation is an institutional process inside the government's organization. Dye (1995: 19) verified the approach by mentioning that government is the legal institution to make public policy, government has universal rights and authority around the world in regard to policy making, and government is the only institution which has a legitimized coercive-power. This model comes from the traditional political science concept which emphasizes political structure rather than political process and political behavior (see Apter, 1976).

Second, it is the process model. This model promotes the importance of the policy process rather than the institution and the structure that

does the process. We may find the basic process of policy formulation in the public policy of Andersen et.al. (1978), Dye (1995), Dunn (2004), to Patton and Sawicki (1996). The six most promoted processes are: (1) policy issue identification, (2) policy agenda, (3) policy proposal, (4) policy alternatives, (5) policy decision, and (6) policy legitimating. The model tells how a policy shall be made technically, but less urgency on what substance must be drawn into attention (Nugroho, 2009).

Third is the group model. The model imagines policy as a point of equilibrium. Policy formulation takes place in the interaction between groups (Dye, 2005). The interaction creates equilibrium as the best result of group interplay. Policy making processes sometimes become a process of conflict management among the conflicting ideas, needs, and interests of the parties. The basic formula of the policy decision is compromising or strengthening the existing compromise. As noted by Dye (2005: 20):

“The task of the politics is really the struggle among groups to influence public policy...to manage group conflict by (1) establishing rules of the game in the group struggle, (2) arranging compromises and balancing interests, (3) enacting compromises in the form of public policy, and (4) enforcing these compromises”

Fourth, it is an elite model. The model is developed from the theory of elite-mass which the theory is factual-based on the real practice of policy making that is nothing more than political preferences of the elites in economic, politics, social, cultural, and sometimes religious domain. Most of the political advisors repudiate the approach with the reason that the model is nothing more than an authoritarian model of public policy, since it is nothing but a “top-down” policy model. This model is dangerous to some developing countries which the elites do not have societal roots in, their winning-election because of bribery and/or terror. The election has nothing to do with participation, but mobilization. Manipulation and corruption are at the core of the system. The different angle will see if the elite are a benevolent

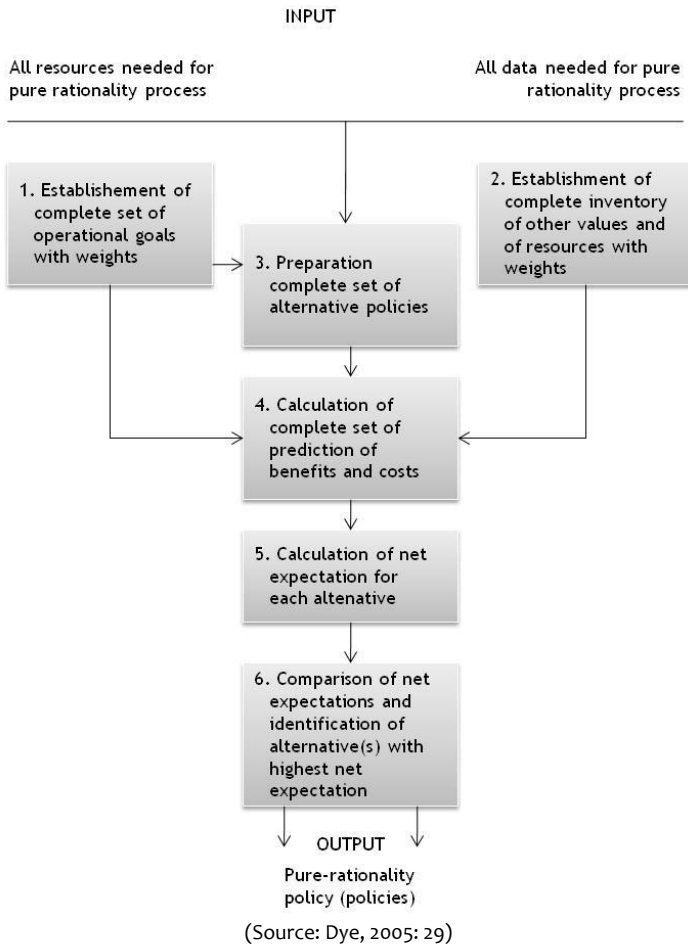
dictator; a heart-full of elite; a compassionate leader, as we may see the presence of the Japan Emperor at the closing stage of Tom Cruise's the Last Samurai's film (2003)²³. The Emperor defended the nation's interest and dignity rather than his personal enjoyment, even though he has the privilege²⁴. Meanwhile, it is not a mistake when the elected elite determine where to go, how, and when. Thus, the model is good with one exception: if the elite has good morality and professionalism (Nugroho, 2009).

Fifth, it is a rational model. This model is also known as the "rational-comprehensive" model (Lester & Steward, 2000). The model promotes the idea of public policy as a maximum social gain for public life. This model is mostly used the mathematical approach toward policy analysis and formulation, especially cost benefit analysis²⁵. The model is the most popular model in the world. The rational model is based on the premise that policy formulation is made by rational-based decision-making. Rationality means there is yield from the benefit over the sacrificed expense. In sum, the model has the emphasis on the economic aspect of the policy –efficiency and effectiveness.

²³"The Last Samurai" directed and produced by Edward Zwick, Studio Radar Pictures/Bedford Falls Company/Cruise-Wagner, distributed by Warner Bros Pictures, released December 5, 2003, with production budget US\$ 140 million and gross revenue US\$ 456 million. There are still differences between "History" (H-1) and "Hollywood" (H-2), but the movie at least represents the ideal of the Emperor. In the case of the Emperor, it was close between H-1 and H-2.

²⁴I suggest the reader watch "The Last Samurai" thoroughly. It will be found that in a certain society, the Emperor, King, or Sultan, is representing their people. Emperor of Japan, King of Thailand, Queen in Great Britain, King of Jordan, Sultan of Malaysia, and Sultan of Yogyakarta, are the world's inspiring leaders.

²⁵See the special chapter on cost benefit analysis



Instead of being the most accepted model, this model also has been criticized. Its major weakness is that the rationality of maximum social gain is different among interest groups. Therefore, in some cases, a decision that is considered as a maximum social gain policy of any interest groups, but not to the other group. The rationality of the automotive industry is different to the modern mass-public transport of interest groups. The automotive industries’ lobby to the government is aimed to keep public transport less developed, so individuals will buy a car instead of using public transport. Policy is –regarding to Thomas Dye—whatever government chooses to do or not to do, therefore the success of the lobby reveals in the policy that “government is not

developing modern mass rapid transport for the city. The companies will run so well, and get high income and profit. The provided rationalities are government: employment in the car manufacture and its downstream industries from rubber to metal; tax revenue from the automotive industries and its downstream business, etc. Consequently, the price that has to be paid is the worsening city transport. In Jakarta, it was estimated that 20-30% of the income of the middle- and low-income people are wasted for awful transportation. Japan, South Korea, Hong Kong, Shanghai, and Singapore choose to have the mass-rapid transport's rationality; therefore, their cities are becoming cities with the best urban transport in the world. Kuala Lumpur has developed the modern mass rapid transport, but the different interests of the car maker industries somehow tends to lead the city into severe traffic jams, especially in rainy season. Bangkok is now developing mass-rapid transport; even if it was a little late²⁶.

Hence, the first problem and skepticism of the model is that the industry's lobby becomes the disguised winner behind the maximum social gain that is announced by the government. The social justification of the policy has been removed by a contaminated justification of the government. This case is easily observed in developing countries. The lobbyists sometimes are not local business community, but international business community and also international agencies in which the interests of the international business player are taking place.

The second criticism toward the model is: it is not easy to reach the *maximum social gain* in the public context, since bureaucracy tends to serve her-self rather than to serve the public. Universal reason stated that it was a *bureaucracy's pathology*; an inherent sickness of bureaucracy. The developing countries' specific reason is because bureaucracy or civil servants are underpaid, therefore they tend to find additional revenue and let alone their basic mission to serve the public.

²⁶Meanwhile, Singapore, Taiwan, Malaysia and China have been developed the modern and efficient public transport in their cities. In China public transport well-developed from Beijing, Hong Kong, and especially Shanghai where "bullet train" was being introduced in the 3rd quarter of 2010

Corruption is observed in many developing countries and sometimes becomes a judgment as financial incentives for bureaucracy are poor. Using this method, a nation which is under a corrupt regime may use the model as an analogy of giving a machine gun to the terrorist. Instead of keeping the security and peace –as the mandate of the military that has held that machine gun- they destroy many lives.

The third criticism is developed from Herbert Simon premise about *bounded rationality* (1971). Simon noted that in the administrative decision what is meant by rationality actually never exists, since rationality always has its boundaries, often in terms of irrational boundaries. Rationality of human beings somehow depends upon their irrationality behind them. The understanding seems like it is in connection to the “rationality dilemma of humankind” of Max Horkheimer, the founder of the Frankfurt School (Sindhunata, 1986). Rationality is somehow only a justification –academically and scientifically– of the hidden irrationality of the decision maker. The rationality of decision making, for instance, to prefer automotive industry priority rather than developing mass rapid public transport, perhaps related to the irrationality choices of comfort in using private vehicles. Therefore, it is not easy to win the policy of public transport if the policy maker has never used public transport, and therefore not aware how awesome the existing public transport is. The case of Jakarta, Manila, Delhi, and some other big cities in the developing countries are some of the expensive-lesson of how citizens have been suffering for a long time and the city government has never reached the agreement to have modern city transport.

The fourth criticism toward the rationality model is that the model tends to be too technical. Therefore, many strategic policies which are founded fail because regardless they are strategic policies; they are developed in the framework thinking and practice of technical policy. For instance, poverty alleviation is a strategic issue, in regard that poverty must be overcome in the long-term approach and should not in terms of giving. In Indonesia's case, poverty alleviation has been solved by giving a small amount of money to the poor family per month for

one year and then another additional one year, with a program named *Cash Direct Fund*. In some instances, the program was in danger of being criticized by political opposition as public bribery. The technicality of the approach has led many policy makers in the developing countries to oversimplify the real existing policy issues, therefore some of the policy if not fail, overshoot, or merely “to swap the garbage under the carpet”.

The fifth problem will come if the policy needs to be taken in the short time or emergency. This model assumes that all the required data are available and provided in the table of the policy analysis and therefore policy makers. In times of crises, such as the bird flu outbreaks, there was neither information nor the model of its occurrence of the virus available. There is no information about what medicine to take. Therefore, Hong Kong authorities take the non-rational model approach by choosing the elite's model of policy making in terms of obliging all Hong Kong citizens to wear masks in public areas.

The sixth weakness is that the model is costly when implementing the policy making which merely a continuation of the previously performed policy. In 1995, Indonesia's family planning was successful. People were welcome to the government policy, and they were willing to implement policy by themselves. In 1996, there was no need for such comprehensive rational planning just to strengthen the existing policy. It just takes some improvement or small modification. This weakness leads us toward the next model of policy making.

The seventh weakness is that even rational models have cost benefit analysis techniques –as the most advanced and accepted technique of rational model to achieve the neutral policy decision—which still has a wide opportunity to become a “partisan model of policy formulation”. Susan Tolchin (1987), for example, describes how the Reagan administration used cost and benefits analysis as a way of justifying the administrator's desire to end regulation rather than making politically neutral decisions (see Palumbo, 1987: 14).

Sixth is the incremental model. The model is, as we have discussed, a

critique for a rational model that is somehow too expensive to generate a continuation policy. It is about some adjustments made at the margins of existing policies through minor amendments or the gradual extension of a program's mandate or the groups it serves. In the US, this mode of policy is preferable especially for relatively non-controversial policies or when the policy making process has ended at a gridlock (see Kraft & Furlong, 2004:60). In fact, most of the time policy making falls into gridlock that make incremental policy as a preferable choice.

How about the developing countries? Most policies of the developing countries have been planned in the long term (5 years) and long-term plan (20 to 25 years). In Indonesia under New Order (1971), the Government developed The First Long Term Development Policy of 1971-1999 and The First Long Term Development Policy of 1997-2022. The long term of policy development planning makes the subsequent policies are about incremental of the prevailing development policy. Malaysia introduced New Economic Policy (NEP) that promoted "indigenous people" (Bumi Putera) compare to the other ethnic (China and India) in order to prevent the nation from a severe conflict (see Faaland, Parkinson, & Saniman, 2003). The policy was started in 1971 and is still ongoing until today. The policy in regard to economic development is about incremental NEP policy in 2020 Malaysia was introduced by PM Mahathir in Malaysia in 1990s. Today, Malaysia develops two major policies: Economic Transformation Program (ETP) and Government Transformation Program (GTP) which is a "fine-tuning" of the Malaysia 2020 policy as the prevailing policy was hampered by the global economic crisis of 2005 and 2008/9. In Singapore, the policy of sanitation and sewer has been exercised through the Deep Tunnel Sewerage System (DTSS) policy. It was performed in the 1970s and implemented in the 1980s. It was also the concept of city transport in Kuala Lumpur. It was planned years before. The family planning policy in Indonesia was developed in the 1970s and the policy was there even after political reform in 1998. The long-term policy of development is the major reason why incremental model of policy making is relevant.

The second reason is the fact that policy makers never have time, competence, and even willingness to conduct a comprehensive rational model of policy making. In developing countries, most cases found that policy makers tend to become indolent in the policy making process. Besides, they are afraid that the new policy will create unintended impact compared to the previous or existing policy. Therefore, most of the policy makers decide to take the same policy with a slight addition or improvement. It is safer and cart off the possible conflict (see Lester & Steward, 2000; Kraft & Furlong, 2004), as the developing countries' policy process mostly hampered by political conflict among polities as the political institutionalization is not finished yet (see, Nugroho, 2006; Nugroho, 2009).

The third reason is as the developing countries lack financial resources, therefore many of their policies in development are following the available budget. In the budgetary policy, the basic argument is an incremental increase of the annual budget (see Hyman, 2005). Therefore, the processed policies somehow follow the incremental increase of budget.

Lester and Steward (2000: 94) have developed the comparison of rational and incremental models as below:

Rational Process	Incremental Process
1. The analysis of the situation.	1. The policymaker works directly on agreement on specific projects, policies, or programs, and not toward agreement on abstract goals.
2. End of reduction and elaboration.	2. The policymaker is concerned with the comparison and evaluation of increments only.
3. The design of courses of action	3. The policymaker considers only a restricted number of policy alternatives.
4. The comparative evaluation of consequences in light of ends	4. Ends are adjusted to means, as well as the other way around. The problem is constantly redefined. Policy objectives are derived largely from an inspection of our means
5. The selection of the preferable alternative.	5. Many alternatives are attempted in a series of “attacks” on the problem of concern.
6. The assessment of the action taken a light of both ends and means	6. Assessment relies on experience and feedback because policy-making is remedial. Public problem solving (proceed) less by aspiration toward a well-defined future state than by identified social ills that seem to call for remedy. In short, ultimate ends are not of great concern.

In practice, the incremental model sees that public policy is a continuation or variants of the existing prior policy. Therefore, the model is also named as the status quo model of public policy making. The model was recommended to the policy maker in the scarcity time and insufficient budget to perform a rational model of policy making. The model is also recommended to policy makers who have a great deal of uncertain situations, such as in the pluralist or heterogeneous society, that it is difficult to make any policy choice which satisfies all the stakeholders. The choice is continuing the existing policy with a very minor modification.

Actually, some policy makers in developing countries have already preferred this model of policy making. It is simpler and easier, but still scientifically and academically justified. Meanwhile, this model has some serious weaknesses. First, it leads the policy maker to become

unprofessional since they have little intention to develop any innovative policy which might effectively solve the policy problem or be performed in reaching the vision of the nation. The nation with the majority of incremental policy models will tend to be a laggard nation since they have neither adapted to the changing environment, nor to proactively anticipate the future. Secondly, if the policy makers get used to the incremental model, it is easily dictated by interest groups whose interest has been served well before the existing policy. The emerging policy will more reflect the interest of a specific group, and not public interest.

Seventh, it is the mixed-scanning model. “Third way” approach is always fascinating. Therefore, Anthony Giddens became one of the most famous social intellectuals after he promoted “the third way” as the substitutes of “social democrats” and “neo-liberal” approach in the policy paradigm. Indeed, what was developed by Amitai Etzioni in 1967 when he introduced the “mid-way” between rational comprehensive and incremental model of policy formulation in his paper released by *Public Administration Review* December entitled “*Mixed Scanning: A Third Approach to Decision-making*”. This approach assumes the process as a camera with two functions: wide angle function to make a global picture and a zoom function to see the detail. The compromise model of policy making is actually impractical, in the sense that it is beautiful in the concept, but difficult in practice.

Eight, it is the game model. The first game theory model was based on the psychology case of “prisoner’s dilemma”. There are two criminal suspects as guilty. There were facts and proof. But without their assertion, the court will have difficulties to make a final judgment. On the other hand, if the police officers can make the two suspects admitted, they will get credit and perhaps they will have medals. The case was to suspect “A” and “B” was questioned separately to probe their guilt. The suspect “A” will have to answer the question of the interrogator in the multi-assumption of “B”’s answer to the different interrogator in the different room. So, does “B”. The interrogator may force “A” to plead guilty by saying that if he confessed before “B” did

his confession, he would get fewer penalties than “B”. So, do the “B”. If still there is no confession from “A”, the next day, the interrogator is prepared with the “check-mate” interrogation: “B has already confessed, if you do not plead guilty, you will have the worst penalty in the court”. So, does “B”. Either “A” or “B” have the dilemma to answer the question. If “A” gives his confession of guilt by assuming “B” has already confessed, the dilemma is: “what if B did not give his confession, since it was the interrogator’s trick?” In this situation, policy makers make policy judgments by thinking about what other contestants will do.

		Player A	
		Alternative A1	Alternative A2
Player B	Alternative B1	Effect 1	Effect 2
	Alternative B2	Effect 3	Effect 4

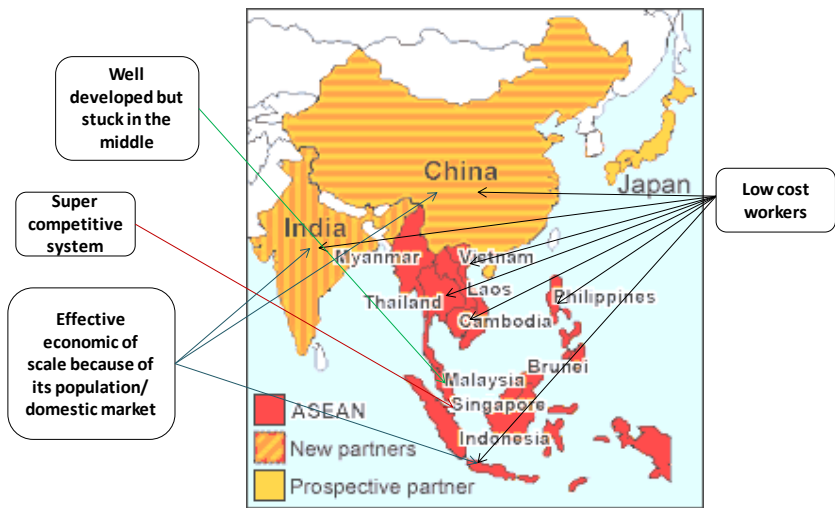
The recent approach of game model theory is not based on the psychological approach of the “prisoner dilemma”, since the policy condition is not a “one-to-one” per se dilemma. The choice of individual as in the psychological approach has not applied in the group context, and furthermore in the political context, either in the local, national, or inter-nations context.



The subsequent model is game theory which assumes that the policy is in the context of the living environment as a chess game. Whilst a chess player decides to move his of the *king, queen, rook, pawn, knight, or bishop*, he or she must realize that his or her opponent will have a series of steps or movement. Therefore, in chess, a Grandmaster is able to

think 7-8 steps ahead. It is also in the game model of policy making. The first generation of game models was based on the “prisoner dilemma” model. But in today’s model, it is more of a chess model with additional context: the presence of chess only has two people as opponents, in the policy game model the player is more than two. In practice, before formulating and deciding any policy, the government must rethink what steps will be taken by its opposition and also what other countries will do. When the US was in crisis in 2008-2009, dollars tended to be devalued to any currency. The governments of other countries, who had to export to the US, did intervention to keep their currency low or at least in the same position as before to US dollars to keep their competitiveness in trading to US. When Indonesia was lowering its corporate tax to attract the global investor, Singapore and Hong Kong did the same. The key concept in game models is strategy. In this model, the best strategy consists of two critical actions: speed and secrecy. The context of the policy is assumed as the living context –not a lifeless one.

Game model is the most difficult model of policy making. It assumes that the policy maker is competent and able to think in multiplicity: politics, economics, diplomacy, international relations, to the mathematics calculation. The best policy analyst team is teams who have the capacity to conduct policy analysis in the game model approach. The critical problem is: if the policy maker is less capable, instead of defining offensive strategy, he or she easily becomes the *safety-player type of policy maker*. The decision will go toward the most defensive one. Malaysia, for example, has to develop a game model of policy as the country has been “stuck in the middle” as he was surrounded by Singapore as super competitive system, China, India, and Indonesia which have low cost worker plus effective economic scale because its population has reached its economic scale to become an economically market.



Ninth, it is the public choice model. It is a model which sees the policy formulation as a collective decision of the individuals. The model is based on the theory of economics of public choice which assumes that human beings are homo economicus who have economic needs to be satisfied economically. The role of the policy is to satisfy these needs. Policy formulation is the same with market mechanisms where buyers meet sellers and supply meets demand. Dennis C. Mueller (1989) explains that public choice can be defined as the economic study of non-market decision making, or simply the application of economics to political science. He noted that the methodology is that economics, therefore the basic behavioral postulate of public choice, believes that man is an egoistic, rational, utility maximizer. The political philosophy of the model had been extended from Thomas Hobbes and Benedict Spinoza and in political science from James Madison and Alexis de Tocqueville (Mueller, 1998: 2).

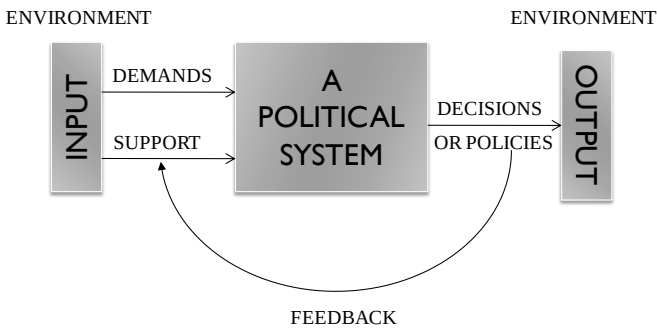
This model gives an explanation why the election winner sometimes fails to provide the best policy to the nation –their voters—because those policy makers will take care more only of his or her voters. In many cases in developing countries, the election winner is he or she who is being supported by business entities; therefore, the policy formulated is usually negotiated among “the shareholders” of the leader. Because they have funded most of the campaign, they ask for

the return. Political process will be seen as a business process, and they see political funding as a business investment. It is difficult to find excellent public policy in this condition.

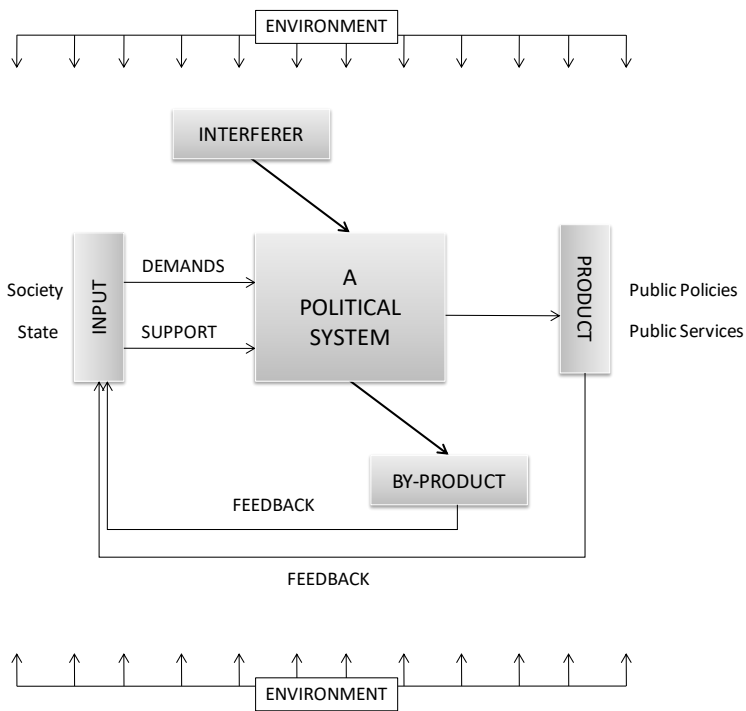
The classical public choice model is ideal for the small community, i.e. in a small county or villages, when gathering people directly is possible. It became a problem when implemented in the quasi-public-choice, where access for the public to the policy maker has been blocked by the elite's circle around the leader. Public choice model is appropriate in a community or society where the “public” has the same competency to make policy choices. It means, level of education, media exposure, and participatory political culture is there. This is the basic prerequisite –or *ceteris paribus*-- for a meaningful public choice model of public policy formulation.

The contemporary public choice model is relevant to the complex policy decision as the recent advancement has promoted the model of analysis of public choice in the direct democracy as well as representative democracy, with the quantitative model of decision-making equation (see Mueller, 1998).

Tenth, it is the system model. It is a macro approach on policy formulation which sees policy formulation as an ecosystem. David Easton introduced the model as he explains the political process as comprises of input, throughput, and output.



This simple model of policy formulation explains that the policy formulation comes from political input of demand and support, proceeds in the political institutions –state or government—and the product as political output is the decision of public policies. Even though it is a simple model, it is workable to understand the complicated public policy process. The problem is, this model abandons the negative side of any system: by-product, and in the environment, there is always an interferer, who irritates the government. Therefore, the new-elaborated system model will be as below:



The advantage of the model is we can estimate whether the political system generates more product or byproduct. This is the extreme one. The moderate measurements we can use are:

1. How we have an “energy saving” political system. It means we need to have an efficient administration. The idea of “energy

saving” government was exercised by Osborne and Gaebler in their *Reinventing Government* (1992) and Osborne and Plastrick in their *Banishing Bureaucracy* (1996). The case of developing countries, the policy formulation process sometimes becomes the “legal project” for the government and parliament. The challenge is how to assure the policy process becomes efficient in budget and time saving. It takes a policy formulation audit.

2. Material balance approach to political system. The policy as the product of the political system has to be in balance with the material or “input”. The material balanced formula is $mb = \text{number of product} / \text{numbers of byproduct} \times 100\% \times \text{material}$. Surely, this mathematical calculation requires additional methods to quantify the value of “product” or policies, the “byproduct” or policy formulation excess, and the “material” as the input factor.

Eleventh, it is the democratic model. The principle idea of democracy is the people’s participation in the political process. In policy making it means public participation in the policy formulation process. The process involves government and society as the top-down and bottom-up model. In Indonesia, the model has been developing on the development planning model. Every year the government conducts a series of meetings starting from the villages, to the sub district, district, city, province, and the national. The meeting will end at the end of the second quarter with the result of national agreement on next year’s development policy—and therefore programs and also projects. In Malaysia, Government holds a series of public consultations around the country before deciding the policy of the new national economic model²⁷. Democratic model of policy making is about taking as much as citizens to participate in the policy making process. The model is associated with the good governance measurement, or with the recent buzzword of democratic governance. Malaysian senior officer, Abdul

²⁷The series conduct from Januari 2010 to September 2010, and then the policy made in October 2020, led by Minister in the Office of Prime Minister, DrIdris Seri Jala.

Halim Ali²⁸ mentions that good governance is the process of policy formulation and implementation through consensus-building among the various concerned sectors with the aim of improving the overall quality of life of all citizens (quoted by Ali, 2007: 43).

Democratic model is the ideal model for policy formulation with some identified weak points. First, democracy is about agreement. It means that the policy is sometimes based on agreement rather than the rightness of the policy. Secondly, democracy is about the majority, it means sometimes government officers are eager to have majority votes of support to justify their policy rather than to find that their policy is really good. Sometimes, the idea of the minority voice is better, but by number they have been legally neglected. Thirdly, this model is ineffective at handling emergency problems. The goodness of the model is mostly successful in implementation since it involves the majority of people, and the decision is assumed as their decision too and therefore its accountability for success.

Twelfth, it is the strategic model. The model is developed from the idea of strategic planning. Bryson (1995) promotes the model of strategic planning in the public sector organization. In his *Strategic Planning for Public and Nonprofit Organizations: A Guide to Strengthening and Sustaining Organizational Achievement* he advises ten steps of strategic planning:

1. Initiate and agree upon a strategic planning process.
2. Identify organizational mandates
3. Clarify organizational mission and values.
4. Assess the organization's external and internal environments to identify strengths, weaknesses, opportunities, and threats.
5. Identify the strategic issues facing the organization.
6. Formulate strategies to manage these issues.
7. Review and adopt the strategic plan or plans.
8. Establish an effective organizational vision
9. Develop an effective implementation process.

²⁸Ketua Setia Usaha Negara of Malaysia

10. Reassess strategies and the strategic planning process.

The policy formulation process is therefore similar to strategic planning process which starts from the initiative (what policy shall be developed), identify mandate of the organization (does an organization have a mandate to develop such policy?), clarify mission and values (making policy congruence to organization's mandate and values – remember on belief on goodness), doing SWOT analysis (policy stressed test), identify strategic issues to policy (backward and forward analysis of policy), formulate policy (describing the policy choices), review and adopt (what policy will be taken), establish vision (what is the ultimate goal of the policy), develop effective implementation process (policy implementation strategy), reassess (to think again about the policy effectiveness before it is released). Strategic model is a derivative of a rational model of policy formulation with some difference in its focus for the details of the management's steps of the policy process.

Thirteenth, it is the deliberative model of policy formulation. This model is assumed as the “radical model” of policy making. In 2001 there was a conflict among religious and ethics in the city of Poso, center of Sulawesi Island, Indonesia. Thousands of people were killed. Houses were burned. Central government as well as the local government was frustrated since the conflict kept erupting even though there were many policies induced. Police and military were being frustrated either, because they were trapped in the middle of conflict and they became enemies of both conflicting parties. Under the new administration, central government, led by VP Jusuf Kalla, a new way to solve the problem was introduced. He went to the conflicting area, called all the representatives of the conflicting parties, and asked them what they wanted to do to end the conflict. It was a difficult process, at first. After some meetings, they agreed on some “rules of the games” to be followed by themselves. Government agreed, and “stamps” the agreement. The conflict ended.

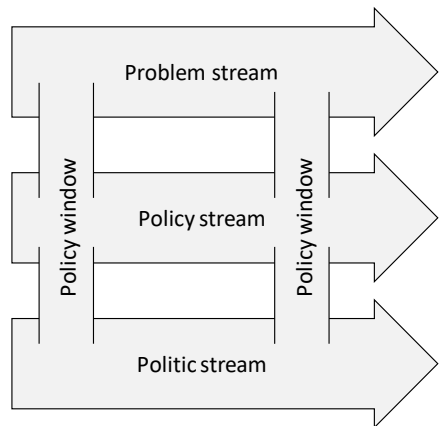
The deliberative model lets the public decide what policy shall be

conducted to them. Let the public manage their way, and let the agreement happen, then the government simply legalize the agreement to become a policy. Government acts as a facilitator and legalizes the “public decision” that is made publicly. Even though Frank Maarten Hajer and Hendrik Wagenaar (2003), who introduce the concept of deliberative policy making, which develop from the concept of “argumentative policy making” from Frank Fischer and John Forester (1993), perhaps they did not imagine that their policy is effective in the society in conflict. Besides “deliberative” and “argumentative”, the other name of the model is “collaborative policy making” (Ines & Booker, 2003).

Fourteenth, is the “garbage can” model. The model was developed by John W. Kingdon (2003, 1984). After doing in-depth interviews with 247 top decision makers in the US, Kingdon found that policy making is processed in the three independent streams: problem stream, policy stream, and politic stream. Problem stream is about putting social issues to become policy agenda; this theory buys the theory of McComb’s mass communication theory of “Agenda Setting”. Policy stream is about a policy process which involves policy actors, from government, politicians, to the policy expert or consultant outside bureaucracy. Politics stream is composed of things like swings of national mood, vagaries of public opinion, election results, changes of administration, shifts in partisan or ideological distribution in parliament, and interest groups (Kingdon, 2003: 87). The idea sees that the policy process is a set of actions in the “organized anarchy” therefore any policy making model, especially rational-comprehensive and incremental, were irrelevant. The garbage can illustrate the character of the institution where decision making is taking place. Kingdon develops the idea from the seminal idea of Cohen, March, and Olsen about “A Garbage Can Model of Organizational Choice” (1972), which mentions that an organization sometimes becomes an “organized anarchies” therefore the decision choices somehow could not follow the rational way.

“Organized anarchies are organizations characterized by problematic preferences, unclear technology, and fluid participation. Recent studies of universities, a familiar form of organized anarchy, suggest that such organizations can be viewed for some purposes as collections of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be an answer, and decision makers looking for work. These ideas are translated into an explicit computer simulation model of a garbage can decision process. The general implications of such a model are described in terms of five major measures on the process. Possible applications of the model to more narrow predictions are illustrated by an examination of the model's predictions with respect to the effect of adversity on university decision making” (Cohen, March, and Olsen, 1972:1).

In the organization, “organized anarchy” happens by the existence of four independent streams: problem, solution, participants, and choice opportunities (Cohen, 1972: 3). Meanwhile, the Policy making process happens in the “organized anarchy” organization, because it undergoes the uncoupling three streams: problem, policy, and politics. The actor who could make those streams junction named as policy entrepreneur, they who can see or enhance the “window policy”, the place where policy making is happening because the junction of those three streams is there.



There are four problems with this approach in understanding the policy making process. First, the approach is more about understanding how policy making is happening rather than the policy making itself. Thus, it is a model for “understanding” not for “creating” or “formulating”

itself.

Secondly, the model inherits the basic idea of “garbage can” of Cohen et al, as seeing that an organization is a collection of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be the answer, and decision makers looking for work (Cohen et.al., 1972: 2). Indeed for “garbage can model” in which policy as solutions find problems rather than vice-versa. The model assumes that the policy maker makes the policy rather than creating or finding the problem (Peter, 2004: 61). Therefore, the problem is a justified policy. As noted by Peters, solutions may beg for new problems, like a child with a hammer finding things that need hammering (Peters, 2004: 61). It was the British wisdom that if we have a leader –and can be assumed as government— and the only tool he or she has is a hammer, so everything he or she sees, it will be nails.

Third problem is that sometimes “garbage can model” is practiced in a way of GIGO or “garbage in, garbage out which assumed policy formulation process as a person take something from garbage container, if he or she is lucky, he or she will get the good things, but if he or she is unlucky, what he or she get is just rubbish. This approach is not advised since it merely relies upon “a very-random method” that supposedly reflects the behavior of irresponsible policy makers.

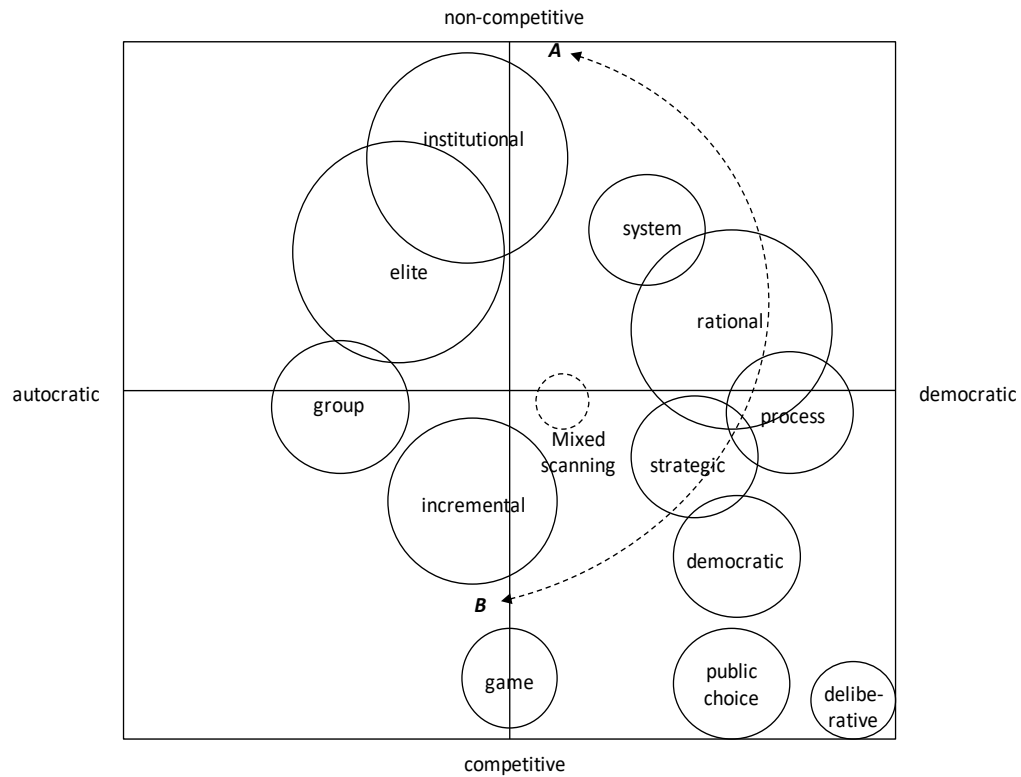
Fourth, a concept of “policy window” which is promoted by “policy entrepreneur” can be easily plunged into the negative term; meaning there are some interest groups or individuals who do bribery to the policy maker actors in order to get their group or personal interest served well by the policy. They are identified as The Free Riders (see Cook, 1990). Referring to those reasons, I would like to put the garbage can model as an “academically model” or “intellectual model” to understand the real practice of policy making rather than the proposed model for policy makers –as well as the mixed-scanning model.

Chapter Five

MAPPING AND CHOOSING MODEL

In Indonesia post reformation –where democratic transformation had been taking place supported by international agencies i.e. UNDP by the Deepening Democracy of 12 year’s program– most of the international consultants or advisors in developing countries promote democratic models for policy making. Meanwhile, the most popular model to be promoted to the high rank officer’s training is rational comprehensive. In practice, neither democracy nor rational comprehensiveness is being taken as a model. The answer is mostly about “bewilderment”.

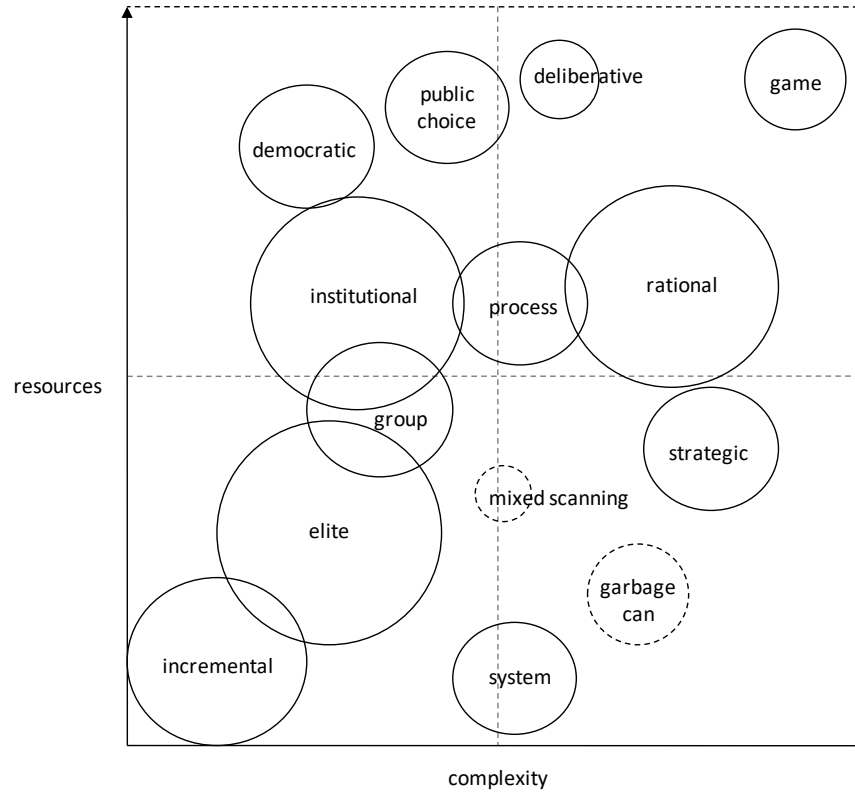
By acquiring the 14 model of policy making process, the first question, before questioning “what is the best model”, is: which model is the dominant model, and in which context have they been dominant? There are two axes of context of policy: societal context and political context. Policy context is in regard to the level of competitiveness of the society, therefore a competitive society, where contestation is possible, and non-competitive society. In the political context, there are two poles: autocratic and democratic.



The most dominant model is elite, followed by institutional, incremental, and rational models. The curve “A” to “B” represents the area in which the developing countries are mostly situated. Therefore, the most common model is institutional and incremental.

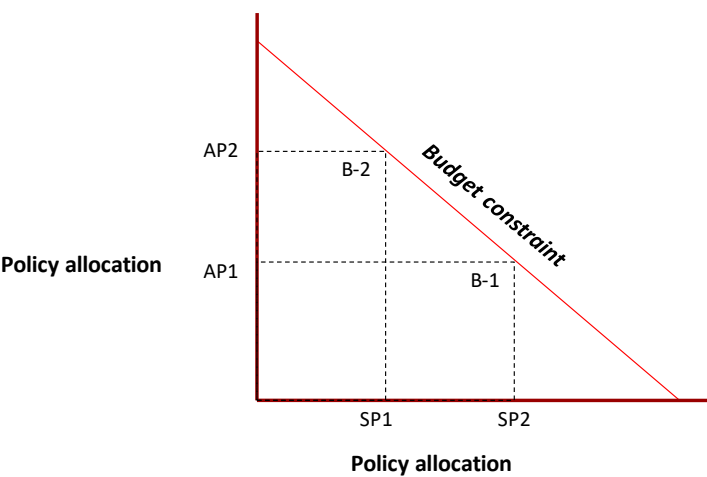
The critical question now: “which model is the best one?” Definitely, there is no one best model among others. However, policy must be excellent; must be the best. Therefore, the question for developing countries policy makers is still about *what model fits the best?* There are two variables to determine which model we shall take: complexity of the policy issue and availability of resources, especially time and competency of the people to do policy formulation –policy analyst.

If the problem is not complex and the resources are low, policy makers shall not hesitate to take the model of incrementalist. However, the model is not suggested when the problem is getting complex, even if the resources are low. It shall be a system model. The most moderate model is institutional. The most complex policy issue must be undertaken by providing the more capable human resources so policy making can be made by at least strategic, rational, or the most sophisticated game model.



Managing Risk in Policy Formulation

Policy formulation has its own risk. The problem is that most of the policy makers –most of them are politicians—are not aware that the failure of policy making can be endangering the overall state constituent. This is the most common problem among developing countries' policy makers. They somehow have a common habit: it is ok to make a “little mistake” in making policy because there must be refinement in the implementation. The grave problem is that the policy makers in developing countries are looking for productivity and neglect the quality. In some cases, the performance measurement of parliament in the developing country is set upon how much they are able to develop policies –acts, bills, and laws. They overlook the reality of policy implementation. Sometimes, to catch up with the target, some policies were made in haste. The lesson to be learned is that there is a big risk in policy making.



The policy making risk has created many theories, methods, and instruments to keep the policy being well-made, whatever the context and difficulties are. One of the most promoted is cost benefit analysis.

Public policy --as developed by Richard Titmuss (1974) in his definition of social policy-- concerned with the allocation of limited range of resources to meet a range of public needs. Public policy, whatever its sector, from social, political, to economic, is always an economic resource allocation toward social, political, and economic development. The problem, to be sure, is that the government's economic resources are always limited. That is why it needs to take a proper analysis before doing the economic resources allocation. In this regard, CBA is the most effective method to value the limited economic resources allocation. CBA, as noted by Mishan, is an application of welfare economics where the rationale of CBA is based on Pareto improvement (Mishan, 1976: xviii).

Again, policy making is a risk-taking action. The risk is not about risk itself, but about choices and risk. Cost benefit analysis (CBA) is analysis about choice; about economic choice (Newton, 1972: 15). It is caused by “iron law” as noted by Newton:

“As individuals, we are all faced everyday with situations which force us to select one course of action rather than another. The ‘iron law’ of economics is that in the real world nobody has sufficient resources to enable him to do everything he wants to do, own everything he wants to own, or go everywhere he wants to go (Newton, 1972: 16)”

Schmid (1989) which used “Benefit Cost Analysis” (BCA) finds that BCA is about choices, because choice itself has become the name of all the games. BCA is an analytic framework for organizing thoughts, listing the pros and cons of alternatives, and determining values for all relevant factors so that the alternatives can be ranked (Schmid, 1989: 1). The CBA is then needed since choice reflects uncertainty (See Turvey, 1977: 6-7; Schmid, 1989).

CBA is therefore a “technology” to secure “value for money” (see Newton, 1972: 16). That is why CBA is critical in determining constraints in the government budget. Policy making which uses the financial budget without considering CBA will result in the government’s budget

being constrained and the government will be impacted in two ways. First, the most budget-saving proposed policy will be in the forefront of policy acceptance, even if that policy is not a strategic policy. Therefore, the budget tends to undermine policy importance as it works as “guillotine” toward any policy proposals. The second impact is there will be fighting among policies, especially in the context of developing countries, where the government’s budget is sometimes rather dry than limited. Fighting among policies could drive into a rush and contaminate the policy making process, and easily become containment by self-interest of the policy maker.

CBA is the rational method for doing so. In some cases, CBA is used as a business accounting model in a factory investment. It causes a mistaken belief that CBA means practicing business financial measurement and instruments in the public sector. The problem, as noted by Newton, is the business practice based on market price mechanism. However, the market price mechanism does not operate in many parts of the public sector (Newton, 1972: 18). Therefore, cost benefit analysis is different from feasibility study of the private or business sector. The distinction between private/business and social cost is the very core of cost benefit analysis (see Newton, 1972: 19, 21).

Boardman, Greenberg, Vining, and Weimer (2011) noted that in CBA, policy makers try to consider all the costs and benefits to society as a whole, therefore some people refer to CBA as social cost benefit analysis. Noted by Broadman et al.:

“The broad purpose of CBA is to help society –meaning not the market-- decision makers to make more efficient allocation of society’s resources... At the heart of CBA is the concept of allocative efficiency...CBA serves as a yardstick that can be used to provide information about the relative efficiency of alternative policies... (Broadman et.al. 2011: 28).

CBA based its efficiency on *Pareto Efficiency*, which means:

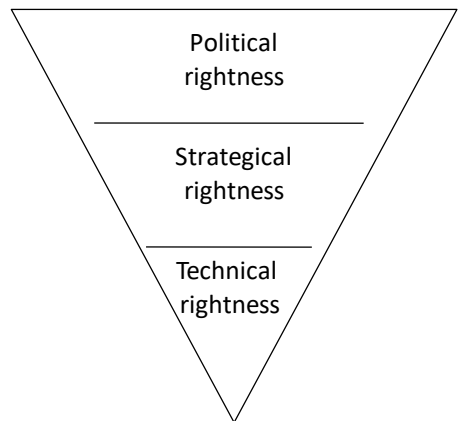
“An allocation of goods is Pareto efficient if no alternative

allocation can make at least one person better off without making anyone else worse off. An allocation of goods is inefficient if allocation can be found that does make at least one person better off without making anyone else worse off” (Broadman et.al., 2011: 29).

In regard to financial matters, CBA is not about financial and economic alone. The important understanding of CBA in policy making is promoted by Mishan who states that CBA is not about financial and economic consideration alone, but toward economists as a whole and the welfare of the society as well. As stated by Mishan:

“But why bother with cost benefit analysis at all? What is wrong with deciding whether or not to undertake any specific investment, or to choose among a number of specific investment opportunities, guided simply by proper accounting practices, and, therefore guided ultimately by reference to profitability? The answer is provided by the familiar thesis that what counts as a benefit or loss to one part of the economy – to one or more persons or groups—does not necessarily count as benefit or loss to the economy as a whole. And in cost benefit analysis we are concerned with the economy as a whole, with the welfare of a defined society, and not any smaller part of it” (Mishan, 1976: x).

Even this is a rather complicated and highly technical method; CBA can be transformed as a user-friendly instrument. The basic assumptions of CBA are derived from the idea of public policy. There are three “rightness” to be fulfilled of any robust CBA. First, it must fit with the “beliefs on goodness”; it means national ideology which is stated in the constitution. This is called “political rightness”. Indonesia has beliefs on



goodness that water is human rights and shall be under government accountability. The privatization of water services in Jakarta in 1998 through public private partnership mechanism by full-concession for 25 years, has led Jakarta water to be the worst water service compared to some prominent capital cities in Southeast Asia and East Asia, such as Singapore, Kuala Lumpur, Taiwan, and Seoul. The second is the strategically rightness; it is about questioning the ultimate goal of the policy choices. The CBA is not for “CBA alone”, but toward strategic achievement of the government as well as society. Public transport is the strategic need of modern city civilization. Singapore, Kuala Lumpur, Hong Kong, and now Shanghai, their governments have invested in the modern integrated public transport based upon rapid train as mass rapid transport. Jakarta has been leaving the idea because assuming that public transport is somehow not a match with the CBA calculation of cost of investment, ability of the government to fund, and the potential loss or failure in the future. The third is technical rightness. CBA has to be conducted academically and professionally. It means when the policy is about social –or social policy—so the CBA is not about economic value, but also social value that is transformed into monetary value.

There are three critical issues about CBA. First, the ladder of rightness must be started from the highest position, the political rightness, and then followed by strategic rightness, and finally technical rightness. In practice, this is the most difficult process, because policy makers tend to use “technical rightness” to justify whatever their policy choice and therefore policy decision, even though it disregards the political and strategic rightness. Therefore, the first challenge of CBA is not about “money” and “investment”, but about ethics.

The next difficulty then is the operational one: technical rightness. Hyman (2005: 225) noted that CBA involved three steps:

1. Enumerate all cost and benefits of the proposed project
2. Evaluate all cost and benefits in dollar (monetary) terms
3. Discount future net benefits. This allows future benefits and costs to be reduced to their present values so that they can be

compared with the dollar amount of budget authority necessary to finance the project.

Hyman's understanding of CBA steps is mostly a business-financial accounting process, because he understands CBA as a practical technique for determining government projects. He did not take account of social projects, social policy, or policy formulation. Therefore, when we put CBA as a tool for policy making, we found that there are many indicators that are not easily transformed into economic measurement.

Therefore, herewith we found two problems mostly found by the CBA analysts: how to determine the indicator of “cost” and “benefit”, and how to monetize the “non-monetary indicator”, because many goods and services which are produced in the public sector are not priced in the market (Newton, 1972: 21). Herewith some proposed clues. To deal with the indicator, we have to find the “concept” of the policy we would like to analyze. There are four choices to find the indicators, and those choices might be combined with each other. The choices develop some indicators:

1. Based on theories
2. Based on experts
3. Based on research findings
4. Based on self-experiences
5. Based on others-experiences (benchmarking)

After finding the indicators, the task is to develop a matrix of cost-benefit indicators. Suppose to be a policy in housing for low income people which involves a certain amount of government investment which will be named as subsidy. The practical way is to develop the matrix as below:

Benefit		Cost	
Monetary	IDR	Monetary	IDR
Non-monetary	IDR	Non-monetary	IDR
Net sum (negative)	IDR	Net sum (positive)	IDR
Summation (balance)	IDR	Summation (balance)	IDR

The monetary cost will be government investment for housing projects. The non-monetary cost will be social cost that becomes the burden of government, such as land-conflict, educating people to live in the low cost flat which is high rise building, controlling cost for at least 10 years next to make sure that those low income people will not resale the houses to the other people who have higher income, and others. The monetary benefit will be house owner payment to the government through a banking mechanism since the low-income people still have to pay their homes at a certain level of subsidy. The non-monetary benefit will be the value of health among those people, trimming down social conflict, support to government and therefore positive participation, and the like.

Indeed, any CBA practitioners may develop their own matrix’s model to make the analysis more tailored-made. As comparison, herewith the examples of CBA matrix which aimed to promote policy on city mass rapid transport.

Solution	Actual Costs	Opportunity Cost	Tangible benefits	Intangible benefits	Total CBA Score
Light rail transport					
Monorail					
MRT (subway)					
Bus					
Integrated 1-2-3-4					
Integrated 1-2-4					
Integrated 3-4					
No action					

This matrix can be developed into the detailed computation by inducing cost, benefit, added values, and created values that usually come as the impact of any public infrastructure investment which are mostly regarded as the externalities of any public goods.

No	Values	Costs	Benefits	Added values	Created values
1	Direct				
2	Indirect				
3	Tangible				
4	Intangible				

The next challenge is how to monetize non-monetary indicators. There are two methods: first, finding the research center’s social data, such as statistical agencies, ministries, universities and other respectable research centers. However, what shall be done if there is no available transformed data or transforming-guide? The CBA analyst has to develop themselves by exploring basic theory, methodological theory, mathematics theory, monetary theory, financial model theory.

In this method, the qualitative method of “triangulation” is one of the key solutions. There are three methods of triangulation: by using most accepted and tested theories, by using other well-accepted data or findings, and by using expert –Delphi or modified Delphi (Nugroho, 2009).

The next challenge is to find the “source” of the cost and benefit. There are two sources of cost and benefit: government and stakeholders. Therefore, the matrix of CBA in case of housing policy for low income in developing countries which funded by government by budget and interest subsidy might be developed as below:

		Sources	
		Government	Stakeholders
Measur ement	Cost	1. Construction 2. Land occupation 3. Interest subsidy	1. Process of house ownership 2. Payment for housing 3. Payment for housing maintenance and fees
	Benefit	1. Repayment with interest discount 2. Sponsorships/ donors	1. Health value 2. Safety value 3. Integration value

CBA can also be conducted in comparison: between condition *with development project* and *without development project*. This CBA example was taken from model of Broadman et.al. (1996) on toll road development in Texas:

	No Toll		With Tolls	
	A Global Perspective	B State Perspective	C Global Perspective	D State Perspective
<u>Project Benefit:</u>				
Time and Operating Cost	389,8	292,3	290,4	217,8
Savings	53,3	53,3	53,3	53,3
Terminal Value of Highway	36,0	27,0	25,2	18,9
Safety Benefits (Lives)	14,6	10.9	9,4	7,1
Alternative Routes Benefits	-	-	-	37,4
Toll Revenues	0,8	0,6	0,3	0,2
New Users	494,5	384,1	378,6	334,7
Total Benefits				
<u>Project Costs:</u>				
Construction	338,1	338,1	338,1	338,1
Maintenance	7,6	7,6	7,6	7,6
Toll Collection	-	-	8,4	8,4
Toll Booth Construction	-	-	0,3	0,3
Total Costs	345,7	345,7	354,4	354,4
New Social Benefits	148,8	38,4	21,2	-19,7

Note: price in US\$.
 Source: Boardman et.al. (2011)

The highest score of CBA was alternative “A”, and the decision was “no toll”. That is the decision to be made.

The next question is how to perform CBA successfully. CBA is a multi-discipline analysis; therefore, CBA process needs to be performed by a team that has mastery in at least five disciplines: Public policy; Methodology; Economy, especially econometric; Financial management; and Political science. Policy experts need to develop a macro understanding of the policy process. Methodology experts needed to develop a scientific model as the platform for the process. Economists, especially econometric experts, develop monetary measurement, especially from the non-economic indicators. The economic expert will work as a key agent to lead toward final economic performance of the policy achievement. Financial management expert is needed to develop the financial model of the CBA process.

The challenge of the CBA process is that the team will be easily transformed from “an intellectual and professional team” into a “partisan team” since politicians are in the dominant position to determine the end of the CBA result to justify the politician’s agenda for power purposes. CBA’s process could be changed from a rational process in making a nuclear bomb ordered by the power-greedy politician. Instead of promoting ideal policy choice for the public, the team is becoming part of the power who likes to have absolute power. And, as Lord Acton’s wise words, “power tends to corrupt, therefore absolute power corrupts absolutely”, the CPA team becomes team for corrupt. That is why, a CBA team has at first a clear and firm understanding about what “case” they are “in” and what is the “aim” of CBA where they are jumping into. There are two guiding questions to answer these challenges: first, is it a common case or sensitive/ critical case? And is it a CBA for political interest or policy interest?

CBA, however, is the most accountable policy making instrument in determining whether any policy is in regard to the constraining budget or in reverse. However, CBA has inherent weaknesses. First, sometimes, social policy cannot just be justified by cost and benefit alone. There are social policies that are costly for the next 10 years, but create an abundance of benefits in the next 20 years. The CBA methods and techniques sometimes could not reach the gap of year’s advantage.

Second, the definition of “cost and benefit” of CBA analysis, sometimes at the government’s side alone, neglects the public cost and benefit – named as fundamentalism. The “fundamentalism” of CBA sometimes replaces the wisdom of public policy since all the wise consideration of public interest reduces almost absolutely in the accounting matter. Decision maker knows that public policy is larger than CBA, but the technical attractiveness of CBA often blinds the policy makers. Even though CBA has become the most attractive analysis for policy, either for economist and non-economist, it is no substitute for political wisdom in the policy process (see Samuels, 1989: xviii)²⁹.

Policy Making: The Practice

The question now is how the practice of policy making in the developing countries. The 14 models of policy making processes were practiced in the developing countries. The main models are elite, followed by institutional, incremental, and then rational models. Whatever the model, policy making process starts from policy agenda process: a step which social issues accept as policy issues, therefore adopted as policy agenda to proceed to become policy. Most of the study about policy agenda in policy making is based on McComb’s agenda setting theory (McCombs & Shaw, 1972; McCombs Shaw, & Weaver, 1997; McCombs, 1982).

Agenda setting theory of a mass communication theory emerged as a response to the powerful effect of mass media –represented by the “bullet theory of mass communication”. The theory stated that the media has the average –but still powerful—as the media has power to tell their audience what issues are important and shall be taken as their agenda. The theory might be traced back in 1922 when newspaper

²⁹CBA as a rational model for policy validation and judgment shall be studied as a specific topics. There are some CBA classics and contemporary literatures advised to be examined thoroughly: Trevor Newton, *Cost and Benefit Analysis in Administration* (1872), Allan Schmid *Benefit Cost Analysis* (1989), Nick Hanley and Clive I. Spash *Cost Benefit Analysis and the Environment* (1993), and Anthony E. Boardman, David Greenberg, Aidan R. Vining, and David L. Weimer *Cost-Benefit Analysis: Concept and Practice* (1996). For case studies see E.J. Mishan *Cost Benefit Analysis* (1976).

columnist Walter Lippman promoted the idea of the media power to present images to the public in the political campaign. Maxwell E. McCombs and Donald L. Shaw perform a series of research on US presidential campaigns in 1968, 1972 and 1976. The findings conclude that the mass media had a significant influence toward what voters considered to be the major issues of the campaign. In 1963, Bernard Cohen in the *Press and Foreign Policy* (1963) concluded agenda-setting theory in a poetic proposition: “The press may not be successful much of the time in telling people what to think, but it is stunningly successful in telling its readers what to think about.”

The theory indeed helps us to understand how mass media become critical in the process of policy making, as Marshall McLuhan mentions that media is the extension of man (McLuhan 1964, 1967), and media technology has created the world as the “global village” (McLuhan, 1962). The theory of agenda setting needs to be enriched by the classical theory of persuasion, which Borchers (2005) noted that since we live in the mediated world, the world that persuasive communication occurs in the four cultural context of media: oral, literal (printing), electronic (radio, television), and hypermedia (internet). When communication means persuasion –to make our opinion accepted by the world (Nugroho, 2003)—therefore the key of policy agenda is about persuasion, it is not about agenda setting anymore.

The experience of more than 10 years inside policy making process in Indonesia I found that policy maker sometimes had fond to a policy agenda not by “agenda setting” as stated in the agenda setting theory, which the sender is not merely media, but all the player in “political town” –government and parliament which represent state sector, pressure group (mostly extend from interest group, political, economy, cultural, and religion), opinion leader (especially religious leaders, intellectuals, business and social organization leaders), public by participation or mobilization, and mass media. These “players” take active action to create the social issue, involving in the persuasion process, which in return gains the policy maker attention as their agenda or, sometimes, decision –therefore the idiom then not merely

“effective in telling what to think, but also what to do”.

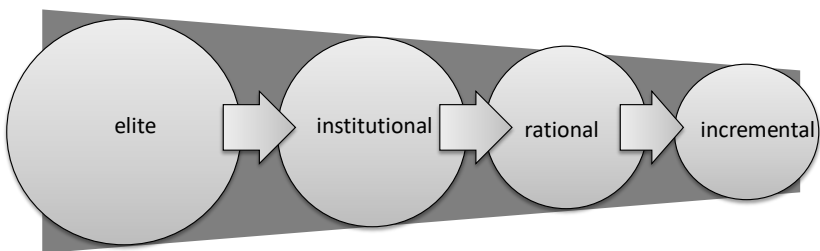
The elite model happens when elites perform as the robust policy maker who determines what the end result of the policy making process is. In the extreme model, it was Indonesia under Soeharto, Singapore under Lee Kuan Yew, Malaysia under Mahathir, Iraq under Saddam and Tunis under Kaddafi. However, this reality was the name of the political game. Ruling elites are fond of having overall control toward the end of policy making. It has been happening until recent days in developing countries. In Indonesia, perhaps only President Wahid –term of 1999-2001, then replaced by his VP, Megawati Soekarnoputri– who did not want to control the policy process and it ended, meanwhile they preferred the civil society to play the policy game. His background varied: from social activist, leader of the Nahdlatul Ulama, the biggest Moslem Movement, human rights promoters, and founder of Indonesia's dialog among religions. Today, we might see many of today's developing countries' leaders “missing” the “passing days” when the ruling elites control the policy process and it ends easily. Democratic governance has wiped away those political luxuries.

The extreme model is happening in Sri Lanka, where the ruling elite, the majority of Sinhalese ethnic, was dominating the policy making process since they have been dominating the political and public institutions since the decolonization of the British (Hettige, 2010). Sinhalese, which was 74% of the Sri Lanka Population, dominate about 88.8% of the public sector, and 76.2% of the private sector (Hettige, 2010). Policy domination has been followed by national economic domination. The second largest ethnic was Tamil, about 12% of the population, with only 3.4% in the public sector and 15.8% in the private sector (Hettige).

The moderate model of elite dominance policy making of the majority is performed in Malaysia, since the “Bumi Putera” has been dominating the public sector and therefore policy making process (See Gomez et.al. 2010). The so-called affirmative action policy was backed by the racial upheavals and bloodshed conflict of 13 May 1969, that arose from the economic and social gap between Malay and Bumiputera with Chinese

and other ethnic (Faaland, Parkinson, & Saniman, 2003; Gomez, 2010). The “New Economic Policy” was the realization of the majority dominance of the elite policy making model. Indeed, the model found some calling for improvement, but it was the model of policy that has been transforming Malaysia development successfully in four decades since 1971 to today (Faaland, Parkinson, & Saniman, 2003; Arshad Ayub, 2010).

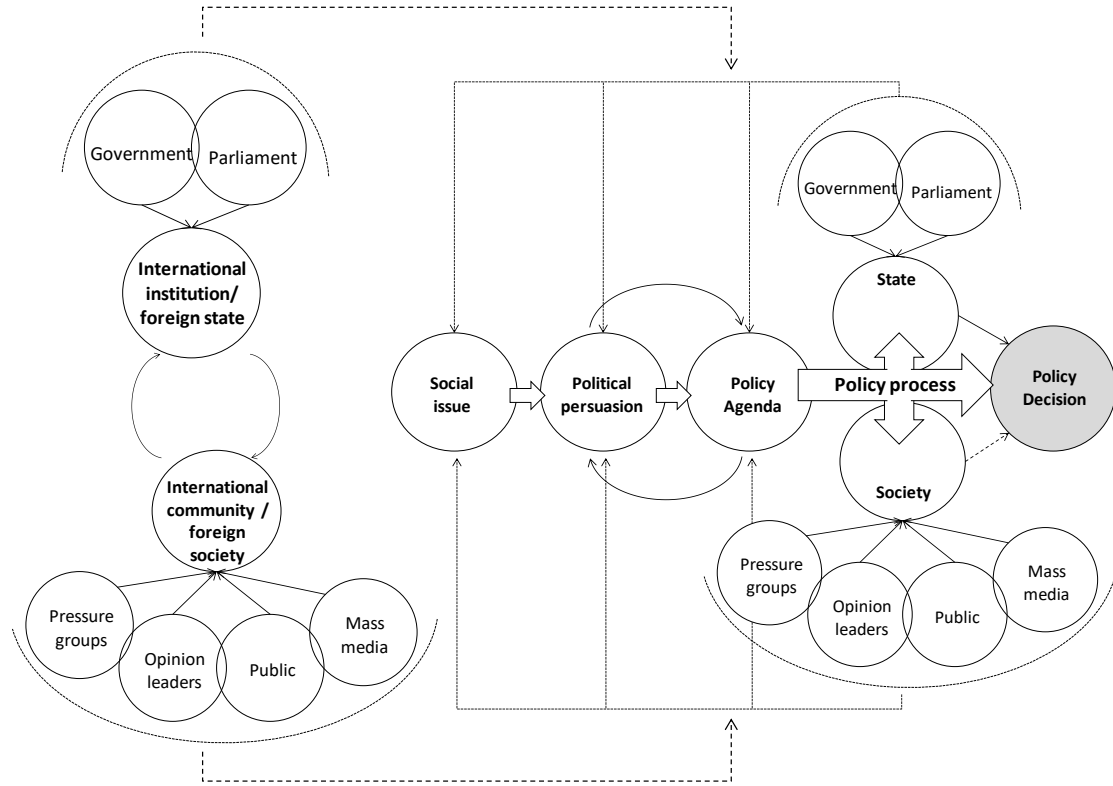
But, whether the elite controls the policy or not, whether the political system is democratic, less democratic, or non-democratic, there is always an unstated necessity for every elite to control the policy process, even if it is undergoing a democratic process. Therefore, the model is performed in sequence: elites, then followed by institutional, rational, and sometimes fall into incremental if the debates take too intense and no prospective agreement among political actors. Instead of being chosen rationally, an incremental approach is being taken because of financial or budget limitation –the frontiers of the developing countries’ scarcity problem—and because of preventing political and group conflict that somehow lead into the policy making gridlock.



The key of the policy making process is the same: social issue, political persuasions, policy agenda, policy process which involves all the political players, then the end of the process is policy decision by government and parliament as the modern political representation of the peoples. The difference is in the policy making process in the

developing countries that have two dimensions of influence: domestic and international. As we discussed the position of the developing countries was the focus of the occupancy of the well developed countries, from colonization in the old civilization to the economic domination in today's civilization, therefore, policy making in the developing countries are heavily influenced by foreign countries as well as global interest, either government agency or society, or both of them in the combination. The government's interest is shown in the US trade quota policy import for textile products from developing countries, and using the quota as the economic foreign policy. GTZ, an NGO from Germany, and NGL, a US NGO, in Indonesia are examples of the cooperation of government agencies and the society sector to influence the developing countries policy. In November 2010, US State Minister, Mrs. Hillary Clinton's visit in Malaysia can be taken as the alignment of government agency and private sector since her visit in the same time with the welcoming of the first delivery of Boeing B737-800 for the Malaysia Airlines (The New Strait Times, 4 November 2010). This alignment is needed in today's world competition where any nation has to win in all of their living sectors: government-business-society.

Therefore, in the context of developing countries, policy issues, persuasion, agenda, and its process are highly influenced by foreign and international actors (see pictures). The countries who have global resources and less developed (or developing) are the countries who have the most foreign and global intervention and influence in their policy making process, the less will have the less foreign and global interest. The interests are economics and politics. One of my favorite examples was the movie *The Blood Diamond* starring Leonardo di Caprio which demonstrated the extreme exploitation of the locals by diamond's business people in the developed countries. But it was not solely an African phenomenon. It is also happening in middle-east countries, such as Iraq, Afghanistan, to Pakistan, when economic and political interests collide.



In this context, Kingdom's (2003) analysis of "garbage can" model of policy making is sometimes "relevant" to understand the developing countries. The problem stream, policy stream, and politic stream are uncoupling. Therefore, it takes a "policy entrepreneur". The problems then, many of the policy entrepreneurs are the "free riders", those who use the policy making process due to their personal interest. Some of them are business people who take advantage of the formulated policy. In 2010, there was a case of recapitalization of a Century Bank. The bank was "robbed" by the owner. The scenario was supposed to be taken by the "robber", and then the bank would be taken over by the central bank, handed over to the caretaker team that is composed of the professional bankers, then being injected. The policy was the bank had been injected but before restructuring the management (see box 1). The bail-out then took a "victim", the Minister of Finance, Dr. Sri Mulyani, who is now working at the World Bank (see box 2).

Box 1: The Bank Century Bailout: A Chronology

the Jakarta Globe, March 02, 2010

The House of Representatives has begun a two-day plenary session to review the 2008 Bank Century bailout. Here is a timeline of the Century case.

1989

Robert Tantular founded Bank Century Intervest Corporation (Bank CIC). After the company conducted its first rights issue in March 1999, however, Tantular failed Bank Indonesia's fit and proper test.

2004

Bank CIC is merged with Bank Danpac and Bank Pikko to form Bank Century.

2008

September 15 Bank Indonesia summons Robert Tantular as the majority owner of Bank Century and asks him to take responsibility for Bank Century's operations.

October 15 BI requires Robert Tantular and two other majority owners to sign a Letter of Commitment to ensure the bank will pay its debts.

October 31, November 3 Bank Century experiences serious liquidity problems. The management asks BI for IDR 1 trillion (\$108 million) short-term loan.

November 5 BI puts Bank Century under special monitoring status.

November 6 BI stations an auditor at Bank Century and issues an official letter barring cash withdrawal by depositors.

November 13 Finance Minister Sri Mulyani reports on the Bank Century case to President Susilo Bambang Yudhoyono, who is attending the G-20 meeting in Washington DC.

November 14 Bank Century requests a short-term loan from BI.

November 16 BI orders the majority owners to sign a second Letter of Commitment, saying they have not complied with the first.

November 20 The Central Bank asks the Finance Minister to ban Bank Century's owners and management from traveling overseas.

November 21 The Committee for Financial System Stability (KSSK), chaired by Finance Minister Sri Mulyani, meets. The committee members include then-BI governor Boediono. According to the Central Bank, Century's cash asset ratio is minus 3.52 percent and to raise it to a healthier 8 percent would require IDR 632 billion. KSSK decided to take over Bank Century, allegedly for concern that the bank's collapse might have systemic impacts on the Indonesian banking sector. The Deposit Insurance Agency or LPS takes over more than 90 percent of the bank's shares.

November 23 LPS gives IDR 2, 776 trillion to Bank Century.

November 25 BI reports Robert Tantular and two Century co-owners to the National Police for alleged financial crimes.

November to December IDR 5, 67 trillion is withdrawn from Bank Century.

December LPS gives the bank another IDR 2, 201 trillion.

2009

February 3 LPS puts another IDR 1, 55 trillion into the bank.

October 21 LPS gives Bank Century a new name: Bank Mutiara

November 12 the House accepts a motion by 139 members to investigate the bailout.

Box 2: What SBY Must Do on Century Scandal

RiantNugroho/the Jakarta Post, Friday, 01/29/2010

President Susilo Bambang Yudhoyono marked the first 100 days of his second term on Thursday. The Bank Century bailout scandal is still haunting his government and the exhausted inquiry process at the House of Representatives now seems to be going nowhere.

While Indonesia is facing the critical issue of implementing the China-ASEAN Free Trade Agreement (CAFTA), which started this month, the political arena has been crowded by the bailout issue.

In 2008, before the CAFTA was implemented, Indonesia had a trade deficit of US\$3.6 billion with China, and this will increase after the CAFTA. More than 18 business associations have stated they are not ready for the CAFTA.

This issue has been neglected by the “infotainment” news covering the House’s Bank Century inquiry. Infotainment is not a new phenomenon and such TV journalism is now replacing press journalism. Anything on television can be transformed into entertainment, whether it is news, religious sermons, or a serious dialogue.

For television journalism, the medium is the message, and the medium is the message. Anyone that enters a TV screen

instantly becomes an actor or actress. And, in today's world, we love being able to become an instant celebrity.

To find the truth behind the Bank Century case is very important. Unfortunately, the focus has now shifted from what solution we need, to who made the mistake, and who should be blamed. Vice President Boediono, who was the Bank Indonesia governor at the time of the bailout, and Finance Minister Sri Mulyani, are now the two main targets. The misleading process is now getting bigger and bigger, like a snowball rolling down a hill.

What actually happened is clear. The law and the Constitution were not broken. The case is about the accountability of a mistaken policy. It means a policy was not made in the proper way. The competency to make the policy was there, but the integrity and the misuse of the authority is questionable and that is only exacerbated by the arrogance of the policy makers.

That is the first core issue. The second issue is about policy failure. It is about unsound implementation. As the governor, Boediono stated that he was responsible for defining the status of a "failed bank" and its "systemic impact". The Finance Minister stated that she was responsible for the bailout. However, both of them pointed their fingers at the Deposit Insurance Corporation (LPS).

A senior law professor from the University of Indonesia stated that government policy could not be judged, unless it violated the law and Constitution. That opinion is of course supported by the government. But it is an arrogant standing of any government, and a stereotype of every government, especially one facing a crisis of accountability.

There are always two basic tasks of government: to produce excellent public policy and to conduct public services. The government, as the power holder, has the privilege to make decisions in order to manage the nation. Democracy only allows people to indirectly control the government by how well they manage the country through their policies.

However, there is a wide and clear difference between public policy and excellent public policy. An American public policy scholar, Thomas R. Dye, stated that public policy is about what

the government does, why it does it, and what difference it makes.

Therefore, public policy is not just about government decision's, it is about making excellent decisions. What all nations need is an excellent public policy. The bailout policy was not an excellent policy. It was merely a government decision that was justified by power and legal authority.

Up to now, we have not seen any policy paper, policy analysis, or background to the decision to bail out Century. The government has just argued the situation was very critical and the fall of the Century could have caused a financial and economic crisis. A policy made without proper policy analysis, which should be written and exercised even during high-pressure situations, is the job of a shaman, not a professional.

So, what should we do now? Sacrificing Boediono and/or Sri Mulyani does not guarantee the case will end wisely. But sacrificing nobody is not what the political elite want. "They need blood", whispered an economic analyst of a leading international bank to me recently.

This is the opportunity for Indonesia to prove to the world that its democracy is already mature and deep. The President should come up with a solution and take charge as a professional leader and a wise "Bapak" (father of the nation). It is time to say to the people of the country that the unfinished and restless debates must be ended.

Indonesia is now lagging behind in the strategic readiness needed to face the new phase of economic globalization. This is an age of big opportunity. If we miss it, we will lose out in the decade.

Why President? It is as simply because he is the CEO. So, there are several things that must be done. First, the President is the only effective player when an organization stands deep in a crisis as Indonesia does today. Second, proper and fair strategic solutions that consist of any action taken in regard to huge money that has already been spent must be returned.

Third, there must be a guaranteed promise to develop excellent policies in the future. Fourth, a call to decide who should be terminated from their post as a consequence of malpractice

should also be made. The market will not be fragile as predicted when one or two high-ranking officers step down from their posts. Well, for the President, it is a call of duty. And, time can't wait.

The Policy Decision

Policy is about decisions by the authoritative institution. Therefore, the critical part of policy making is policy decision. It is the time where policy makers decide whether a policy will be decided or not-decided – or delayed. At the end, policy formulation is about policy decision; it is about decision making.

The policy decision will be much effective if it is accepted by the stakeholders, especially the public of the policy. Therefore, policy makers in developing countries perform what may be called “policy marketing”; it is when policy makers conduct a series of “roadshows” to promote public acceptance so that policy is accepted before a policy decision is taken. In the third quarter of 2010 Malaysian Government promoted Economic Transformation Program (ETP), as crash-program to speed-up the economic development in order to achieve the vision of Malaysia 2020. Led by Idris Jala, Minister in the Office of the Prime Minister, the roadshow was carried out in three months of public hearing, before the policy decision was taken. In Indonesia, President SBY conducted a one-day public consultation before deciding the policy of national development. After “policy marketing”, the public acknowledge, then accept, therefore policy decision was made without problem. The problem will arise when there is rejection.

In developing countries, the first model of the policy decision problem is: when the government comes from a certain political party and the opposition party dominates the parliament. In this model, policies promoted by the executive tend to be rejected by the parliament. It makes the policy process come into a deadlock. The second model is executive and parliament dominated by the same political party, but the oppositions tend to be “die-hard” for any policy proposal. They will reject policy decisions whatever it takes. The third model, the existing

authority, is being de-legitimized by the public. Those three difficulties tend toward the same problem: policy rejection.

Policy rejection is a problem for policy makers, because if the policy is decided, it has less public acceptance. Indeed, the government might exercise power to make people obey, but the social and political expense is sometimes too high. Therefore, in many democratic developing countries, leaders tend to persuade the public to accept their policy before being ratified. In the liberal democratic country, policy makers tend to use the “hard-way” by doing “voting” to assure that the rejection does not represent the majority and if they push their rejection, it might mean tyranny of the minority which disregards democracy principles.

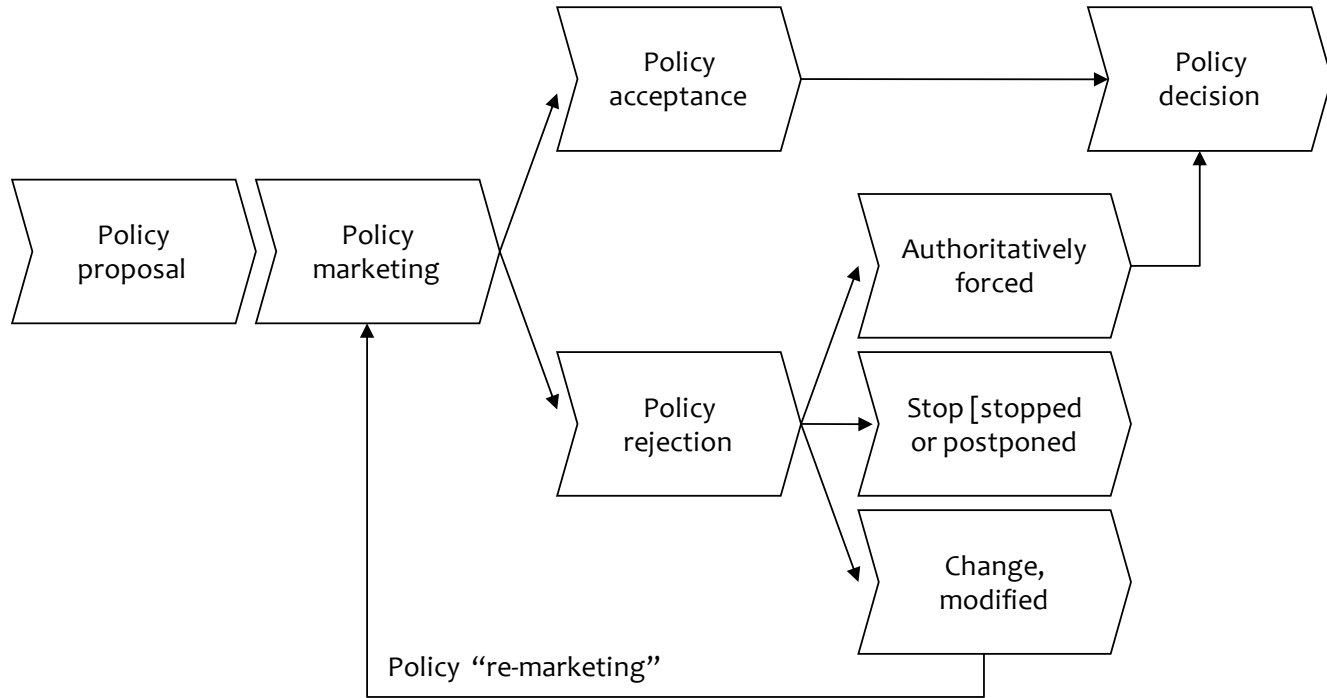
The developing country's decision makers often hesitate to make decisions because of public rejection. How about opposition rejection? The ruling elite has often been the dominant political party for years, therefore most of them are dominated by the political arena. Political pressure is the effective approach to the decision-making process. It happens in some developing countries in Southern Asia, Middle East, and Africa. The critical problem arises when the public rejects the proposed policy. The question is then: “what to do?”

There are three choices. First: to stop the policy process. It might be canceled or postponed, because the time frame is not suitable, and will be promoted in the next session when the public is “ready to accept”. This is such a policy of tariff increase for public services such as transport, water, and electricity. Bank Century Intervest Corporation, sometimes policy actually cannot proceed since it is facing potential excessive conflict; therefore, the policy process shall be stopped.

Second: to change or modify and then to be promoted to the public using public communication methods, such as public hearing, seminars, conferences, mass media, to interactive-media of the internet when people can communicate to the policy maker efficiently. The process is named “policy re-marketing” as policy makers try to make the public accept the proposal policy.

In a certain condition, the policy process being “politicized” in terms of the policy decision is being forced to be delayed by the opposite political actors. They might use the public to do a series of demonstrations or other mass-mobilization to create negative public imagery for the policy maker. Meanwhile, the policy is urgent. These cases mostly happened in the developing countries where political stability is low. In the more stable political situation, policy makers usually tend to force policy making and make decisions under critical moments. This happened in Indonesia when President Soekarno in 1959 decided to return the nation to the Constitution of 1945 –shifted from the liberal political system. Mahathir Mohammad in 1998 preferred to close the national economy from global crises than to liberalize; even he had to “sacrifice” some of his trustees.

The experience of developing countries shows that in certain times, certain policy, and certain judgment, policy decisions must be taken with the calculated cost. The policy and the policy maker will be “safe” if the objective of the policy is merely regard to public concern.

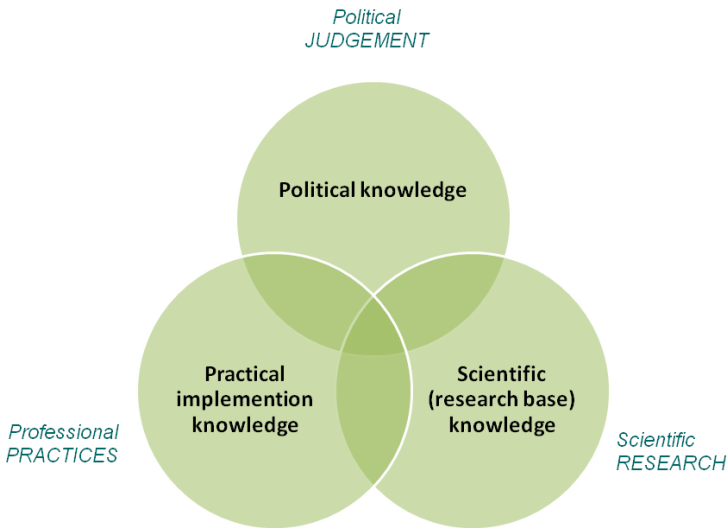


The question is how to make decisions in times of crises. The concern of the public interest is the key driver, but there must be a responsible way to make such a decision. Herewith we might consider Brian W. Head's contribution. In his "Three Lenses of Evidence-Based Policy" (2008) Head promoted what he named as an "evidence-based policy" as "the latest version of the search for usable and relevant knowledge to help address and resolve problems (Head, 2008: 2). The pivotal idea is developed from the need of decision makers to have efficiency and effectiveness; therefore, it needs such kind of "technology" in the government policy making.

"In the context of public policy, governments remain the major investors and users of applied social sciences. They do not simply receive, scan and utilize research; they engage on many levels to influence the processes and the product" In short, the rise and promotion of "evidence based" orientations within government agencies is consistent with the public sector's increase in efficiency and effectiveness. Evidence-based policy is believed to provide great assistance in answering some of the key questions of the New Public Management (NPM) (about) what options will 'deliver the goods?', how can programs be improved to get greater 'value of money?', how can innovation and competition be expanded to drive productivity?, how can program managers achieve specific 'outcomes' for clients and stakeholders (rather than just 'manage programs')?, and in summary, 'what works?'" (Head, 2008: 2).

The capacity of decision making is developed in –what I call "technology"—of "Three Lenses of Knowledge and Evidence", which consist of three dimensions of judgment: political, professional, and scientific. Political judgment is derived from political knowledge of the decision maker and the team; professional judgment comes from the practical implementation of knowledge; and scientific judgment comes from the scientific knowledge. As referring to Head, political knowledge consists of considering and adjusting strategies or tactics, undertaking agenda setting, determining priorities, undertaking

persuasion and advocacy, communicating key messages and ideological spin, shaping and responding to issues of accountability, building coalitions of support, negotiating trade-offs and compromises. Scientific (research-based) knowledge is used to analyze systematically the existing condition and the future prediction, including the outlook trend. Since policy is multi discipline, therefore the knowledge needed is also multidiscipline. The practical implementation knowledge is in other words ‘practical wisdom’ of professional policy making. The wisdom comes from the professional experiences from time to time (Head, 2008).



Therefore, the key institution for every policy maker, especially the decision maker, is the *policy analyst team*. It must consist of such competent analysts. Patton and Sawicki (1993) suggest eleven criteria of excellent competency of policy analyst. They are:

1. *Learn to focus quickly on the central decision criteria (or criteria) of the problem.*
2. *Think about the types of policy actions that can be taken.*
3. *Avoid the toolbox approach to analyzing policy... we advise using simplest appropriate method, using common sense to design a method if one doesn't already exist.*

4. *Learn to deal with uncertainty*
5. *Say it with numbers*
6. *Make the analysis simple and transparent ... Simplicity and transparency go hand in hand*
7. *Check the facts*
8. *Learn how to advocate the positions of others, because (1) it can help lead to compromises, where it left as a simple arguments or arguments based on clashing values alone, the problems may remain irresolvable, (2) it can improve your analytical skill and your facility with unfamiliar subject material, in the process perhaps causing you to reexamine what you have considered to be established truths, (3) it can strengthen the tradition of an advocacy process where a strong challenge to an established policy can result into a better policy.*
9. *Give the client analysis, not decision*
10. *Push the boundaries of analysis beyond the “policy envelope” ... i.e. not simply recommending “yes” or “no” on the proposed tax, but analyzing other policy tools and alternative definitions of the problem.*
11. *Be aware that there is no such thing as “an absolute correct”, “rational” and “complete analysis”.*

Those competency criteria suggested since policy analysis is more than academic work. It is an intellectual work, combined with art, creativity, persuasion, intuition, completeness, and speed. It is a combination of an intellectual or academician, researcher, journalist, networker, entrepreneur, and also an effective communicator since he or she has to have persuasive skills. Therefore, in some policy making process, the failure of the policy decision maker is because the advice comes from the policy analysts who are not from the academic background alone – the professor and researcher - so the policy advice becomes too clinical or request too many “*ceteris paribus*” that is impossible to be performed to make a policy carried out.

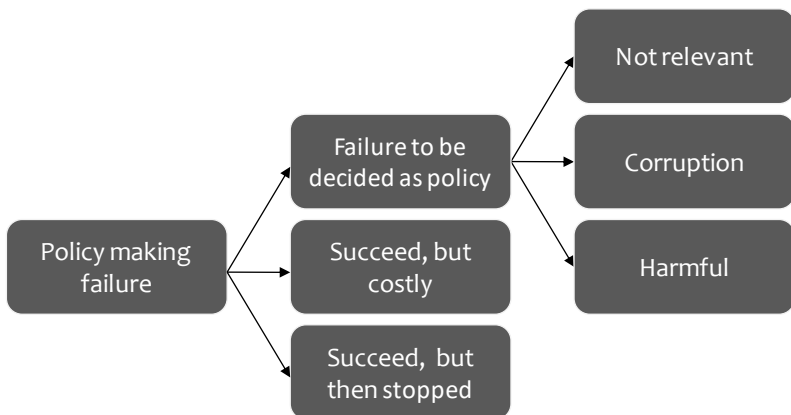
Policy analysis is a discipline that, therefore, can be learned. Patton and Sawicki developed nineteen of the successful policy analysis characters that may guide any policy analyst to become a capable one. They are:

1. *a substantial effort devotes to formulating the problem*
2. *an exhaustive search for alternative s*
3. *explicit recognition and careful treatment of uncertainties*
4. *substantial testing for sensitivity*
5. *clear statements of assumptions, boundaries, and constraints*
6. *data scrutinized for accuracy and relevance before being transformed into information and evidence*
7. *appropriate models selected and developed*
8. *Models verified and tested for validity*
9. *subjective judgments made explicit and justified*
10. *adequate attention to the interests of others, including the general public, in recommendation*
11. *report written so the findings can be used in further thinking about the problem*
12. *at least a preliminary implementation plan*
13. *explicit recognition of the environment, future generations, and interest groups that might be negatively affected*
14. *attention to questions of equity and ways to compensate losers*
15. *consistency with moral standards and the public welfare*
16. *alternatives investigated for political and organizational feasibility*
17. *an effort to discover hidden costs that might later plague the implementers*
18. *frequent communication between the analysis team and the client/sponsor and staffs*
19. *extensive documentation and justification of the work*

The Policy Making Failure

The first law of policy making is that the policy making process shall not fail. The failure of policy making, especially in policy decisions, has a

fatal impact on decision making. Once an administration fails in policy making, the political imagery hastily deteriorates. In the structural-functional approach, it means the problem of political input is for the political system. In Indonesia, the hesitation of President Yudhoyono in making policy decisions in some cases has generated public insecurity toward his leadership. In his first term of presidency (2004-2009) he had full assistance of Vice President Jusuf Kalla, a senior businessman and prominent entrepreneur. In times of crises, Kalla appeared and led the decision making. The Aceh conflict resolution and Poso conflict policy decision was driven by Kalla. In his second term, Yudhoyono is assisted by Professor Budiono, a senior economist. In some cases, policy making decisions have been delayed and come after time.



However, it was not the biggest failure in policy making, because there are three types of policy making failure:

1. Failure to be decided as policy. This is caused by three cases. First, the policy content is not relevant to the policy issue to be achieved or policy problem to be solved. The developing countries' policy in opening their economy in 2008 had been ended by the global financial crises that made them rethink the proposed policy. When the policy issue and policy problem disappear, therefore policy proposals become irrelevant and shall be stopped. Second, the policy formulation is contaminated with corruption and personal interest of the

elite or people or groups that are closely related to the power holder. In the name of ethics, it shall be stopped. Third, policy proposals which potentially harm the future living of the society and the nation's building.

2. Successfully decided as public policy, but through the spiky conflict in the policy decision process. It is a costly policy making as well as risky, because it potentially fails in the implementation since many of the stakeholders are in the position of rejection.
3. Successfully decided as public policy, but then it was stopped. The Law on Decentralization in Indonesia was released in 1999, but after an incessant conflict, the policy was called off and replaced by new Law on Decentralization in 2004.

The pertinent question is: what needs to be done if we, as decision makers, meet those problems. In the first case, where policy has failed to decide, the important action needed to be taken is to communicate to the public to accept the failure. This is called "communication in crisis". In Indonesia's case, the government has failed to promote the policy on transparency, because of rejection by some internal government institutions which prior to monopoly of the "secrecy of any information" and the public, represented by NGOs who demand for the unlimited transparency. The policy was first developed in 1996 and then failed. After political reform, the government has to convey the issue to the public and perform a series of public discussion, and then there is support from the public until it reaches the level of "critical mass". Government and Parliament then brought the policy and then it became the Law of Transparency which was released in 2008.

The second case has been successfully decided as public policy, but through intense conflict. The action needed is to create a transparent and accountable policy implementation. It is called "creative implementation". The creative implementation imposes the possibility of creating a new institution to be the "bumper" in the possible conflict. The institution shall be professional, independent, and

impartial. In Indonesia, the case was the policy of privatization of water service in Jakarta. The model was public-private-partnership, involving two international business players. Instead of improving, Jakarta water service post PPP being the laggard compared to other leading capital cities in Asia, such as Kuala Lumpur, Singapore, Taipei, and Seoul. The action was to develop the Jakarta Water Regulatory Body to work as “policy bumper” and save all the “players”, at least until the PPP concession ended.

Box 3: Jakarta Water Governance Post PPP, the Role of Regulatory Body

Riant Nugroho, 10th International Conference for Public Administration, ANU, Canberra, 22 October 2010.

1. Introduction

Jakarta is the capital city of Indonesia. As an archipelagic country, Indonesia has more than 2.500 islands, and Jakarta is located in Java Island, one of the big five of Indonesia Islands³⁰. Indonesia's population today is estimated at 234.2 million, in comparison to 205.1 million in 2000. Indonesia then becomes the fourth largest population in the world, after China (1.33 billion), India (1.16 billion), and the US (309.2 million). In 2010, 60.1% of the population or about 121 million is living in Java³¹. It makes Java as the densest island by 103 people per km². In 2009, GDP per capita was US\$ 2.590³².

Jakarta is a multifunctional city. It is a capital city, government, politics, and business with an area of 661.52 km² and 8.522.589 population. It makes Jakarta becomes the densest city in Indonesia with the present population of 12.883 per km². Administratively, Jakarta comprises of 5 municipalities. They are North Jakarta City, East Jakarta City, West Jakarta City, South Jakarta City, Central Jakarta City, and Thousands of Islands Regency.

Jakarta GDP per capita in 2009 was USD 8.400, or 320% compared to Indonesia GDP per capita. It was the highest in Indonesia, since 70% of

³⁰The big five of Indonesia's islands are: Papua, Kalimantan, Sumatera, Sulawesi, and Java. Java is the most urban and the densest populated island in Indonesia. More than 50% of Indonesia total populations of 270 million live in Java.

³¹Indonesia Central Bureau of Statistic, June 2010.

³²Indonesia Central Bureau of Statistic, February 2010. It was tremendous “turnaround”. In 1999, after hit by financial crises, GDP per capita was about USD 400. In 1996, GDP per capita was USD 1.050.

money flow in Indonesia is in Jakarta, and therefore it serves as the business center.

Trades and services contribute about 71.5% of the regional GDP. Jakarta then envisions herself as “*The Service City*”. The vision is to become a world class service city. The vision is close to the reality, with one condition, if Jakarta is able to fulfill her commitment to achieving the Millennium Development Goal. This pledge was delivered in an International Summit in New York in 2008. One of the criteria is 80% of the population will have access to clean and safe water for its people.

2. History of Water Services in Jakarta

Jakarta has a piped water system supply built during the Dutch colonization in 1930s. After independence in 1945, the service was transferred to the local government owned company (LGOC), or known in Indonesia as *Perusahaan Daerah Air Minum Jakarta Raya*³³ (PDAM Jaya or PAM Jaya). It was Jakarta’s special purpose vehicle to develop a wide-coverage piped-water-supply to the city by promoting a policy that aims to reduce or restrict deep groundwater utilization significantly in order to achieve two objectives, namely to protect Jakarta from land’s subsidence, and to guarantee good water quality service to the people. The reason is because of excessive abstraction of deep groundwater by the +commercial entities (hotels, high rise buildings, industries)

In 1996, the company has severe problem in enhancing their service due to the financial and management problem. At the same time, the idea of privatization of public service was introduced by the World Bank, as *Public Private Partnership* (PPP). In 1998, the idea was adopted in Indonesia, and its application resulted in an agreement between Jakarta Government –through PDAM Jaya— with two private investors: Thames of UK and Suez of France. Both of them had their local partners³⁴.

It was 12 years ago since privatization of water services in Jakarta was introduced in 1997. Before 1997 the water service provider was a local government owned enterprise: PAM Jaya. In 1997 the concession of the west area was granted to PAM LYONNAISE JAYA (“Palyja”), a Suez (formerly Ondeo Service) subsidiary company. Prior to July 2006, the ownership of private water provider company was Suez Environment (majority) and PT. Kekar Pola and PT. Bangun Tjipta Sarana. After July 2006, the ownership was Suez Environment (having majority shares), PT Astratel Nusantara (Astra International subsidiary, of which Jardine Fleming is one of the majorities),

³³Perusahaan Daerah Air Minum Jakarta Raya = Regional Company for Water Service Provision.

³⁴Thames local partner was the son of Indonesia’s second President’, and Suez local partner was a businessman with close relation the President. At that time Indonesia’s President was Gen (ret) Soeharto.

and Citigroup Financial Products. In the east area, prior to 2007 the concessionaire was PT Thames PAM Jaya (“TPJ”), owned by Thames of UK with majority shares and PT. Tera Meta Phora. Since 2007, Acumatic Pte. Ltd (majority) and PT. Alberta Utilities, took over took the company³⁵, and the name of TPJ changed into Aetra Air Jakarta or in short Aetra.

Target and performance in 2009

Technical target	Target	Actual performance
1. Water loss (NRW)	41.70%	50.20%
2. Production	405.09*	430,23*
3. Connection	795,025	777,994
4. Volume sold	287,84*	257.96*
5. Coverage ratio	68.27%	63.58% **

Source: Jakarta Water Supply Regulatory Body, 2009

3. The Governance of Jakarta Water

Governance used in this paper, is more than today’s most accepted definitions: *“governance is the institutional capacity of public organizations to provide the public and other goods demanded by a country’s citizens or their representatives in an effective, transparent, impartial, and accountable manner, subject to resource constraints”* (The World Bank, 2000). Governance is about how the players of an issue (or a product –goods or services) is being arranged to reach its effective, transparent, fair, and accountable for each other. It is about “actors” and “mechanism”³⁶.

The governance of water supply in Jakarta is related to “actors”. They are the Jakarta’s Local Government institutions or DKI Jakarta (Governor and Local Parliament or DPRD), PAM Jaya, Thames (the company’s name is Thames PAM Jaya or TPJ), Lyonaise (the company’s name is PAM Lyonaise Jaya or Palyja), and the customers. It is also about the ‘mechanism’: about how they relate, work, link, and control each other.

The first (early) model of governance was very simple. The actors were Governor, DPRD, PAM Jaya, Palyja, and TPJ. The mechanism was also simple: governor and DPRD decided the water charge for the operator and water tariff for consumers. PAM Jaya, having the “rights” of water supply provision, gave the “operating rights” to the operators, from the water

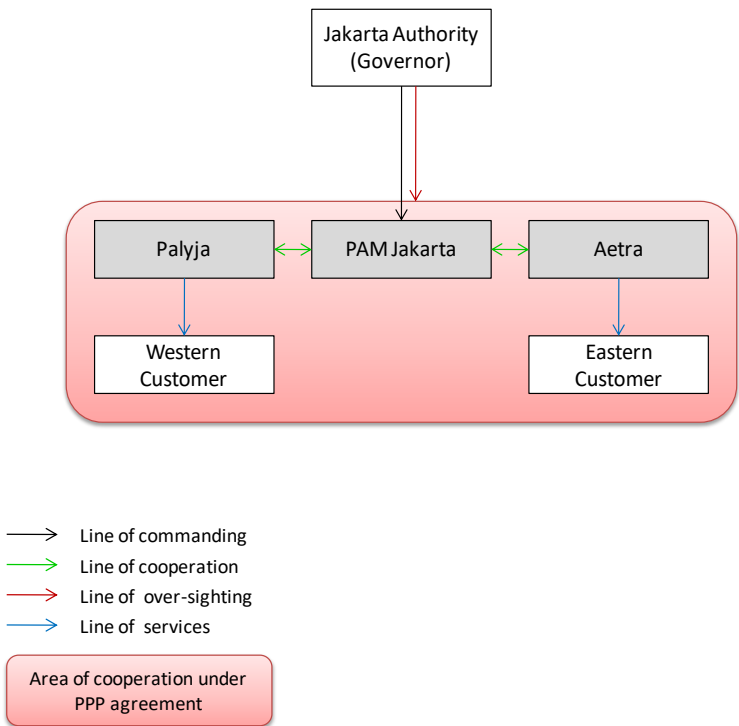
³⁵For detail discussion see Lanti et.al (2008), Lanti (1996), Lanti, (2004), Lanti (2006), Djamal (2009), Jensen (2005), Nugroho (2009), ICIJ (2003), Badan Regulator (Regulatory Body) report 2006-2009, and also how Phillipe Phillipe (2009).

³⁶For discussion, see Anne Mette Kjaer, 2004, *Governance*, Cambridge: Polity Press.

processes, bill-collecting, and handling of customer complains. Operators manage and operate the overall business, but the matters of water tariff and water charge belonged to PAM Jaya. PAM Jaya was paying the ‘dividend’ to the local government budget as *local revenue* (PAD, *pendapatan asli daerah*), and also to repay the debt and operating cost of the PAM Jaya itself.

Government worked as regulatory body. PAM Jaya worked as the monitoring body. Operators worked as the “institution’s in charge” of the PAM’s rights (picture a).

Picture a. The First Governance of Jakarta Water

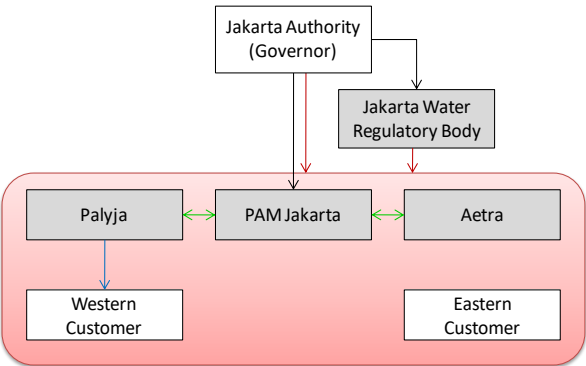


The governance was criticized of being less public transparent and accountability. It was low on public understanding about how the water service should be conducted. It was low on accountability since there were no involvement of water supply’s customers and stakeholders. It was low in effectiveness, since the conclusion of the water charge and water tariff was wasting time by involvement of the local executive officers and local parliament. It also drew public pessimism that the process was due to KKN (coalition, corruption and nepotism).

The model was being implemented since privatization up to 2002. Jakarta's authority looked for the new governance of the water system. Then it come the second stage of governance.

In 2001, government established the Jakarta Water Supply Regulatory Body (in short JWSRB). The institutions served as oversight body to the cooperation agreement among public-private-partnership parties: PAM Jaya, Palyja, and Aetra –formerly Thames PAM Jaya/TPJ (picture b). Therefore, the primary and first responsibility of JWRB is to assure that the cooperation between PAM and the operators is conducted in compliance to the Agreement.

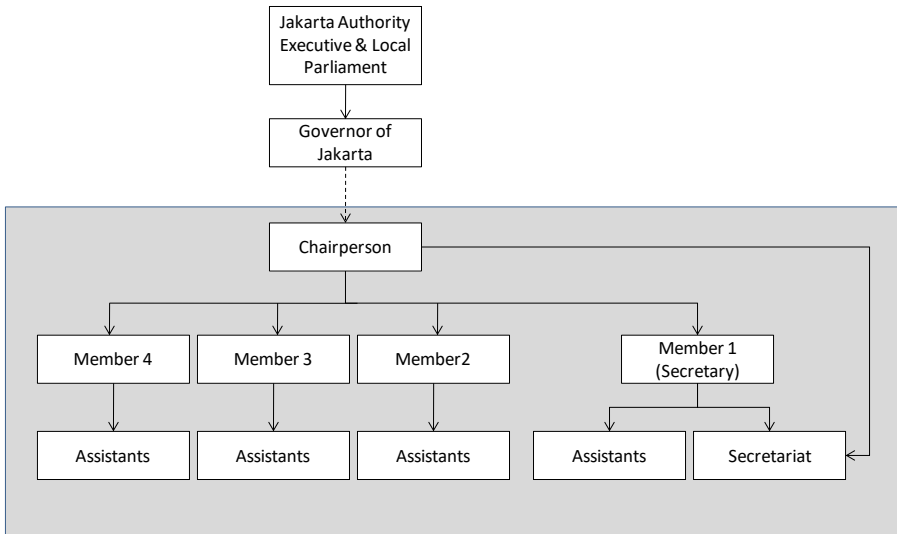
Picture b. New Governance: JWRB as Oversight Body in Jakarta Water Provision



The first arrangement of the JWSRB was political appointees of the Governor. The second arrangement of the JWSRB (2005-2008 and 2008-today) was through public selection. The candidates have been chosen from more than 600 applicants, after a publicly exposure in mass-media. The selection process was conducted by the professional institutions, carried out in the very professional and transparent and highly competitive manner.

JWRB organizational structure developed formally as the hierarchical institutions, which is structured from Governor, to the Chairperson, to the Board Member, and staff (picture c).

Picture c. JWSRB in hierarchical structure



In practice, the board members have equal respective responsibility as each member is having different expertise:

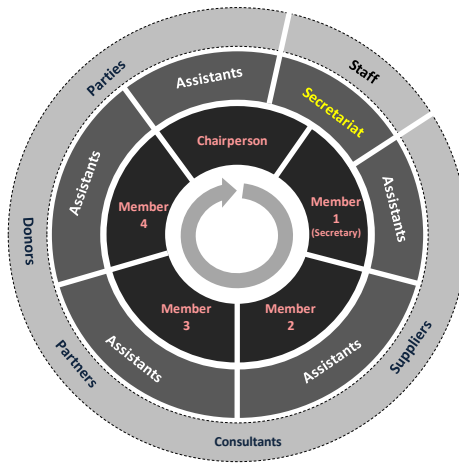
1. Technical expertise
2. Financial expertise
3. Legal expertise
4. Customer and Public Relations expertise

The Chairperson is the first among the equal, and one of the members appointed as Secretary of the Board, who, with the Chairperson, lead the secretariat. In fact, the chairperson has worked by empowering all the team members and moved from the hierarchical management toward the “center-less management model”, as Charles Handy, a Harvard’s scholar, named it as “doughnut organization”³⁷, and Frances Hesselbein named it as the circular model of organization³⁸.

³⁷Charles Handy, 1994, *The Age of Paradox*, Boston: Harvard Business School Press

³⁸Frances Hesselbein, “The Circular Organization” in Frances Hesselbein, Marshall Goldsmith, and Richard Beckhard, eds., 1997, *The Organization of the Future*, New York-San Francisco: The Drucker Foundation & Jossey Bass.

Picture d. JWRB in the “center-less model” of governance



In the center was the ultimate governance, Board Meeting. At the first layer were the board members whose tasks are based on its respective expertise of the technical, financial, legal, and customer & public relation expertise. At the outer side was the assistants to the Board Members and secretariat, and at the farthest layer were the parties (Jakarta Authorities, PAM Jaya, and private operators), partners (KPAM, FKPM, and other stakeholders), consultants (the part time base hired professionals), and donors (such as The World Bank and other non-obligatory support form organization other than parties)

This center-less micro governance has developed to the macro Jakarta water governance, as the player of the water governance are:

1. Governor of Jakarta
2. Parliament of Jakarta
3. PAM Jaya
4. Private operators
5. Customers (Jakarta Water Consumer Committee or *Komite Pelanggan Air Minum*, or KPAM)³⁹
6. Public (Jakarta Water Drinking Communication's Forum or *Forum Komunikasi Air Minum Jakarta* or FKPM)⁴⁰

JWRB plays as the platform of the governance system and process (see picture e)⁴¹ to manage the policy process of water in Jakarta under *deliberate*

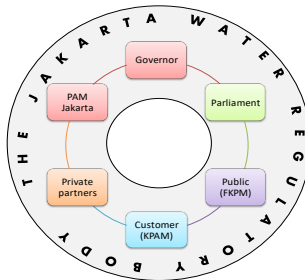
³⁹See about “Jakarta Water Voice”

⁴⁰See about “Jakarta Water Stakeholders”

⁴¹There is no “center” management model that drive the organization's governance toward “equal model of governance”, where JWSRB serves as the ground-work for all the “players” in water supply in Jakarta. JWSRB serve as mediator and facilitator in one side, and regulator in other side. The focus of the governance that served by JWSRB is to assure that the water service of Jakarta is carried out in an efficient, transparent,

model, which means involving public participants, combine with the *rational* model, which means to take in all the rational indicators of the policy input⁴². The policy formulation model has replaced the *incremental* model which dominated the preceding policy decision in water service and tariff.

Picture e. Macro governance, still center-less



The deliberate policy making model was developed by involving two key institutions: Jakarta Water Voice (JWV) and Jakarta Water Stakeholders (JWS). The JWV is an organization of customer representatives called as Jakarta Water Consumer Committee (*Komite Pelanggan Air Minum*, or KPAM). The forum was established in 2003 by the Jakarta’s Kampong Legislature or *Devan Kelurahan* (Dekel) who represents the community of the Kampongs in Jakarta.

Jakarta consists of 6 municipalities: *Central Jakarta*, *North Jakarta*, *South Jakarta*, *West Jakarta*, *East Jakarta*, and *Thousand Islands Regency*. There were 75 members of KPAM representing 75 of Kampongs or Kelurahan.

Adjacent to JWRB key partners in development of water policy is the KPAM that works as an actively partner of the water operator to assure the service quality improvement. Private operators work with KPAM to perform regular meeting with customers in Sub-Kampong –weekly to two-weekly, depending on the need of the operators and public demand. The committee was supported financially by JWRB and private operators. KPAM meets monthly with JWRB, PAM Jaya, and private operators.

JWS was a respond of JWRB to the stakeholder’s claim on transparency and accountability in 2003. JWSRB then promoted to the establishment of multi-stakeholders forum named The Jakarta Water Drinking Communication’s Forum(Forum Komunikasi Air Minum Jakarta/FKPM), which consists of the

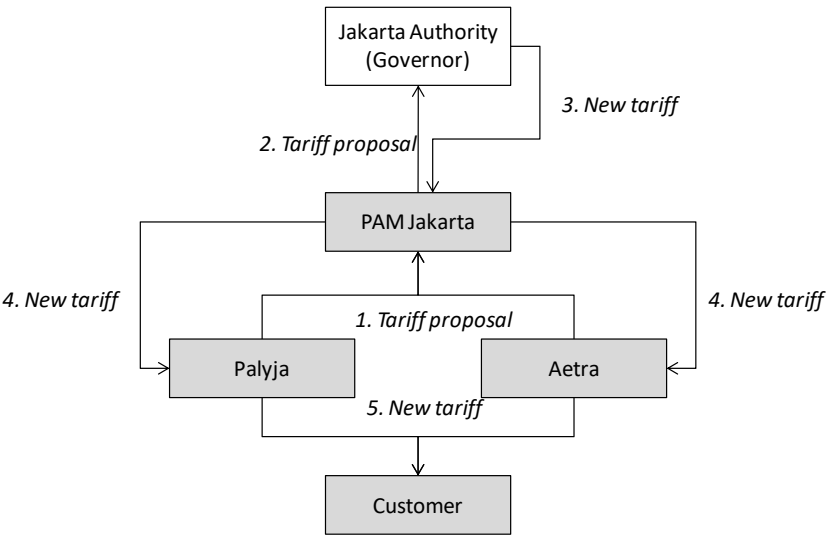
accountable, and fair manner. The quality of the governance depends upon how far is the four indicators is felt, perceived, and existed. And that is JWSRB’s mission.

⁴²Riant Nugroho, 2009, *Public Policy*, Jakarta: Gramedia.

public organizations, NGOs –included Indonesia Customer Association and Indonesia Water Dialogue-- KPAM, academicians/universities (including University of Indonesia), the PPP scheme parties (PAM Jaya, Palyja, Aetra) and their partners such as Jatiluhur Authority (raw water supplier), Jakarta Authority, Ministry of Public Works, and Ministry of Environment. The FKPM meets twice in a year.

The second responsibility of JWSRB is to propose tariff to the Jakarta Authority. The prior model of tariff setting was PAM Jaya and Government of Jakarta only. Before PPP scheme, water tariff was determined solely by PAM Jaya and Jakarta authority. Post PPP scheme, the mechanism was private partners proposing the new tariff to PAM Jaya, PAM Jaya then proposes to the Governor, the Governor then made the decision (see picture f). The problem was: Jakarta Administration had no sufficient expertise to decide whether the proposal is appropriate or not; having neither extra time to assess and exercise the policy tariff before making decision. The problem is that Government drew fire of criticism –by the public concern of anti-corruption clause.

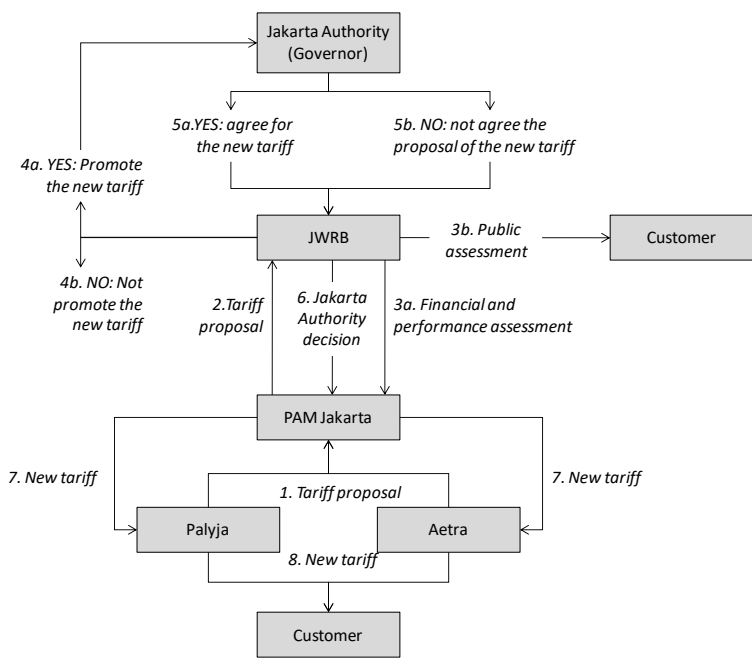
Picture f. Policy Decision before the establishment of JWSRB



The second accountability of JWRB is the role it plays as “filter” for tariff increase or noted as new tariff. Therefore, JWRB receives the new tariff proposal from the parties, represented by the first party, PAM Jaya. Instead of “channeling” the proposal to the Jakarta authority, JWRB conducts two-sides of assessment: to the operators in regard of their performance achievement and financial requirement, and to the public in regard of service quality improvement and affordability. The result of the assessment is then submitted to the Governor as Jakarta authority representative. Governor may

decide to accept JWSRB’s proposal or to reject it (see picture g). The prior system was Governor relies upon PAM Jaya and private operators’ proposals, whilst, the present system is that Governor’s decision will be very much relied on JWSRB recommendations.

Picture g. Policy Decision post-JWSRB’s establishment



As the member of the JWSRB (2005-2011), the author has promoted the model of proposing new tariff as tabled below:

Policy Guideline for Tariff Setting Proposal

No	First side assessment: operators		Second side assessment: public/customer		Conclusion for proposal to the Jakarta authority (5)
	Performance (1)	Financial requirement (2)	Service quality improvement perception (3)	Affordability (4)	
1	YES	YES	YES	YES	Confirmed: new tariff proposed
2	YES	YES	YES	NO	Proposed new tariff
3	YES	YES	NO	NO	Proposed new tariff
4	YES	NO	NO	NO	Probable proposed new tariff
5	YES	YES	NO	YES	Proposed new tariff
6	YES	NO	YES	YES	Not to propose new tariff
7	YES	NO	NO	YES	Not to propose new tariff
8	NO	YES	YES	YES	Probable proposed new tariff
9	NO	NO	YES	YES	Not to propose new tariff
10	NO	NO	NO	YES	Not to propose new tariff
11	NO	YES	YES	NO	Probable proposed new tariff
12	NO	YES	NO	NO	Confirmed: Not to propose new tariff
13	NO	NO	NO	NO	Confirmed: Not to propose new tariff

Source: personal exercise, developed in 2005

In regard the table, the possibility to propose new tariff is 6/13, and the possibility not to propose the new tariff is 7/13. It reflects that the public goods tend to keep in the affordable price, compare to the private goods, where it tends toward the sustaining price increase, but still in fair probability distribution.

But, JWSRB was also working as “tariff promoter”. In 1999-2001, because of the crises, there was no tariff adjustment. Therefore, in 2005-2007, it was introduced “automatic tariff adjustment” (ATA) which was decided by Jakarta Authority and exercised by JWSRB. Instead of implementing as to follow the Jakarta authority decision, JWSRB has also considered the professional indicator of tariff adjustment:

1. How about operator conditions
2. How about customer conditions

The policy of ATA stated that the water tariff shall be evaluated every semester (6 months) and then to be increased. Therefore, there would be 6 times of tariff increase for 2005-2007 of ATA’s time frame. JWSRB has performed 3 ATA, there were two times in 2005 and one times in 2006, and then JWSRB had preferred no implement the ATA policy because of two reasons: the basic indicator of water service performance, *water loss*, was getting worse, and on the other side, the service quality improvement perception of the public was low, plus the average tariff was approaching the affordability level. Therefore, it was going into number 12 of probability slope with the conclusion of “Confirmed: Not to propose new tariff”.

Issue	First side assessment		Second side assessment		Policy judgment
	(1)	(2)	(3)	(4)	
ATA 1	NO	YES	YES	YES	proposed new tariff
ATA 2	NO	YES	YES	YES	proposed new tariff
ATA 3	NO	YES	YES	YES	proposed new tariff
ATA 4	NO	YES	YES/NO	NO	Not to propose new tariff
ATA 5	NO	YES	YES/NO	NO	Not to propose new tariff
ATA 6	NO	YES	YES/NO	NO	Not to propose new tariff

Conclusion and Lesson Learned

Privatization of water service around the world, especially through public private partnership scheme, was one of the policy choices for improving poor service by government institutions or government-linked corporations.

Indeed, the policy is now being recognized as not a *panacea* anymore, since some of the PPPs scheme in water failed, but some are still performing. In UK, Malaysia, and Singapore, still works well and they do progress in performance.

The Jakarta water privatization has been criticized as one of the non-performed PPP schemes⁴³, but the PPP policy has been taken in 1998 and need to be ended after 25 years of concession signed-contract. Policy making in time of turbulence and lack of good governance has led the PPP scheme toward the disparaged policy.

The Jakarta authority decision was not to change the PPP policy, because its consequence was agonizing for Jakarta administration, in term of money and other issues. Therefore, the “middle solution” is to develop the professional, independent, and impartial institution: The Jakarta Water Supply Regulatory Body (JWSRB).

The Jakarta model perhaps can be taken as one of the better-off solutions in time of critical; when any decisions become too dilemmatic. The Jakarta experience of the JWSRB has proven that the critical and endangered impact of policy-making-blunder might be solved by developing a specific and functioning institution.

The JWSRB position in the PPP contract is not as strong as it needs to be mandated. The contract merely stated that the body shall involve if there are conflict among parties. Therefore, JWSRB is having a narrow and very limited function. But, instead of becoming in-shell institutions, by its professionalism of their expertise of its members, their independency and impartiality, the

⁴³See Belen, et.al. eds., 2005, *Reclaiming Public Water*, Amsterdam: Transnational Institute; Djamal, et.al, 2009, *Kehilangan Air*, Jakarta: JWRB; Hall, 2010, “Replacing Failed Private Water Contracts”, paper on Conference for “Indonesia PPP Policy in Water 2009-2014”, Jakarta 20 January 2010; Jensen, Olivia (2005).” *Troubled Partnership: Problems and Coping Strategies in Jakarta’s Water Concessions*.”.Paper presentation 4th at the Berlin Conference on Applied Infrastructure Research; Lanti, et.al.2009, *10 Years of PPP in Jakarta*, Jakarta: JWRB; Lanti, 1996, “Private Sector Participation in Indonesia for Water sector.” Center for International Development; Lanti, 2004, “Regulatory Approach to the Jakarta Water Supply Concession Contract.” Paper presented at the 14th Stockholm Water Symposium August 2004; Lanti 2006, “A Regulatory Approach to the Jakarta Water Supply Concession Contracts.”, Water Resources Development, Journal, special edition on Water Management for Large Cities, pp: 72 – 93; Nugroho, 2010, “Dilemma in Jakarta Water Service Post PPP: Lesson Learned and Possible Solutions”, Paper Presented at the International Conference on Public Administration, ICPA-Australia National University, Canberra, 22-24 October 2010

institution would be able to stipulate the creation of the Jakarta water good governance, including encouraging the parties to revise the signed contract, and therefore it might lead toward policy changing without government intervention.

The third case is the most difficult problem, since the impact was the damaging of political imagery of the policy maker, especially the government. There are two actions that could be taken. First: “blaming others”. It was the easiest action, and the “darling” of some politicians who like to have “shortcuts”. But the action has created a latent conflict since it creates hatred among the policy makers. The second action is to bring the agenda as a “lesson learned” so it will not happen in the future. This is called “capitalizing the knowledge”. The basic steps are: bringing the issue into public by academicians which have the agenda for “capitalizing knowledge” –and not merely condemning the policy maker—and bring the public discourse as well as academic discussion to get the idea that any mistake can happen in the policy making process, and it shall be learned as the part of developing “national knowledge management” in policy making.

In the case of Indonesia, Law number 22 on Decentralization was released in 1999, but replaced in 2004 by the other policy, Law number 32 on Decentralization. The prior policy was opening the decentralization so extensive therefore endangered the national integration. The policy was driven by the international interest and the local political elites who were eager for power and individual as well as group prosperity. The policy was being exercised under academic discourse to make the level of conflict that possibly erupted lesser.

In line with the policy evaluation, there is an effort to formulate a new policy. In 2004 the policy of decentralization was released by Parliament and Government with less public and political tension. Post policy decision, the government with academicians performed a series of policy socialization and campaigns along the nation to reach the key stakeholders.

The policy replacement now becomes one of the national knowledges – being capitalized—and become case studies in the major universities in Indonesia, and it was forgotten as the mistaken policy as it was transformed into academic case studies rather than public scrutiny.

Policy Formulation for Developing Country

The question is: what is the recommended policy formulation model for developing country? The answer is: there is no single model for all policy formulation choices. Therefore, firstly, policy formulation model is in regard to the policy issues. There are five types of policy agenda of the developing countries:

1. Routine; it is about a year by year policy issue that needs to be managed routinely such as administrative service to security in food and energy. Possible Policy Model are Incremental, Institutional, Process, Group, Strategic, System, and Public Choice. In fact, more and more policy issues being “removed” from “routine” to “non-routine” as most of the policy issue is entering “changing” issue, even it becomes “crises” issue. Food and energy are now becoming a global crisis and crisis in every country, especially developing countries.
2. Change; it is about developing a dam, introducing a family planning program to reforming bureaucracy. The developing country was named as “developing” because its core mission is to change the society to a better society in terms of welfare, democracy, culture, and its civilization. Developing countries started their status as poor countries. They strive to become middle income, and start a new journey into a high-income country. South Korea, Taiwan, Singapore are examples of the poor countries that successfully transformed into high income countries. Some countries such as Malaysia, Thailand, China, and Indonesia have been transforming into middle- and middle-income countries. But, many still as poor countries, such as Ghana, Afghanistan, Pakistan, Bangladesh. Possible Policy Model are Institutional, Process, Group, Elite, Rational, Game Theory, Public Choice, and Strategic.

3. Crises; it is about economic and financial crises to social and political crises, either triggered by domestic or global causes, or combination of the two. The Crisis in Indonesia in 1998 was caused by regional crises combined with domestic political unrest. Egypt crisis in 2011 caused by domestic social and political instability. Possible Policy Model are Elite, Institutional, Rational, and Game Theory.
4. Conflict; it is about horizontal conflict, an ethnicity conflict that sometimes collides with beliefs –in regard to religion, culture, and habit. Tutsi to Hutu conflict actually is about horizontal conflict that developed into vertical conflict as one of the ethnic wars dominated the country's political platform, as happened also in Sri Lanka. A long-term conflict was the Aceh to Ambon-Poso conflict in Indonesia. The latent conflict also prevails in some developing countries such as Malaysia which is the hidden conflict among Malay, Indian, and Chinese as the government performs an affirmative action toward one of the ethnic since the 1970s. Possible Policy Model are Institutional, Elite, Public Choice, and Deliberative.
5. Unclear; the world is becoming “terra incognita”, the land that we could not recognize as before. The European Union seems like the next global superpower. But, as the union has made the members country as many ships tied closely to each other, when a ship was burned, it was collaterally burning other ships. Greece's economic crisis since 2009 to today has been decreasing Europe Union strength as it has influenced heavily the other member countries. Portugal, Italy, and Spain are waiting in vain. Germany and France as the anchor are looking for the best way to stop the fire to go across the boat to their boats. The business wisdom of “don't put all your eggs in one basket” is not relevant anymore, as globalization is making all the baskets get connected so close as all the players could not recognize the borders among them. Housing crisis in the US in 2009 hit all the countries without excuse. It hit all the economic sectors without exception. The “Ponzi economy” of world financial business players, many of them are US based

business players, had suffered the world into the crisis of trust and integrity that turned the world into the new edge of its resilience. The developing country is like a group of people who walk in a queue behind the developed country; they do not know clearly what happens in the front, but they are part of the injured team. Many people from Japan, South Korea, Hong Kong to Jakarta did not know why they lost their wealth as housing in the US was in a severe crisis, until they knew what really happened, and it was too late. As the stock market in developing countries was damped by contagious collapse of the stock market in the developed countries. In politics, many people in Iraq and Afghanistan did not know why they have never been in a place where peace lay down. The politics of energy of the developed countries sometimes create unclear policy agenda of the developing countries. The recent one is global warming that creates a new uncertain future and becomes unclear of policy agenda. Possible Policy Model are Game Theory, Rational, and Institutional.

In sum, each policy agenda should be carried out by a different policy model. There is no single model for all policy agenda. This point of view is pointing to the actual issue that many policy consultants in developing countries are promoting “single model of policy making” to the policy maker, which in turn creates policy process chaos.

Policy Issue and Possible Policy Model

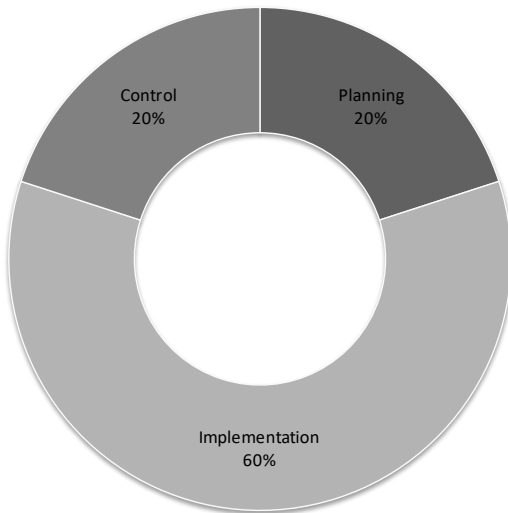
Policy Issue	Possible Policy Model
Routine	Incremental, Institutional, Process, Group, Strategic, System, Public Choice
Change	Institutional, Process, Group, Elite, Rational, Game Theory, Public Choice, Strategic
Crises	Elite, Institutional, Rational, Game Theory
Conflict	Institutional, Elite, Public Choice, Deliberative
Unclear	Game Theory, Rational, Institutional

The conclusion of the discussion is not arguing that policy formulation models introduced in developed countries' discourse and context are irrelevant to developing countries; it is about how to put them in the right and relevant policy agenda. The “panacea” approach, of whoever policy advisor, shall be avoided.

Chapter Six

POLICY IMPLEMENTATION

In the developed countries, where institutionalization of the society has done, the success of any practice come from an excellent planning. So does public policy. It is far different from developing countries. Under an unstable domestic political context, latent conflict, and immature political institutionalization, plus the predatory globalization, the developing countries have to rely more of their success of any development on the implementation side. In my carrier for 10 years have been working and discussion with –at least—three ministries in



Indonesia, and more than 200 high rank officer in my class and my service, some governors and some majors, legislatures, and senior politicians in Indonesia and Malaysia, some political experts in Indonesia, Singapore, Malaysia, Thailand, and India, I found a seminal

generalization: in regard of any success of any practice in developing countries, 20% come from excellent planning, 60% from genius implementation, and 20% from how successful we are in controlling the implementation.

In my opinion, this consideration is relevant to public policy. Policy making or formulation is contributing to about 20% of the total success. 60% will be policy implementation. 20% will be policy controlling. Compared to a business plan, a corporate policy, public policy has more impediments. First, public policy works in –relatively—unlimited area:

public area; whilst corporate is a limited area –even for the multinational corporation. The very-broad working area of public policy makes it difficult.

Secondly, the government, as the main policy implementer, has been facing the fact that they cannot manage people –in order to implement policy—directly, as it is performed in the corporations. The President or Prime Minister manages the citizens through what is called “a system”, an arrangement that ultimately asks the people to adhere to the rule. But the penalties or sanctions shall be carried out in the complex manner, such as “police”, “attorney”, “court”, “jail”, “social works”, and the like. Public administration is a system that cannot manage citizens directly. Therefore, I would like to use Peter Drucker's Idioms; the only management strategy available is managing beyond the wall. It is how to make people that we do not know, recognize, and reach, because of their numbers, location, occupation, and all of their complexity. Controlling implementation will be the hardest thing to do in public policy.

The developing countries have three types of society. The traditional, which means a society where the majority of the people live in the traditional values and beliefs; the transition, which means a society whose majority of its people are living in the transitional values and beliefs from traditional to modern; and the modern, which is meaning that the majority of the people live with modern values.

In the traditional society type, policy implementers face the fact that public policy is a modern product in the middle of traditional beliefs which is dominated by the values that people are far more important than the system, and such “people” are people who believe in the traditional beliefs. Therefore, it will find that the success of policy implementation is any policy that is carried out by charismatic leaders rather than professional leaders. What is the difference? Charismatic leader, as mentioned in Max Weber's thesis, is a leader who has been followed by their followers because of his/her supernatural power. In Indonesia 1945-1955, there was Soekarno, the first President, who was

believed by people as having “God’s Gift” as Indonesia Supernatural Leader. When Soekarno made his speech, people were stopped from their work and activity, just to listen to him speaking, even from the radio. The administration had a severe problem when Soekarno became the policy itself. Soekarno’s charisma was diminished in the 1960s and he was shifted away in 1966, and removed from all of his leadership after that.

Surely, it was not Indonesia’s experiences alone. India under Nehru; Pakistan under Bhutto; to Egypt under Nasser. The challenge toward traditional society is to find more and more “charismatic” implementers to make people believe and do what the policy wants them to do. There are three serious problems. The charismatic people are rare to find, especially those who have the “special gift”. Meanwhile, policy implementation cannot wait. Secondly, once a charismatic leader emerges at the most top level, he or she will “kill” the other emerging charismatic people around him, even in the same team, since there is a belief that “there is always one sun over the earth”. The other charismatic person will be easily elapsed since he or she potentially deteriorates the power of the top leader. Thirdly, the charismatic people tend to use his/her charisma to his/her well-being rather than to the people, or the policy he/she serves. We might see many leaders in African countries that abuse his power since their people want them as charismatic leaders, and they become charismatic leaders, and then he acts as “God”, then at last “forgets the policy” because he himself becomes the policy itself.

The transitional society is also difficult to manage. The transition means that people were taken out from their prior preference, but not yet implanted in the new preference. It is like the teenagers, they are not boys anymore, but not yet men. Again, Indonesia, Malaysia, Philippine, and Thailand today are examples of societies in transition. The character of the society is easy to become angry, impatient, and too demanding.

A society like this is likely to be managed by “strong leaders” as well as the policy implementers. Therefore, Malaysia was effectively managed under Mahathir Mohammad, Indonesia under Soeharto, Singapore under Lee Kuan Yew, and Philippines under Ferdinand Marcos. The problem is: the strong leaders tend to become autocrats. The case of Indonesia and, more extreme, the Philippines show how the strong leader went into the same trap as the charismatic leaders: they became the policy itself.

The manageable society is the modern one. This society is characterized by the higher level of education, usually high school in average, able to think rationally, keener to “profane” issues than to the “sacred” one, even in turn it leaves the religiosity becoming low, and they are “rule-adherence” society. Singapore, Kuala Lumpur (which means not all of Malaysia), Jakarta (which means not all of Indonesia), Taiwan, Hong Kong, are some of the models. The citizens are aware of their obligation as well as their rights. One of the indicators is if there are any problems or tragedies, the first institution they see is government institutions. It is different to the traditional society, which seeks their primary shelter, or family, as the first point to go.

The last type of society is the most appropriate for policy success implementation. The fact is too many developing countries that are in the traditional and transitional condition exist in the modern one. In Africa, even the most developed one, South Africa, all the countries are living in traditional beliefs. In Asia, with their economic advantage, some of them have been transforming into transitional, and a view of them becoming modern.

Now the question is: how to implement it in developing countries with such wide differences? This question is becoming critical since many of the policy advisors, usually from developed countries, come with the less-innovative ideas, that the policy implementation is the same as what they do in their hometown: policy formulate, public announcement, socialization, then just implement.

The Three Generation of Policy Implementation Studies

Peter de Leon and Linda de Leon (2001) found that there are three generations of policy implementations studies. The first generation, developed in the 1970s, understood policy implementation as the discourse between policy and its execution. Graham T. Allison (1971) in his study on Cuban's Missile policy decision and implementation was one of the examples. In this approach, the policy implementation is believed to collide with the policy decision, at least there is no gap between the policy decision and policy implementation. It was a specific phenomenon of the military model of decision making: decide and act.

The second generation, which was developed in the 1980s, believes that policy implementation is a top-down process, as is the bureaucracy's hierarchical structure. It is named as the top-down perspective. The perspective believes that the task of the bureaucracy is to implement any policy which is decided by political institutions and actors. It was understood as Woodrow Wilson's premise: "when politics ends, administration begins". The early study of this approach was by Daniel Mazmanian & Paul Sabatier (1983), Robert Nakamura & Frank Smallwood (1980), and Paul Berman (1980).

There was a unique incidence, in the same period, there had been the reverse approach in the second generation. Whilst the first entrance of the second generation is "top-downer", meanwhile the second entrance is bottom-upper as the studies of Michael Lypski (1971, 1980) and Benny Hjern (1982, 1983). Therefore, in the second generation, there are two contradictory ideas: top downer and bottom-upper.

The third generation is cited as being developed in the 1990s by Malcolm L. Goggin (1990) who promotes the idea that the behavior variable of the policy implementers more determines the success or failure of the policy implementation. This approach seems to be close to behavioral theory. Other scholars who develop the same idea are Helen Ingram (1990) and Denise Scheberle (1997).

What about in the year of the 2000s? DeLeon and De Leon (2001) note that in the 2000s “the study of policy implementation has reached an intellectual dead end”. Perhaps it was the wise argument, since the study of policy implementation as performed by Hill and Hupe (2006) has not generated the new approach on policy implementation. How about in the 2010s? Is that dead end over?

In regard to my understanding, since the 2000s policy implementation has been facing the complex model and facts. So many disciplines have been supporting policy implementers for the new and different approach on policy implementation; from the political discipline, to economic, marketing, to the physics and mathematics.

It happens until today. Policy implementation, as well as policy studies, is becoming the concern of any social and science scholars as well as their practitioners. Therefore, in today’s policy implementation studies and practices, it is changing from the public administration domain to the political domain, and it is becoming an eclectically approach and keen to practices rather than as a rigid approach and model as promoted from the first to third generation of policy implementation studies. Therefore, I would like to name today’s policy implementation model and studies as a model of contextual-conditional.

Models of Policy Implementation

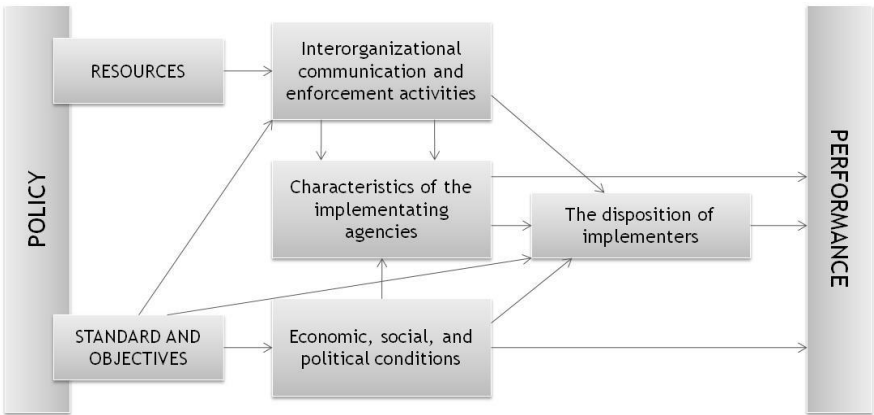
In policy implementation studies, at least there are nine models likely to be capitalized outside of grouping them into de Leon’s categorization of generation.

1. Van Meter and Van Horn

Donald Van Meter and Carl Van Horn (1975) have developed the classical model of policy implementation. This model assumes that policy implementation has worked linearly in the policy process. Some critical variables of the policy implementation are resources and

standard objectives, which drive into inter-organizational communication and enforcement activities, characteristic of the implementing agencies, influenced by economic, social, and political conditions, which in turn generates the disposition of implementers in order to achieve policy performance.

Van Meter and Van Horn’s Model

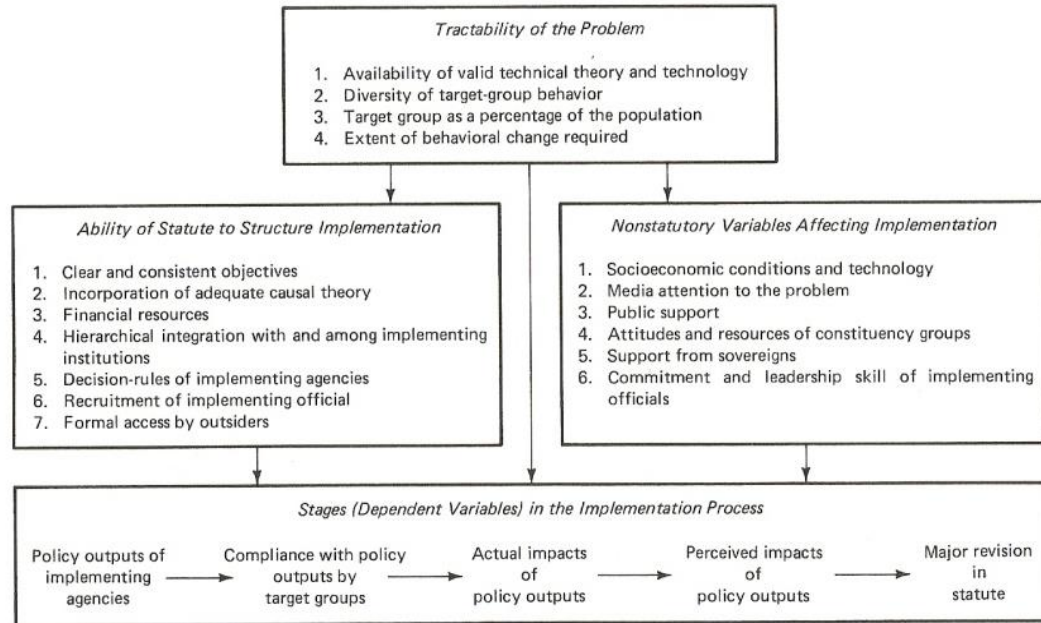


Source: Meter & Van Horn, 1975

2. Mazmanian and Sabatier

Daniel Mazmanian and Paul A. Sabatier (1983) states that implementation is carrying out the basic policy decision, usually incorporated in a statute but which can also take the form of important executive orders or court decisions. Ideally, that decision identifies the problem(s) to be addressed, stipulates the objective(s) to be pursued, and, in a variety of ways, “structures” the implementation process (cited from de Leon & de Leon, 2001, 473).

Mazmanian and Sabatier's model



Source: Mazmanian & Sabatier (1983:7)

The model was known as a Framework for Implementation Analysis. It consists of three key variables: independent, which refers to how easy or difficult was the problem to be controlled; intervening, which refers to the ability of the policy to structure the implementation process toward its end; and dependent, which refers to the steps of policy implementation.

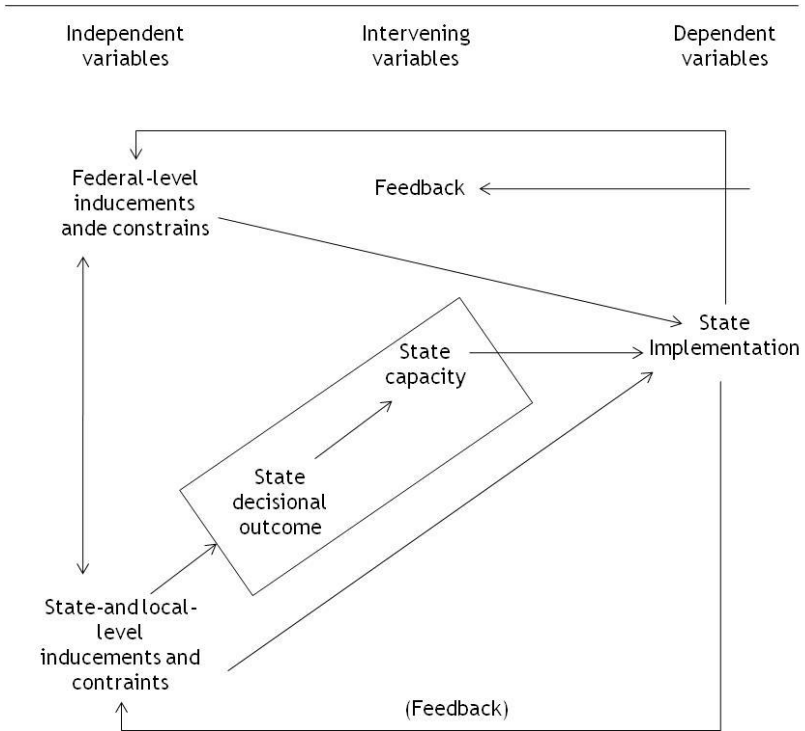
3. Hogwood and Gun

Brian W. Hogwood and Lewis A. Gun (1978) note that successful policy implementation needs at least ten preconditions. The first request is that there is a guarantee that external conditions of the implementing agency will not be impactful to the agency. The second request is that there is a sufficient resource for implementation. Thirdly, the integrated resources really exist. The fourth is in regard to the question whether the policy to be implemented based on strong causality reasons, such as if “X” implemented, then “Y” will be happening as the result. The fifth is how many causes of causality are happening. The sixth is how weak is the interrelation among variables. The seventh is about the depth of the understanding toward the objectives of the policy. The eighth is questioning whether jobs have been detailed into and placed in the right arrangement. Ninth, it takes perfect communication and coordination. And, tenth, the implementer agency can ask for the full of adherence.

4. Goggin, Bowman, and Lester

Malcolm Goggin, Ann Bowman, and James Lester (1990) promote the “communication model” of policy implementation and are named as “the third generation. Goggin, Bowman, and James seems like to follow Mazmanian and Sabatier’s understanding since the scholars mention their intention to make policy implementation to become more scientific by placing the basic model of research by presence of independent, intervening, and dependent variables, and put the communication factors as the generator of the policy implementation.

Goggin, Bowman, and James's Model

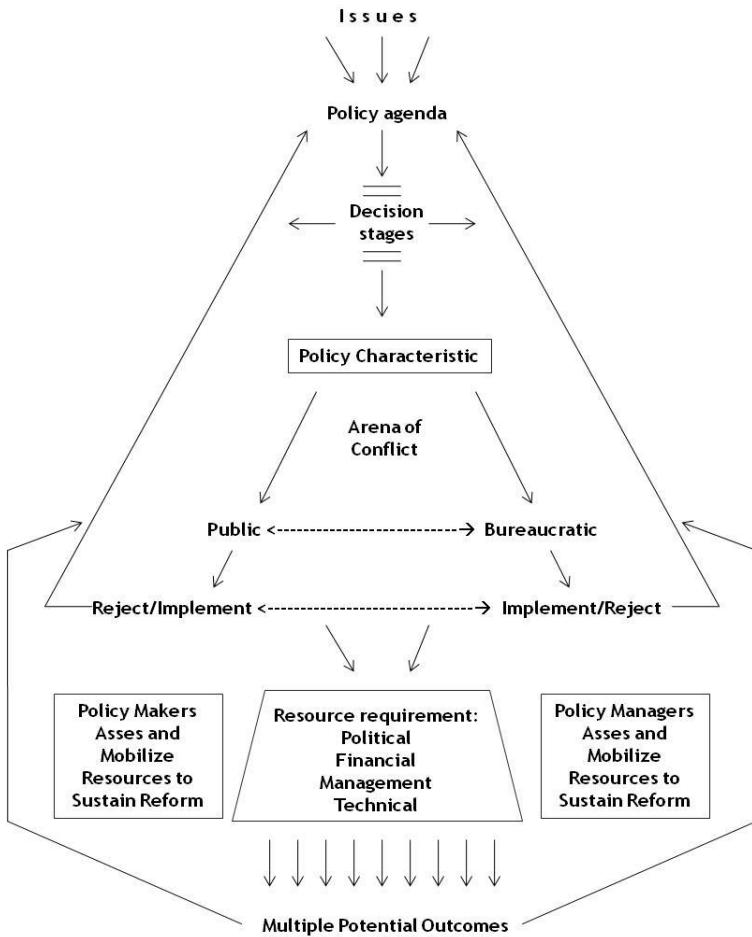


Source: Goggin, Bowman, and Lester (1990)

5. Grindle

Merilee S. Grindle (1980) noted that the success of policy implementation depends on the content of the policy and the implementation context, which are named as the degree of implementability. In terms of content, its related to the public interest was being influenced by the policy, kind of benefit to be produced, the degree of the intended change, and position of the policy makers, the policy implementers, and resources to be generated. In terms of context, there were three key variables that must be noticed: power, it means interest and involved actors, character of the institution, and the adherence level.

Grindle's Model



Source: Grindle (1980)

6. Elmore, Lipsky, and Hjern & O'Porter's Model

Richard Elmore (1979), Michael Lipsky (1971), and Benny Hjern& David O'Porter (1981) have the same model of policy implementation, even though they have developed separately. The model is started from

identifying a network of actors of policy implementation and asking for their objective, strategy, activity, and their nest. This model generates society to implement the policy themselves. Suppose there is bureaucracy involvement, but solely in the low degree. Therefore, the policy shall meet the public interest and the implementation designed to be a user-friendly policy implementation.

7. Edward Model

George Edward III (1980, 1) noted that the key issue of public policy is lack of attention to implementation. It was stated strongly that without effective implementation the decision of policymakers will not be carried out successfully. Hence, Edward suggested putting attention to four key issues for a performed implementation: *communication, resource, disposition or attitudes, and bureaucratic structures*.

Communication is in regard to how a policy is communicated to the public to obtain responses from the involved parties. Resources are in regard to availability of resources especially human resources competence and capability to carry out the policy effectively. Disposition regards to willingness of the actors to carry out the policy implementation. It is about commitment, more than competency and capability. Bureaucratic structures are in regard to the structure of policy implementer organization which is facing the challenge not to become bureaucratic fragmentation, since it declines effectiveness of the policy implementation.

8. Model Nakamura & Smallwood

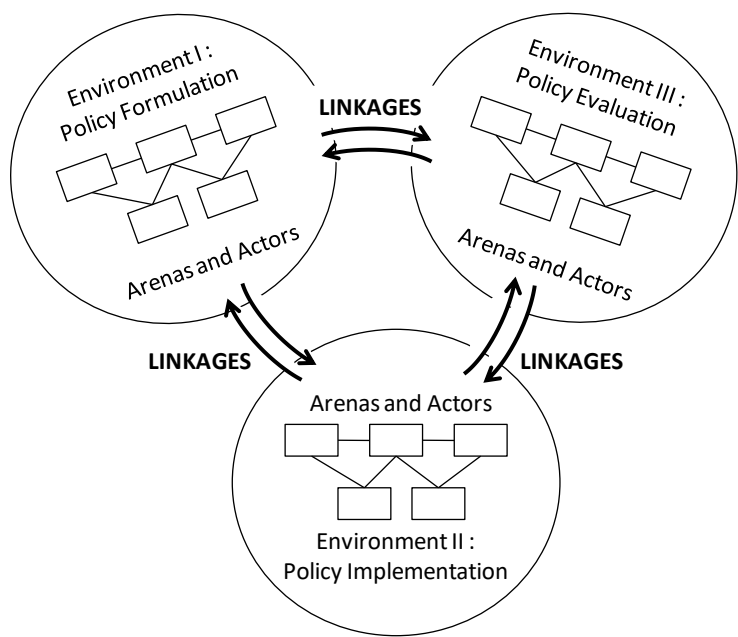
Robert T. Nakamura and Frank Smallwood noted that policy process is a complicated process, its implementation as well.

“The policy process is complex. Implementation is but one part of this process, and it’s inextricably related to, and interdependence with the other parts. Considering implementation without reference to these other parts would be tantamount to studying election returns without reference

to the personalities of the candidates or the composition of the electorate; only a limited depth of understanding could be attained. Thus, a conceptual overview of the entire policy process is required. One useful way to study the implementation policy is to view the policy process as a system. A System is characterized by a set of interconnected elements, each directly or indirectly related to the other. The utility of a system overview lies in its simplification of the policy process into a set of elements and linkages.... The key elements in the policy process can be viewed as a set of functional environments in which different aspects of the process take place. (1980: 21).

To deal with the complexity, Nakamura and Smallwood developed policy implementation model which they named as “environments influencing implementation”, which consisted of three elements with actors and arenas in each one (Nakamura & Smallwood, 1980: 27)

Nakamura & Smallwood’s Model



Source: Nakamura & Smallwood (1980)

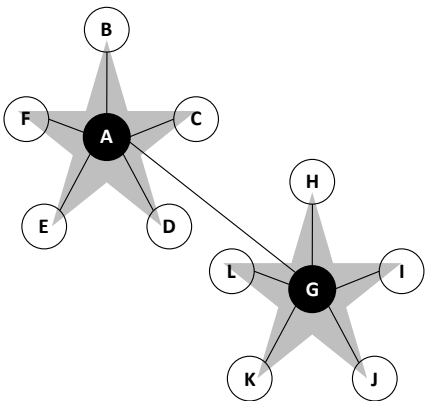
10. Network Model

In the 1970s the policy makers in the developing countries were facing difficulties implementing many of the policies on development, especially toward new innovation. The challenge for developing countries is demographic factors; therefore, the first idea is to reduce the level of population growth. Family planning program has been founded, but the intense refusal from traditional beliefs of the society made it far from possible to be implemented, regardless of the religions they had. Therefore, the idea is to take the core actor to adopt the innovation, and make their network work the innovation multiplies the innovation. The study of Everett M. Rogers and Lawrence Kincaid (1981) in South Korea and other developing countries, and then followed by

much other research, has confirmed the effectiveness of network models for policy implementation.

In my secondary degree research in 1988, I found that the policy adoption among the politicians in the local parliament in Java, Indonesia, was highly influenced by the network they have been nested in (Nugroho, 1988). Therefore, the network model for policy implementation is somehow

relevant for policy implementation in developing countries. Indeed, this model is also relevant to any countries as found by Walter Kickert, Erik-Hans Klijn, and Joop Koppenjan (1997), as to indicate that human living hood is always in the nested relation –more than just one-to-one relations.

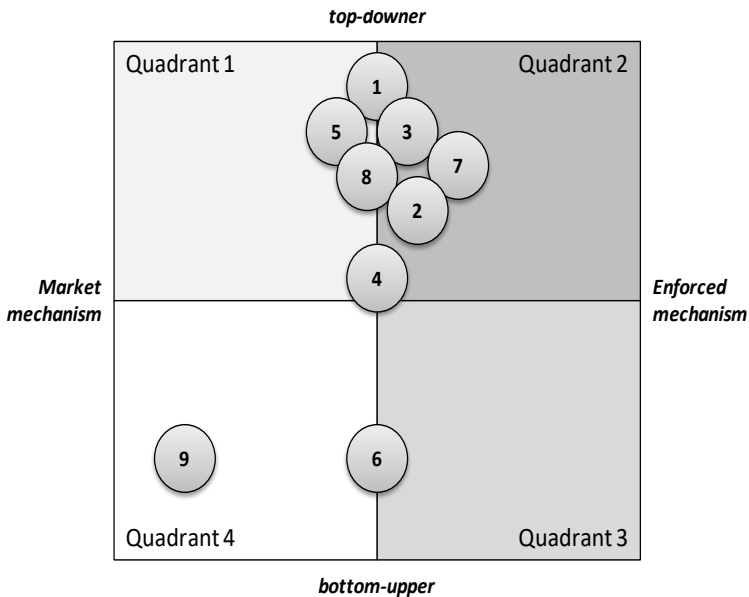


Most of the developing countries’ structure of the society has been dominated by nested societies where they are connected to a network where there has been found a center of the “star”. Policy implementation for policy on innovation advised to collaborate or implement first for those stars than to all society members.

20.3. Mapping and Preferring Models

The question is what is the most appropriate model for developing countries? The question is answered firstly by mapping the models in the matrix of “top-bottomer” versus bottom-upper), and model of implementation based on enforcement (command-and-control) versus market mechanism (economic incentives).

Mapping the Implementation Models



Notes

- 1 Donald Van Meter & Carl Van Horn
- 2 Daniel Mazmanian & Paul A. Sabatier
- 3 Brian W. Hogwood and Lewis A. Gun
- 4 Malcolm Goggín, Ann Bowman, and James Lester
- 5 Merilee S. Grindle
- 6 Richard Elmore, M. Lipsky, Benny Hjern & David O'Porter
- 7 George Edward III
- 8 Robert T. Nakamura and Frank Smallwood
- 9 Network

The finding of Michael Hill and Peter Hupe (2006) in the comprehensive meta-theory discussion noted that there is no single model as the best among others lead to the developing countries policy implementer to find their own ways, since there is neither contestation nor competition among those models, therefore the more relevant issue is about the appropriateness of the implementation toward policy content and policy context. The policy implementer therefore, may choose the suitable model in each quadrant in the map above.

Policy Implementation of Developing Country

The question is: what is the best model for the developing countries? Richard Matland (1995) policy implementation model that named as “Ambiguity Conflict Matrix” can be taken as the most valuable one.

Matland’s Ambiguity Conflict Matrix

	Low conflict	High conflict
Low ambiguity	Administrative implementation	Political implementation
	Implementation decided by resources	Implementation decided by power
	Example: smallpox eradication	Example: Busing
High ambiguity	Experimental implementation	Symbolic implementation
	Implementation decided by contextual conditions	Implementation decided by coalition strength
	Example: Head start	Example: community action agencies

Source: Matland (1995)

The approach showed that the policy makers in developing countries should recognize what kind of policy they have decided. Different kinds of policies need different modes of implementation. For example, administrative policy, such as marriage, license, and permit take the “administrative approach” as it has low ambiguity as well as conflict. The formal policy is communicated to the public through a socialization process and then implemented, and the disobeyed should be punished. This is the most conventional approach and still relevant.

The second kind of policy is education. In developing countries, such as Indonesia, the policy of “education for all” of the UN or “No Child Left Behind” of Ronald Reagan is difficult to implement, as the budget is in competition with the other sectors. As education is performing as the process of citizenizing, a free education at elementary and secondary level is a mandatory for any government of the developing countries.

The approach then is “political” which means that there should be a “big push” toward politicians to make the policy in place. In Indonesia's case, a free education started from the regional level where the local leader politically decided that education shall be free (see case study of Jembrana, appendix 1). The issue is clear or not in ambiguity, that education is the primary needs of the people that should be fulfilled by the government, but in conflict as the local policy has a different priority. Education, as social policy, calls for a budget, hence education is competing with the other sector, i.e. infrastructure and economy. The local leader held a series of public discussions that concluded education was the primary need of the people. He firmly decided that the development focuses on education. The region then became best practices in education development in Indonesia.

Policy implementation is the most critical issue for developing countries. In our first discussion, it contributes up to 60% of the success of the policy. There are three recognized reasons. First, it is regarding formulation. The policy is too difficult to be implemented as it formulated unclear or dubious therefore the policy implementer is unable to perform it. Secondly, because there is poor control in policy implementation therefore some bias is happening, either unintended or intended –or being abused. Thirdly, the surrounding polity, or the political entity which is sometimes represented by legislation, has a different political agenda therefore they tend to sabotage any policy that is prepared by the executive. The polity then jeopardizes the policy implementation by keeping it as an institutionalized policy priority conflict. In this third case, and it is the most case in the developing countries that makes development in gridlock, the proposed approach is using the executive's power by deciding in an authoritarian manner the policy priority. In the case of Jembrana regency at Bali Indonesia (see appendix 1), it was successful as the decision toward a priority policy in education was based on people's needs and aspirations, implemented in discipline, integrity, transparency, and accountability.

The third kind of policy is policy that needs to be implemented through experimentation. This case is suitable for poverty eradication policy.

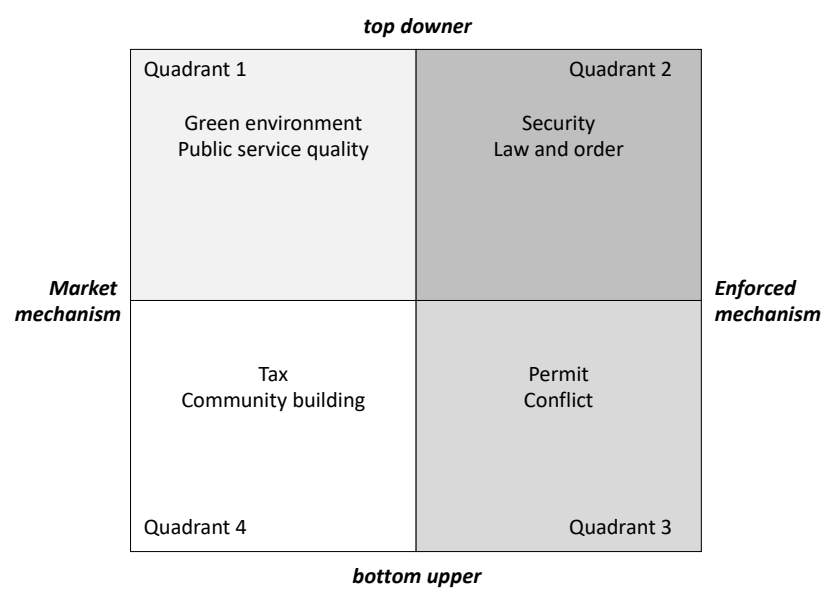
Poverty eradication is every politician's agenda that means the policy has low conflict. But, to implement the policy is a different one, as it has a high degree of ambiguity. In Papua, people are naked, but it does not mean that they are poor as they have acres of lands, pig husbandry, and crops. In Kuala Lumpur, some of the population members are having low income, but they do not want to be expelled as poor as it degrades their social dignity. But, in Jakarta, the beggars are actually not poor as they have more income than low-grade public servants. There are two different cases that make poverty eradication doubtful. First, the policy should not water-down the social status of the target as to avoid the policy eradication becoming humiliated. Secondly, poverty eradication among communities and regions are different. In Javanese society where the basic values are cooperative, therefore creating a common business entity among targets and support by its community will be more effective rather than individual approach. In some communities, women are taking the place of the breadwinner, therefore Grameen Bank has successfully embarked entrepreneurship among Bangladesh housewives. Therefore, poverty alleviation policy should be implemented project by project, and it might be different among projects. There are two benefits from the approach: the policy implemented effectively as it is based on local value and genius, and it creates the possibility of cross-fertilizer among projects as they have their own strengths and weaknesses that they can learn from each other. Poverty eradication policy becomes an experiment among targets. In fact, as in Indonesia, instead of developing an “experiment model”, the government prefers to provide cash-vouchers for the people they assume as poor. This policy is efficient and effective on the administrative or bureaucracy process side, as the government's task is mostly giving cash vouchers to a list of individuals that are assumed to be poor, but less effective to the beneficiaries as there is no significant indicator of poverty being eradicated. In the cynicism approach the policy might be meant as “political bribery” as to give money to whatever reasons whilst neglecting the accountability of the expenditure.

The fourth model is the symbolic approach. The case of gender mainstreaming is the most relevant example. The effective policy implementation approach of gender mainstreaming policy is to assure that women are in respect and honor. Therefore, the leaders of the society should perform behavior that respects and honors women. In Indonesia post reform, there was a case of a Minister who divorce his wife and married his “other women”, who is an actress. In the short period, the President performed a cabinet reshuffle, and he was one of the ministers who was removed from the cabinet. This decision has shown to the public that women are being respected in the country. However, it is uneasy in developing countries where the value is less with respect to women that take them as second- or third-class citizens. This approach is more effective rather than “jump into” affirmative action. Indeed, affirmative action is important, but it has to start with successful symbolism that women are the same as men in terms of respect and honor in the society, the equality in education and knowledge acquisition, and then it will be a beneficial affirmative action.

The basic assumptions of Matland’s model for policy implementation is taken as the first policy implementation consideration, then follow by any model that provided, from Meter & Horn, Mazmanian & Sabatier, Hogwood and Gun, Goggin et.al., Grindle, Edward III, Elmore et.al., Nakamura & Smallwood, to network.

In fact, policy implementation in the developing countries might develop innovatively their model in regard of the map of policy implementation we have discussed before. It is a range between “top downer” to “bottom upper”, as the vertical axe, and the “enforced mechanism” versus “market mechanism” as the horizontal axe. Policy in security and law and its enforcement are the example of policy that needs to be implemented by enforced mechanism and top-down. Permit and conflict resolution need to be taken enforcedly, but it better if come from bottom to up. Those two enforced approaches marked by penalty or sanction for every disobeyed. The policy of greening the city and to keep high the quality of public services can be developed and

maintained through a top-down policy, but exercised through market enforcement, that means those who get the performance eligible to a certain reward. Policy on taxation and community building is basically bottom-up and should be a reward for any best performer.

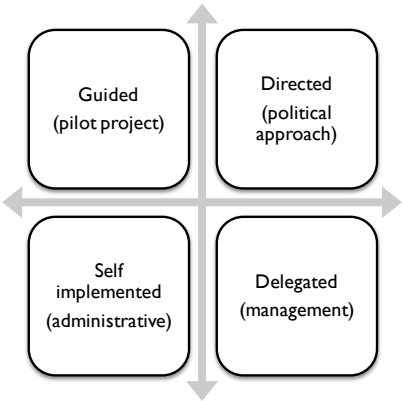


This approach will entrust the developing countries policy implementer to find the best way to implement every policy soundly. The question then is what about the actor?

Implementation Actors

The next agenda is who will be the implementer. There are four contexts of implementation in regard to the policy implementer: the guided, directed, delegated, and self-implemented.

Traditionally, the actor of the policy



implementation is bureaucracy; the government's hand. Therefore, we have a concept of "bureaucrat on the street". The traditional approach of policy implementation noted that the government has everything to manage public life. It was the beliefs of the developing countries in policy implementation. Public and people contribution are assumed as peripheral and unimportant. Until the first of the 1990s, the developing countries followed that discipline. The impact was that people were very dependent on the government. Every problem in public life is instantly brought to the government and justified by government accountability.

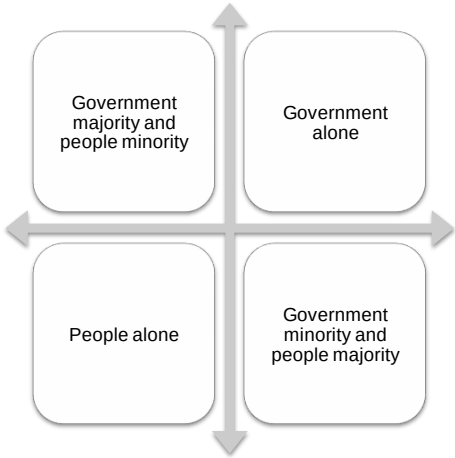
The era was replaced by the new understanding of development as a participatory process. Indeed, good governance approach has promoted the value of "participation", but the real reason might be traced back to the end of 1980s. It was a time when many governments in the developing countries met the endangering reality. First, since they drive the development –as public policy—implementation alone, they found that their economic resources have been decreasing significantly. Governments in many developing countries have seen the new fact that the resources they have are limited. On the other hand, the success of development, especially education and political development, has been driving the people as citizens to demand their political right to be involved in the implementation process –as well as in the formulation. It was a coincidence that the two reasons match each other. Therefore, government had a strong judgment to transfer the accountability of development from their shoulder alone to share with the people. The process is parallel to the process of increasing democratization around the world, and strengthened by the idea that the best government is governance, whilst one of the key governance values is participation.

The judgment was clear when in 16 August 1996, for example, President Soeharto of Indonesia, announced that to sustain the pace of the development, it needed a huge economic investment, and Soeharto stated clearly that government only contribute to 25%, whilst the rest, the bigger part, belonged to private investment. It also happened in

2010 when the Government of Malaysia announced the Economic Transformation Program (ETP) to catch the 2010 target as the high-income country of the US 15,000 per capita incomes. To do so, as stated by Idris Jala, Minister in the office of Prime Minister, 99% will be private investment. “Therefore, the success and failure of ETP will depend on all of you my friend, the private sector” (25 August 2010, PWTC Kuala Lumpur).

Today, with the more and more scarcity of government financial resources, especially after government privatized many of their companies –“State Owned Enterprises”, therefore the nickname change into “Government-Linked Company” since most of their ownership has been transferred to private—and the pressure to rationalize tax, policy implementation has been challenged to become *not government business’ alone*.

There are four models of policy implementation nowadays which are developed in most developing countries: government alone, government as the dominant actor and people as minority partner, government as minority and people as the dominant actor, and people alone. Indeed, the first implementer always government, but we take into account at the overall process.



1. Government alone: in this area are policies that are categorized as directed, mostly in regard to any policy which is related with the existence of the nation. Therefore, it is understood as existential driven policy. Defence, security, law and justice enforcement are the examples of the policies. People are involved, but in the critical moment, such as war, terrorism,

outbreak, government institutions take over all the accountability, since those policy functions are in regard to the principal function of government.

2. Government as the dominant actor and people as minority partner: in this area government still plays the major function, while people act as a supplement actor. The policies such as identity card, immigration document, to some kind of license. This policy implementation is named as *government driven policy*.
3. Government as minority and people as the dominant actor: in this area the government merely initiates and then makes people do, and the government's task is to assist and supervise. In Indonesia, there is a community health program of POSYANDU or *Pos Pelayanan Terpadu*, Integrated Services Point. Government only provides doctors from local public hospitals and care center, which are the public servants, and the community prepares the place and all the facilities and processes, too. The focus is to assure that children under 5 years have been taken care of best by their mother and therefore to assure that the community understands how to manage mother and infant children. The policy's objective is to prepare the health quality of the next generation. Society based orphanages, child care, elderly caring, to the arts and dancing clubs where the government performs assistance and some certain support are the other kinds of the model of the policy implementation which is named as *society driven policy*.
4. People alone: in this area, people alone develop all the implementation alone, and government participation is very limited. The policy implementation that is named as private driven policy, include corporate, development and management. To some extent, there are some non-businesses activities that might be included in this model such as private schools and hospitals.

Indeed, the practice of the policy implementation is not as exact as described, since in today's developing countries, all policy is being

implemented in the alignment of state (government) and society (people, private) since public policy is the meeting of the interest of both actors: state and society. The four categorizations above are important to place the strategic implementation of the public policy. It is aimed to have the most effective method of policy implementation.

Still, there are generic principles toward effective policy implementation which I found as the “Five Preciseness” that need to be fulfilled in the effective policy implementation.

Firstly, the policy itself is *precise*. The preciseness is assessed by *how far the policy contains things that need to be solved, the problems that need to be solved by that policy*. Therefore, the question is *how excellent the policy is*. We have discussed this in the section of policy formulation.

Secondly, the preciseness of the implementer. Here we have the importance of the four-categories of policy implementers above: government alone, government as the dominant actor and people as minority partner, government as minority and people as the dominant actor, and people alone.

The third is preciseness in policy targets. There are three relevant issues here: does the target accord to the target in the planned policy? Is there no overlapping target and in conflict with other policy targets? In developing countries, the most common case is poverty. Since poverty becomes the “number one enemy”, the government strives hard to eradicate it. But, the most common facts, many government policies come to the same target. The popular name of poverty alleviation policy in Indonesia in mid 1990s was income generating, indicated by giving subsidized credit from some government agencies, that some of them were overlapping. In 1999 I found a case in Lombok Island, Indonesia, where some group of people –the poor and half-poor families—received money from different government agencies that came with different names of policy but with the same objective: poverty eradication. It was common in other developing countries, since to find the data of the target of the poverty alleviation policy

needs another effort, so they tend to use the same data, and then the same target. Besides, the poor are no angels, too. They never mind whether they have received money from more than one government agency or not. Since they knew that if they did not return the money was “OK”, they let their money sink into the sand, and the rest were government agencies with problems of financial accountability. Second issue is about readiness of the target of the intervention. Most of the policy in the developing countries is about intervention: from the new rice-hybrid to the family planning program. Readiness is in regard to the natural readiness of the target—for example the family planning target is the young-married-couple—and the conflict-or-harmony condition of the target, both in terms of the target and the context where the targets are. Performing policy implementation in the high intense conflict or in the community who distrust the government is like pouring sugar to the ground: worthless. To develop industry in the less developed areas is merely creating an economic and social gap, since the workers will come from other areas, and the local people just become the “window-shoppers” and if they participate, what they have is the lass-paid-work. This case happened in Papua when the government let Freeport open big copper mining in the Timika District, and another case of mining and high-tech industry in the remote area. It created hidden-refusal of the local people and sometimes erupted as physical (and sometimes, too, bloody) conflict. The third issue in question is whether the implementation is “a new” or “renew” or “modification” from prior implementation. In developing countries, there are some cases where the new implemented policy is not new in regard to the prior implemented policy. It tends to lessen the credibility of the government.

The fifth preciseness is the “environment preciseness”. There are two determining environments. The first is the environment where the interaction among policy formulation institutions and implementer with the related-institutions interacts. Donald J. Calista (1994: 126) mention as endogen variable, it was the authoritative arrangement in regard to the power of the policy authority sources, network composition which regard to the interconnection of organizations which participated

(active) and involved (mobilized) with the policy, both governmental organization and societal organization, and implementation setting which is in regard to the bargaining position among the authoritative institutions which create policy and the network of the organizations which in charge toward policy implementation.

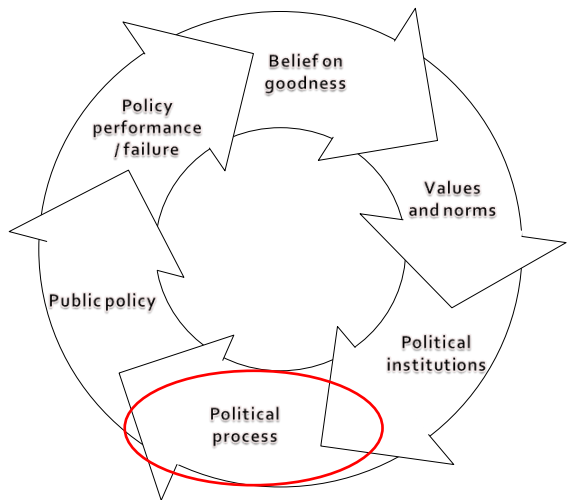
The second environment is external environment of the policy which mentioned by Calista (1994: 127)) as the exogenous variable, which consist of public opinion, the public perception toward policy and its implementation, interpretive intuitions, the interpretations of the strategic institutions in the society –such as mass media, pressure groups, and interest groups—toward policy and its implementation, and individuals, the certain individuals who have strategic and critical role to interpret policy and its implementation.

The fifth precise is “process preciseness”. In general, policy implementation comprises of three steps:

1. Policy acceptance. Public *taking by understanding* the policy as “rule of the game” that needs to manage the future and in the other side government, especially the policy implementer bureaucrats, *taking by understanding* the policy as a job to be carried out excellently –not as privilege.
2. Policy adoption. Public *agree and espouse* the policy as “rule of the game” that needs to manage the future and in the other side government *agree and espouse* the policy as a job to be carried out excellently –not as privilege.
3. Strategic readiness. Public is ready to be the participant in the policy implementation and on the other side government bureaucracy –*bureaucrat on the street*—is ready to be the leading implementer as they know what their responsibility – not job or task—and it limits –so they are able to carry out the *policy discretion*.

The developing countries shall realize that they are living in the hyper-competitive setting; they are not merely competing with the other developing countries, but with the aggressive developed-industrialized

countries. Therefore, the issue of “strategic readiness” becomes critical. The recommended steps are “make sure that the implementation will be successful, then start to implement”. In the quarter fourth of 2010, Malaysia government released the policy of “Economic

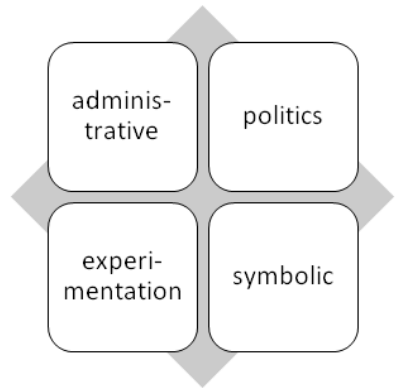


Transformation Plan” (ETP). After the policy was released, there was a series of ceremonies of signing agreements of business entities toward implementing ETP. So, the policy was released and started to be implemented when “all the parties are ready to implement”. The different scenario to Indonesia: in December 2010 Government announced the policy plan to remove the fuel-subsidy, but since the local refinery had not been ready to supply the domestic market, it would create a high-leap in fuel-import. The policy of confiscating the subsidy was criticized publicly until, hence it was canceled.

That five preciseness need three kinds of support: political, strategic, and technical support. Political support, as the understanding is developed by Kingdon approach on “garbage can model” on policy making, is needed as seldom policy problem, policy stream, and politic stream which are working together in the same line. Problem stream and policy stream will lead to dead-end when political stream is not present, as policy is a political product –and not a public administration product. President Soeharto, the President of Indonesia from 1971 to 1998, policies in 1988 –end of his era—were not effective, as the political support did not exist. President Habibie, the successor, was not effective; too, even it has those five precise, as he was “accused” of inheriting Suharto’s mistakes (see Schwartz, 1999). It was also happening for any government leader’s decision where the political

support was not in place.

Strategic support is the second critical support as public policy in the strategic management for the nation's development and therefore prosperity. The strategic support involves the presence of the economic and social resources, to the excellent strategic concept, to develop and employ the policy into a performance. The strategic support also means that there is a right strategy that places the policy implementation as right as its character. As mentioned by Matland, the low ambiguity-low conflict of policy type was advised to take “administrative approach”; the low ambiguity-high conflict of policy type was advised to take “politics approach”; the high ambiguity-low conflict of policy type was advised to take “experimentation approach”; and the high ambiguity-high conflict of policy type was advised to take “symbolic approach”. At last, the technical support takes the readiness of the organization, system, infrastructure, and people in the implementation phase.



The next challenge toward policy implementation in developing countries is “timing”. When policy shall be implemented and what kind of policy implementation model which is appropriate in any given conditions?

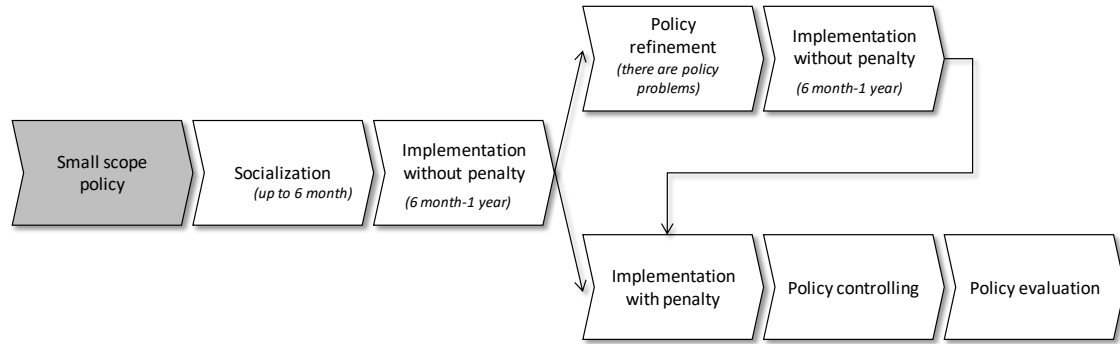
Policy implementation normally has four phases:

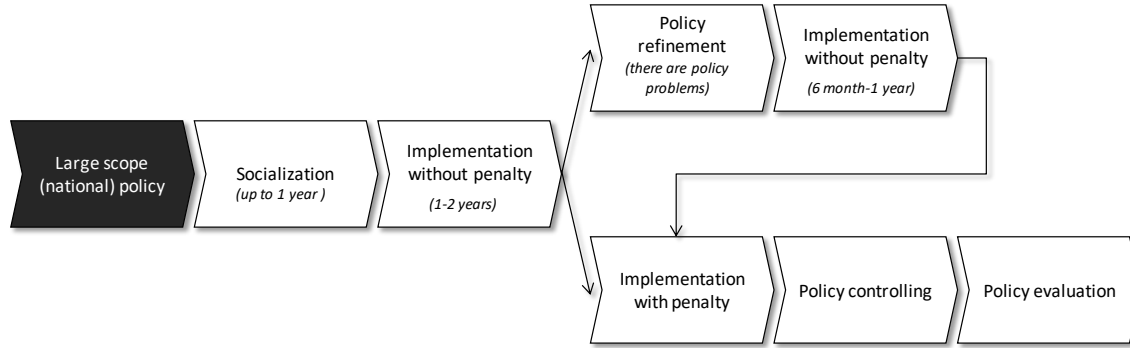
1. Socialization
2. Policy implementation
3. Implementation controlling
4. Evaluation

But, in response to the possibility of implementation failure, the “implementation” of the policy implementation phase is divided into some possible phases:

1. Implementation without penalty (or experimentation)
2. Policy refinement (if there are some agenda has to be incorporated)
3. Full implementation

The policy implementation of the “small-scope” policy is different to the “large-scope” policy in terms of their time frame in socialization and experimentation.





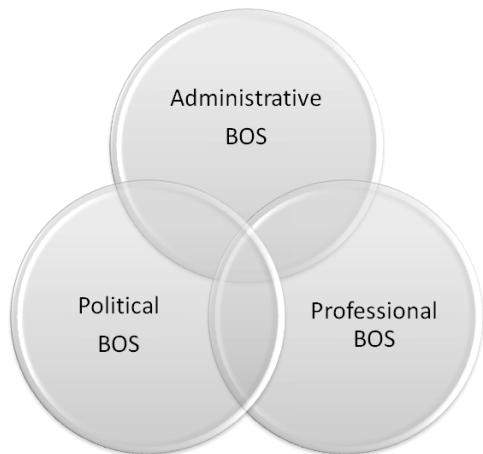
Street Level Bureaucrats: The Other Side of Implementation

Michael Lipsky (1980:3) defined street level bureaucrats as ‘public service workers who interact directly with citizens in the course of their jobs, and who have substantial discretion in the execution of their work’. Meyers and Vorsanger (2003) recognized the critical role of the street level bureaucrat as an institution who is ‘really in charge’ on policy implementation.

“Front line workers in public agencies play an important but often-overlooked role in the shaping of policy delivery, output, and impact. They have been overlooked by many policy officials, who are surprised by the non-delivery or distorted implementation of their policy directives. They have been overlooked by scholars of the policy process; whose interest often ends with adoption of these directives. And they have been overlooked by program evaluators who mistakenly assume that the policy ‘treatment’ they are evaluating is accurately described by these directives” (Meyers & Vorsanger, 2003: 254)

In the developing countries, street level bureaucrats perform almost all of the policy implementation; from identification card, passport, and driving license, to education, health service, and social service.

There are three types of bureaucrats on the street of “BOS” in the developing countries: they who performing administrative policy implementation, such as identity card to marriage certificate, which might be named as *administrative BOS*; they who performing specific policy implementation, such as health and



education services, which might be named as *professional* BOS; and they who perform political policy implementation, such as government campaigner, which might be named as *political* BOS.

In my observation among developing countries in Southeast Asia, the most problematic BOS is the administrative BOS, especially in Indonesia, Malaysia, Thailand, and Philippines –it was also happening in the office of the administrative representative of the western-well-developed countries, such as visa’s BOS. The problem is a mentality problem, as they lack power, so they tend to abuse power to their own advantage. Therefore, there is an anecdotal statement: “if the process can be delayed, why must be faster?” and “If it can be inefficient one, why must be efficient”. The implementation process become the power of the BOS, so they easily make the implementation from the “discretion” to become abused implementation.

The professional BOS, such as medical staff, teacher, and social workers have the different behavior, as their value are to perform their professional’s attribute. In some cases, as medical staff and doctors, teachers, and social workers in the remote areas, are working beyond their duty and accountability in their services⁴⁴.

The political BOS is the most aggressive implementer as they have to bring the political interest of the regime to the society. They even “buy” the people’s agenda in implementing their assigned policies. Their services are encompassing the development policy such as family planning, agricultural inventions, and others specific development policy implementation.

The problem is: in the developing countries they are working in the same institution. For example, in the medical service at the village, there is a doctor, nurses, but also administrative staff and political campaigners for family planning. In some cases, the interaction creates improvement of the behavior of the BOS, as the administrative

⁴⁴ See the case of “Suster Apung” or “The Floating Nurse”...

becomes more ‘care’ as professional, and the professional becomes more proactive as the political campaigner.

To have such a successful policy implementation, the policy planners and makers have to put the bureaucrats on the street as their concern. Therefore, it needs an additional step in the policy planning and pre-implementation: policy readiness. It is a step to prepare the implementer –the BOS—to be well-prepared about what policy they are in charge of, how to implement, and make them as the important part of the policy success.

Policy Failures

For developing countries, public policy shall not fail in formulation –or decision making—as it irritates the credibility of the policy maker which is the ruling government. But, since policy formulation is indivisible to the policy implementation, therefore the policy formulation in the developing countries will be assumed as failed if:

1. The policy is formulated successfully, but the policy is unable to be implemented. It named as *management failure*, since policy then *undermanage* or *unable-to-manage*.
2. The policy is formulated successfully, but the implementation is costly. It named as *administrative failure*.
3. The policy is formulated successfully, the implementation is successful, but the result is not as the design. It named as *design failure*
4. The policy is formulated successfully, the implementation is as successful as the design, but it was fit to the policy wisdom of the hoped result. It named as *theory failure* (Patton & Sawicki, 1993: 365).
5. The policy is formulated successfully, but in the implementation, it is taken over by another political and/or administration interest, hence creates a totally different result. It named as *derailed policy*.

The main issue for the developing countries' policy makers is: how to avoid the policy failures, as the policy has to be developed in the “policy governance”; and how to be accountable to the failure, as the causes, sometimes, come beyond the capacity of the policy maker to handle. The issue of “policy governance” is in regard of policy process, that we have been discussed, and the issue of “policy accountability” to be discussed in the issue of “policy excellence”⁴⁵.

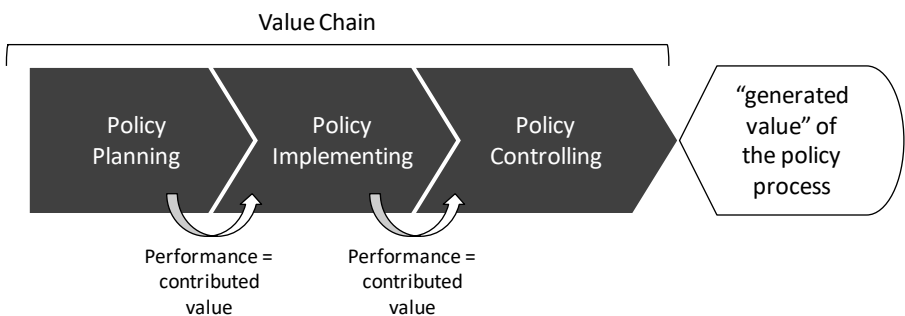
⁴⁵ See chapter 9

Chapter Seven

POLICY CONTROLLING

Most of the public policy text-books teach that policy evaluation is a post-action of the policy implementation. In developing countries, policy is advised to be controlled rather than being monitored and evaluated, as the political turbulence, inconsistency of the administration, and the challenge toward discipline and integrity of the policy actors tend to make any policy to become a derailed policy. It has turned into a massive power to crash out of society and therefore the entire nationhood. The management's approach –it doesn't mean we have to become managerialist and therefore we become part of the managerialism—to accomplish the policy to achieve its mission. As management, the basic, consists of a sequence of planning, implementing, controlling, hence public policy. The performance of each step generates value to the following step. The aggregate values in the chain process are recognized as “generated value” of the policy process.

A Value Chain Model of Policy Process

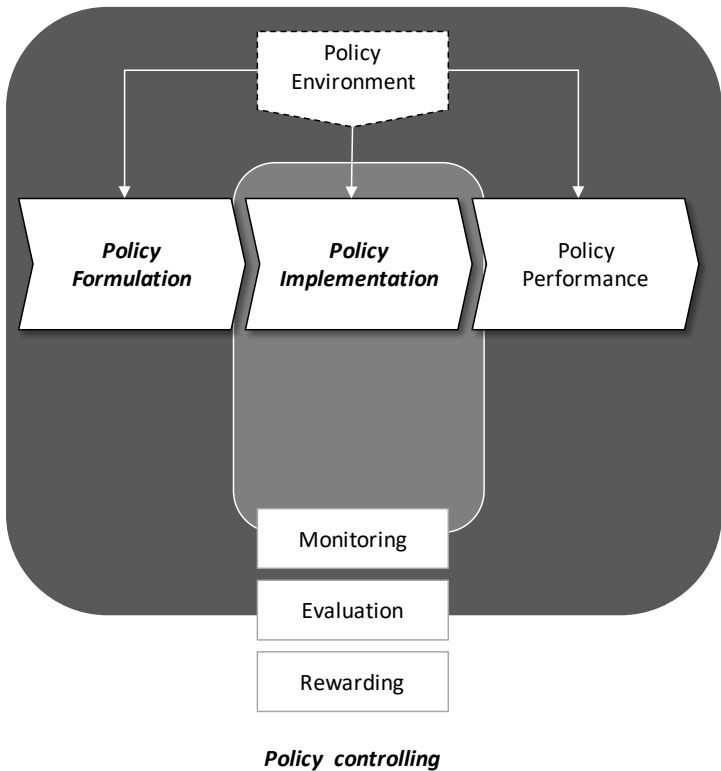


Policy controlling consists of three dimensions:

1. Policy monitoring. Monitoring is to observe, supervise, and look-over with a certain kind and level of valuation to oversee that the implementation is concurrence to the formulated policy. Monitoring is sometimes named as “ongoing

evaluation” or “formative evaluation” (see Dunn, 2004).

2. Policy evaluation is regarding to the valuation of the performance to the intended or planned objective after it was fully implemented. Evaluation is always conducted after “activities” finished; where “finished” has three meanings: (1) timeliness, (2) completion, (3) timeliness and completion. Since policy is about formulation, implementation, and performance, hence evaluation is comprised of evaluation toward formulation, implementation, and performance.
3. Policy rewarding (or punishment) is to provide reward and punishment on policy performance or failure as the result of policy evaluation.



This approach is slightly different to some experts –and to whom the idea was indebted. Patton and Sawicki (1993) develop the idea of “policy continuum” which consists of:

1. Ex-ante policy analysis which involves the identification and clarification of policy problems, the specification of criteria that are used in examining the pros and cons alternatives, the identification of a range of potential alternatives, the qualitative and quantitative analysis of these alternatives to estimate the extent to which they will meet criteria, the comparison of the relative benefits and cost of alternatives, and the specification of the steps necessary for implementing and evaluating the policy
4. Policy maintenance which includes the set of activities undertaken to ensure that the policy of a program is implemented as designed. Such efforts involve maintaining the integrity of the policy as it passes out the decision maker’s hands into operating agencies or bureaus. The purpose of policy maintenance is not to prevent necessary changes from being made, but to prevent haphazard changes from occurring and to record other purposeful changes in order that they are recognized and can be considered during the evaluation of the program.
5. Policy monitoring as the process of recording changes in key variables after policy or program implementation. Policy monitoring determines whether any changes occurred as a result of the implemented policy.
6. Ex-post policy evaluation as an activity which involves the examination of the extent to which policy objectives were achieved. This requires relating the quantitative and qualitative information derived during policy monitoring to program goals, objectives, and criteria and deciding whether the policy should be continued because it is achieving its objectives, should be modified in order to move forward achieving its objectives, or should be terminated because of a lack of effect

or unintended negative consequences. (Paton and Sawicki, 1993: 366).

In the context of policy managing, the policy maintenance and policy monitoring are considered as policy monitoring, ex-ante policy analysis is considered as evaluation on policy formulation, and ex-post policy evaluation as evaluation of policy performance.

William Dunn recognized three types of evaluation: pseudo-evaluation, formal evaluation, and decision-theoretic evaluation (Dunn, 2004: 359-360). In my finding, the institutionalized evaluation is the formal evaluation, as the decision-theoretic evaluation is more academic issue, and pseudo-evaluation is one of the evaluation methods. In the formal evaluation, Dunn recognizes two types of formal evaluation: formative evaluation, which involves efforts to continuously monitor the accomplishment of formal goals and objectives, and summative evaluation, which involves an effort to monitor the accomplishment of formal goals and objectives after a policy or program has been in place for some period of time (Dunn, 2004: 360-361). In practice, the formative evaluation refers to policy monitoring, as Dunn refers to the developmental evaluation (direct) and retrospective process evaluation (indirect), and summative evaluation is toward policy evaluation, as Dunn refers to experimental evaluation (direct) and retrospective outcome evaluation (indirect). Hence, in this discourse, the policy controlling is considered consisting two major activities: monitoring and evaluation.

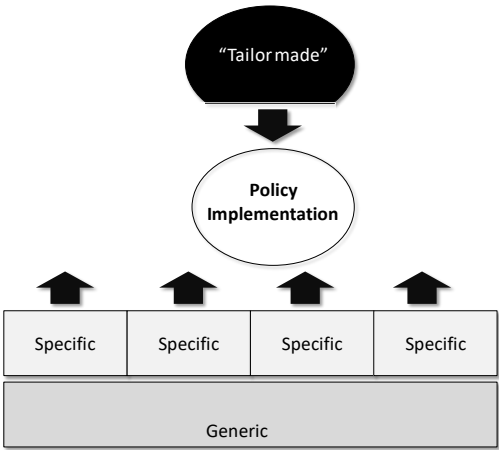
Policy Monitoring

Dunn notes that monitoring at least has four major functions: compliance, auditing, accounting, and explanation (Dunn, 2004: 278-9). Monitoring is “to watch and check over a period of time”. The objective is to prevent implementation from deviation, mistake, or delay, to make it right. Policy monitoring aims to assure that implementation is in accord with the formula, design, and objective of the policy, to achieve the intended performance. The other aim of policy monitoring is to

create an “early warning system” to pledge that the implementation is carried out.

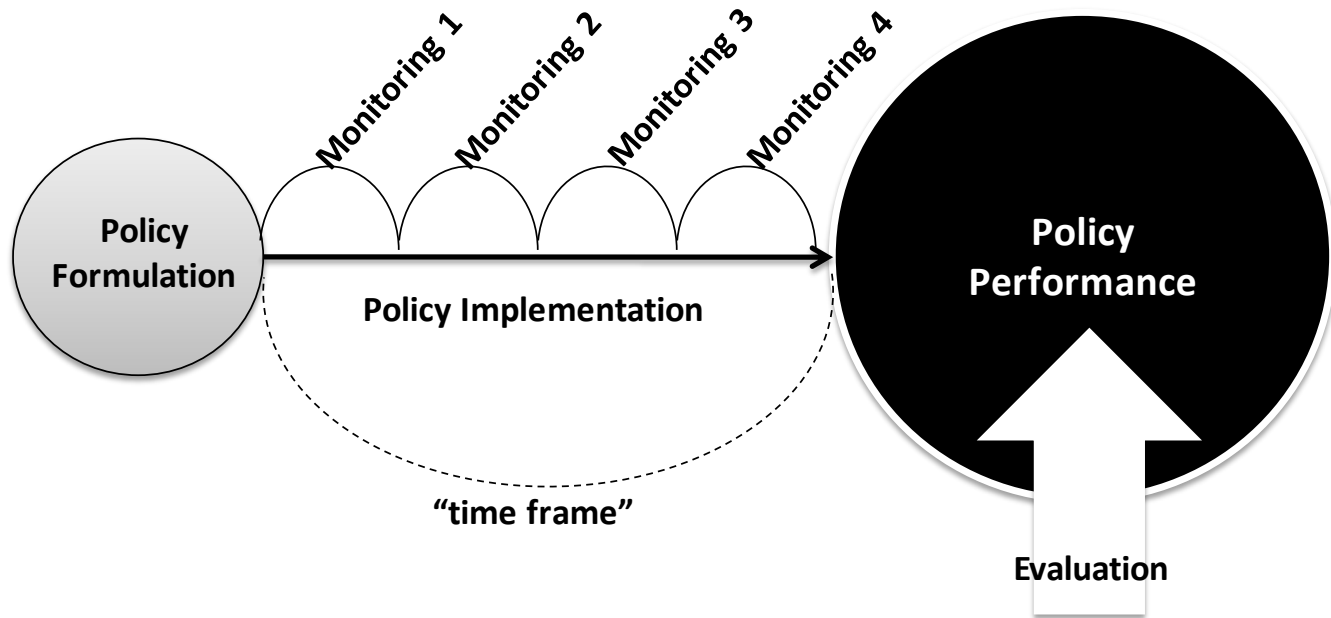
There are three methods of policy monitoring: generic, specific, and tailored-made methods. The generic method, a method of monitoring who design properly to any policy implementation. In policy monitoring, this method is usually generated and provided by the National Planning Agency and Ministry of Finance. The specific method, a method which is developed by an organization where implementation is performed.

This method is usually developed by related-ministries or administration offices. The tailored made method, a method that developed to match with the specific case of implementation. This method is usually developed by



independent agencies to whom the government contracts-out the monitoring activities.

In general, a monitoring model is a sequence between policy formulation (or “planning”) to the policy performance (or “evaluation”). Hence, there are, if the monitoring performs in a year and divided into four phases: monitoring I, II, III, and IV.



By seeing the illustration, we might see that the *good monitoring is easily aggregated into an evaluation*. Therefore, the efficient and effective evaluation is based on the excellence of monitoring sequences. It is an optimum synergy between “monitoring” and “evaluation”, since there is no redundancy of process and work.

The problem is: the developing countries' policy practitioners and learners seldom understand properly: what is the relevant difference – not just “difference” – between “monitoring” and “evaluation”? To make the same understanding toward the two activities endangers the policy and the administration practices –which are mostly “happening without saying”—as the method, measurement, and valuation become the same. It shall be different, as it has “dissimilar” objectives. We have discussed above, but we still have one important argument: not all the monitoring ended with evaluation, since there is monitoring which is aimed to develop an “early warning system”.

We might identify four methods of monitoring:

1. Field research or survey
2. Focused group discussion
3. Delphi method –using experts
4. Desk assessment

The monitoring agency may choose one of the methods, or instead of choosing, they combining those methods to have the most comprehensive result.

In monitoring, there are four “NO” that needs to be complied.

1. The monitoring process shall not interfere with the implementation process.
5. The monitoring agency or personnel shall not make intervention as it potentially misplaced the development of policy discretion and innovation.
6. The monitoring agency or personnel shall not present the monitoring result to the monitored object, but to the superior of the object.

7. The monitoring agency shall not recruit their personnel from the monitored object, or having a special relation with the object.

For the monitoring agency and personnel, there are three basic competencies shall be acquired:

1. Understanding thoroughly the policy (or project) –it means policy formulation and implementation-- to be monitored
2. Understanding thoroughly the policy implementer and implementation context.
3. Understanding thoroughly and mastery in the *rapid method assessment*, with two basic method shall be mastery:
 - a) Quick to get the finding
 - b) Quick to reveal the finding

The next agenda in monitoring is assuring that:

1. There is a socialization before implementation
8. People understand about the policy before its implementation
9. The implementer is ready and competent
10. The monitoring agency and personnel understand what is monitoring and how to carry it out.

Policy Evaluation

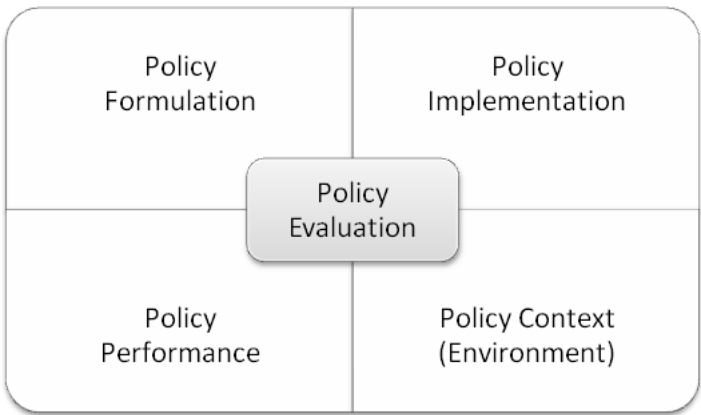
What is policy evaluation? Most of the understanding about policy evaluation is regarding to the *implementation*, hence it makes the evaluation methods, however importance and the contribution is undeniable, tend to become technical than strategic (see Lester and Steward Jr, 2000; Dunn, 2004; House, 1980; Wibawa, 1993; Bingham and Felbinger, Howlet and Ramesh, 1995). Evaluation is, in regard to our discussion, *more than* implementation and its performance. It is a comprehensive valuation of overall policy processes and context.

The second question is: Why evaluation? It is not aiming for the performance alone; it is because many developing countries regimes – and therefore the leaders—change the policy without prior evaluation

to the existing policy. Public policy is in danger of becoming “a taste of the regime” rather than to be accountable to the public life.

The objective of policy evaluation shall not be about “finding mistakes” or “who has made mistakes”, and hanging them on the papers and then in the political judgment. The ultimate objective of policy evaluation is to value the gap or difference between *hope* and *performance*, and then finding a way to close the gap. Hence, evaluation shall be positively conducted. The characters of proper evaluation are:

- 1. The objective is to find *strategic matter* to leverage the policy performance
- 2. The evaluator is able to *make a distance* to the policy maker, policy implementer, and policy target.
- 3. The procedure of evaluation is *methodologically* accountable
- 4. The evaluation implementation is carried out *not* in the hatred situation
- 5. The coverage of the evaluation includes *policy formulation, implementation, performance, and policy environment*.



The first dimensions of policy evaluation is policy formulation. The evaluation then asks five key questions:

1. Does the policy formulation use the appropriate policy model that fits with the policy issue? As we see, that policy issue is always unique, therefore any policy issue shall be developed to become policy formulation that fit with the appropriate model. For example, the policy model for societal conflict is advised to use “deliberative” rather than “elite”.
2. Does the policy making undergo –what I suggest as—the “six policy rightness”? They are:
 1. Process: policy process shall be carried out the three key values in the good governance practices: *transparent*, it means publicly known; *accountable*; it means rest on the people and public accountability –from the expensed money to the time-frame when policy was being formulated; and *participative*, it means involving the *public* or *the must-be-related parties*.
 2. Content: the policy content shall be about the issue shall be managed; it is not another issue. Hence, public policy must be *focused*.
 3. Political Ethics: no abuse of power, no effort of creating overwhelming policy choices, and not contaminated with unethical political practices. It means that public policy shall reflect the belief on goodness –ethics and morality—to start in its formulation process.
 4. Legal: public policy shall be a legal norm. It is neither an appeal nor advocacy –since the task of the government is to manage and regulate by giving a rigid and clear rule of the game for all the citizens. Public policy is to provide the same state for any citizens in front of the law.
 5. Management: public policy shall be manage-able. It can be implemented with the existing resources, and it might create values –as Dye mentioned about “make difference”.
 6. Language: public policy in any country shall follow the language of their home-language. It must be right in content, structure, grammar, wording, and understanding.

Public policy among countries shall use the agreed language among those countries –usually English.

Evaluation on policy implementation is the second issue which takes most the attention, and hence energy, of policy practitioners and experts. It is indeed a proper discipline, as most of the policy problem is resting here –as 60% of policy performances depend upon this factor. The objective of this evaluation is to find the variation in the working performing indicators, by asking four key questions:

1. Does the policy implementation have followed the fittest method of implementation? The answer is regarding Matland's matrix on policy implementation: administrative, experimentation, politics, and symbolic.
3. How about the performance of policy implementation? The answer rests in the variation of implementation outcome toward a given or certain independent variable. The basic argument might develop in the range of:
 - i. Outstanding performance
 - ii. High performing
 - iii. Middle performing
 - iv. Low performing
 - v. Fail
4. What are the factors that generate those variations? The answer is rested in the policy factor itself, implementing agency, and environment of context of implementation. The answers will generate the combinations of variables that determine the outcome variations of policy implementation. Some variables might be developed as below:
 1. Policy formulation:
 - i. Right policy
 - ii. Understand-able policy
 - iii. Implementable policy
 5. Implementing agency
 - i. Institutional readiness

- ii. Personnel readiness
- 6. Policy environment or context
 - i. Supportive
 - ii. Neutral
 - iii. Non supportive
- 7. What strategy to increase the policy implementation performance? The question is about the accountability –more than task and assignment—of the evaluator to find, develop, and choose in a rank the *actionable variable* to make policy implementation performed.

The third evaluation is about policy performance. This is the most critical and important evaluation since the objective of evaluation is to compare between the intended result and the performing result. A policy is developed to achieve a certain performance; and not toward *policy itself*. It must be toward a *mission, vision, and objective* which is stated in the chosen strategy.

I would like to follow Spitzer idea of performance as the key focus of measurement of any practices:

“One of the most important keys to your organization’s success can be found in a very unlikely place –a place many of you may consider to be complicated, inaccessible, and perhaps even downright boring? What if ... (that) key success is already one of the most ubiquitous and impactful forces in your organization? This key to success is measurement. Measurement done right can transform your organization. It can not only show you where you are now, but can get you to wherever you want to go....measurement is fundamental to high performance, improvement, and, ultimately, success in business, or in any other area of human endeavor...no matter how important and powerful rewards are, they are no better than the measurement system they are based on” (Spitzer, 2007: 1-15)

Spitzer found that performance measurement has multi-functions, they are:

1. measurement directs behavior,
2. measurement increases the visibility of performance,

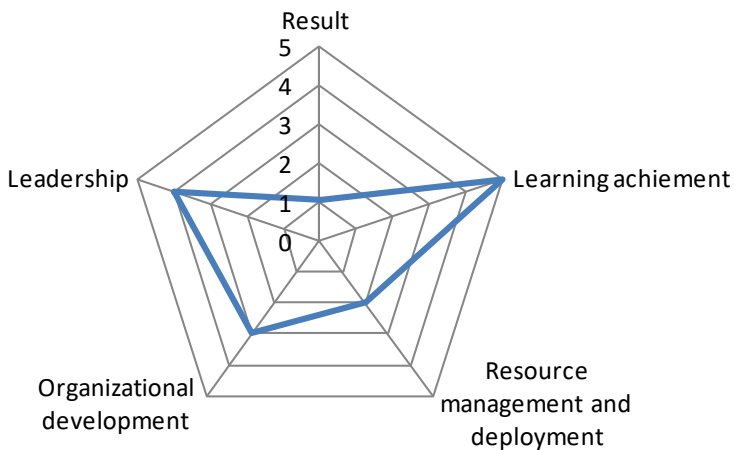
3. *measurement focuses attention,*
4. *measurement clarify expectations,*
5. *measurement enables accountability,*
6. *measurement increases objectivity,*
7. *measurement provides the basis for goal-setting,*
8. *measurement improves execution,*
9. *measurement promotes consistency,*
10. *measurement facilitates feedback,*
11. *measurement increase alignment,*
12. *measurement improves decision making,*
13. *measurement improves problem-solving,*
14. *measurement provides early warning signals,*
15. *measurement enhances understanding,*
16. *measurement enables prediction,*
17. *measurement motivates (Spitzer, 2007: 15-20)*

In regard to performance measurement, the problem is that the “evaluator” has stopped in the “performance achievement” alone. Herewith, we develop five dimensions of performance measurement:

1. Result
2. Learning achievement
3. Resource management and deployment
4. Organizational development
5. Leadership

The valuation advised to be arranged in a matrix of scoring which revealed the performance of each dimension.

No	Dimension	Score				
		1	2	3	4	5
1	Result					
2	Learning achievement					
3	Resource management and deployment					
4	Organizational development					
5	Leadership					

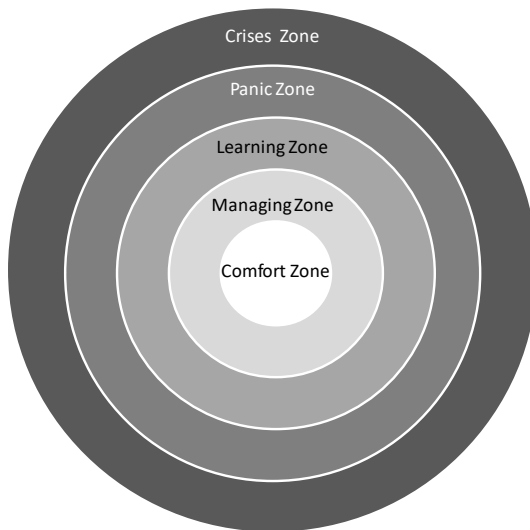


The model has been exercised for decentralization policy in Indonesia, of Law No. 22/1999 on Decentralization with the result that the policy is low achiever in “result”, as the conflict has arisen, and “resource management deployment”, as corruption in the local administration increased. But, it has the high performance in “learning achievement”, as the national and local administration as well as political institutions, recognize that decentralization is the only effective option to be succeeded in the future, and medium performance in “organizational development” as many of the local administration develop their capacity to be self-managed, and “leadership”, whereas some of the local leaders successfully transformed their region to become the excellent on (see case study of Jembrana, Bali).

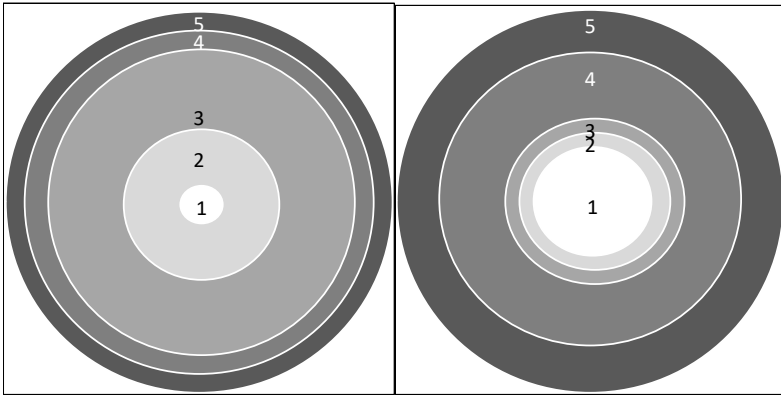
The conclusion was, the national and regional policy makers were agreeing that decentralization shall be continued, but with different management arrangements. Therefore, in 2004, the new policy on decentralization was released: Law 32/2004 on Political Decentralization and Law 33/2004 on Financial Decentralization.

The evaluation assessment might be developed further into a quality of performance with five rings of indicators in five key questions:

1. Has the policy led to comfort zone? It means policy has become “comforter” for the policy maker and/or the public.
2. Has the policy led to managing zone? It means policy has become a manage-able practice and therefore it creates value for the public life.
3. Has the policy led to learning zone? It means that policy has become the learning mechanism for the administration and society
4. Has the policy led to panic zone? It means that policy has created panic toward policy makers and/or the public as “cat” turned into “tiger” –too big to manage.
5. Has the policy led to crises zone? It means that policy has derailed, and then crushing public life and therefore nation’s resources.



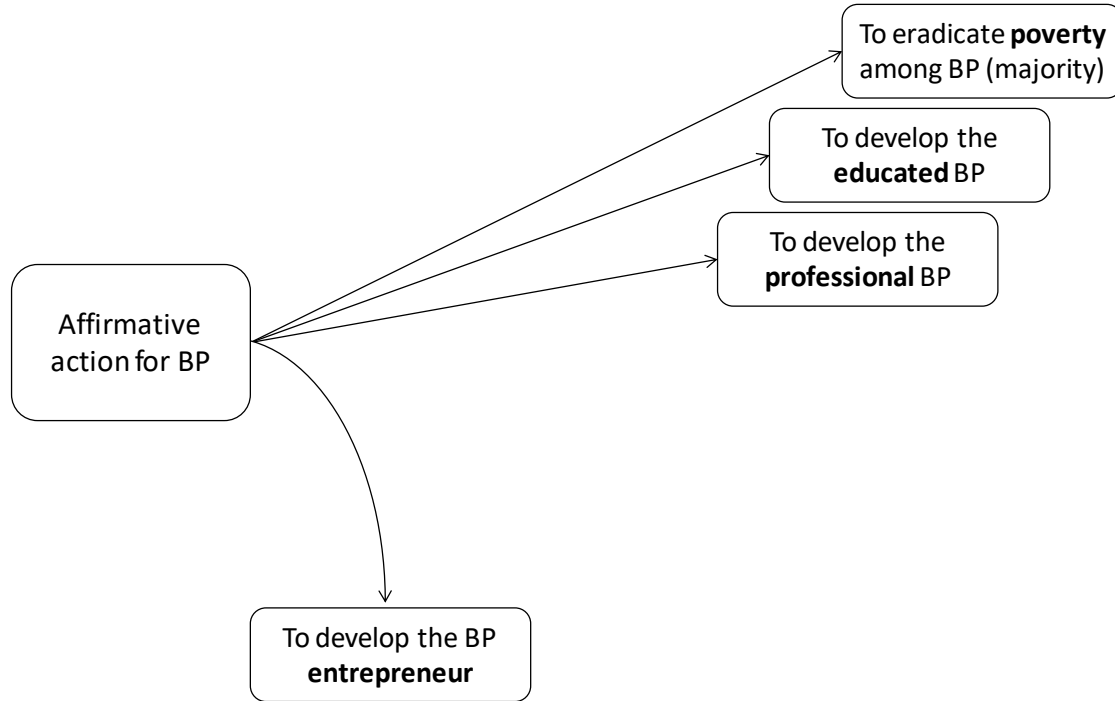
The arrangements are not “one replacing the other”, as all the rings are present, but only the compositions are different. The best option is when the majority of the “ring-share” belongs to “manageable zone” (2) and “learning zone” (3), then “comfort zone” (1), “panic zone” (4), and “crises zone” (5).

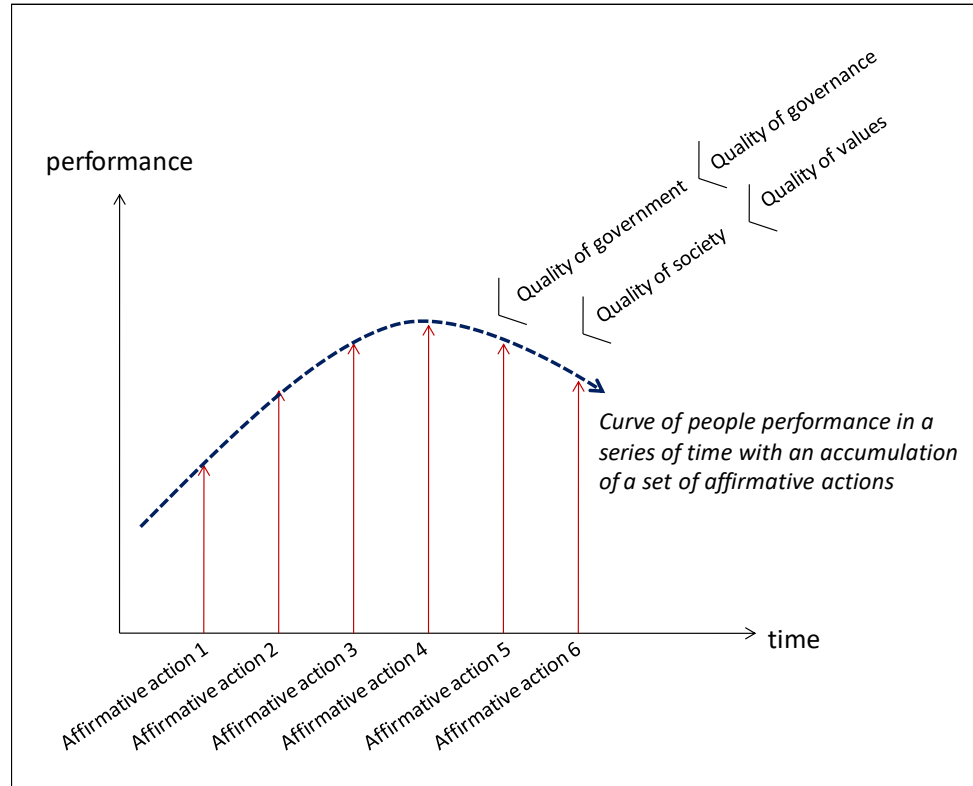


The approach was exercised toward Malaysia affirmative action policy (see Appendix 3). In 13 May 1969, there was a severe race-conflict in Malaysia: between the Malay and the Chinese. The core problem was the wide social-economic gap between Malay (poor, majority) and China (rich, minority). The King then appealed for affirmative policy for the Malay population, and then it was institutionalized in the national economic policy named New Economic Plan (NEP). The core of the policy was giving the Malay special treatment in economic –as well as social and political—development than the other ethnic: Chinese and Indian (see Falland, Parkinson, Saniman, 2003). The objectives of the policy were:

1. To reduce the overwhelm poverty among Malay
6. To develop educated Malay –to balance the Chinese and Indian
7. To develop professional Malay –to balance the Chinese and Indian
8. To develop businessmen Malay –to balance the Chinese and Indian

In 2010, the policy was succeeding in the first three performances, but less in developing Malay entrepreneurs (Gomez, 2010; Sheng, 2010), as entrepreneurship is more about talent and value, besides knowledge, practices, and disciplines.





The policy is still ongoing, but in some small findings that need to be validated, it creates an immense comfort zone among the Malay, that in the long run it may reduce Malay's competitiveness toward other ethnicities in Malaysia, and it may influence the sustainability of today's achieved performance. The more affirmative action was added in sustainability, the more performance passing-over the "peak" and turning down to some extent. It was as the economics' law of the "Law of Diminishing Return". The five rings model may contribute some policy input to the policy maker and the public, too.



Singapore is more stable, even the political system is less-democratic, since the government performs good governance at best (see, Boon Siong Neo and Chen, 2009), and the government has been able to create as a dynamic ones as it has a capability for "3 Thinkings": "Ahead, Again, Across; it has people with abilities and agile process based on culture of integrity, to adept the change of the future.

Singapore has developed their policy to lead the nation and its inhabitants to enlarge the zone of managing and learning rather than the comfort zone, to preserve from panic and crisis zones.

In his recent vision, Singapore's founding father Lee Kuan Yew stated

that the domination of the political elites and therefore policy makers – PAP—will somehow fall, with one of the “unreasonable” reason: “people are getting bored with the prevailing system”, regardless what performance it is being made (Star, 22 January 2011; see also Lee Kuan Yew, 2011).

W38 WORLD THE STAR, SATURDAY 22 JANUARY 2011

Lee predicts PAP fall

S'pore minister mentor says changes to political scenario inevitable

SINGAPORE: Lee Kuan Yew, the founding leader of the People's Action Party (PAP) who led it for 38 years as secretary-general has predicted its loss of power in government.

In a new book launched yesterday, Lee said that the day would come when voters “get tired of a stable government and say let's try the opposition”.

“There will come a time when eventually the public will say, look, let's try the other side, either because the PAP has declined in quality or the opposition has put

up a team which is equal to the PAP and they say, let's try the other side. That day will come.”

He referred to the Japanese Liberal Democratic Party, which held power from 1955 to 2009, with an 11-month interruption from 1993 to 1994, and said its downfall was partly because it “carried on with old ideas.”

He added: “No system lasts forever, that's for sure. In the next 10 years to 20 years, I don't think it'll happen. Beyond that, I cannot tell. Will we always be able to get the most dedicated and the most capa-

ble, with integrity to devote their lives to this? I hope so, but forever, I don't know.”

Lee, who was party leader until 1992 and now remains on its central executive committee, made these candid comments in a series of interviews published in a new book, *Lee Kuan Yew: Hard Truths To Keep Singapore Going*.

This change in government could take place suddenly, he said, if the PAP leadership splits “either for reasons of principle or personality.”

Or it could happen gradually: if

the PAP declines in quality, or if the opposition assembles a team equal to the PAP.

He said: “If the decline in standards happens gradually, an opposition of quality will be launched. The public can sense it. If it is sudden, well, you're landed with an emergency, and unless a credible team emerges, the country will start to go down the drain.”

But he was confident that Singapore's political system had safeguards to survive a handover of power to another party. — Straits Times/Asian News Network

China seems entering the zone of crises by its today political choice: communism with all of its consequence, and the energy-consumption development that leads toward environmental problem (see McKibben, 2007: 183-4), but as long as China can keep the policy stands away from comfort zone, and keep it in the managing and learning zone, as Singapore, the performing development is potentially sustainable (see, Meredith, 2008).

How about India? Indeed, the country has become one of the biggest economy, and in Asia is recognized as the other economic giant side by side with China (see, Meredith, 2008), but the India's policy problem is about crises, as they have a problem of population, ethnics conflict, and poverty, but as they had a learning and managing ability, especially managing in crises, as a nation, India will survive, but the performance of the future will be as the extrapolation of today: still with unsolved problem of population, conflict among ethnics, and vast number of poverty.

Policy Environment Evaluation

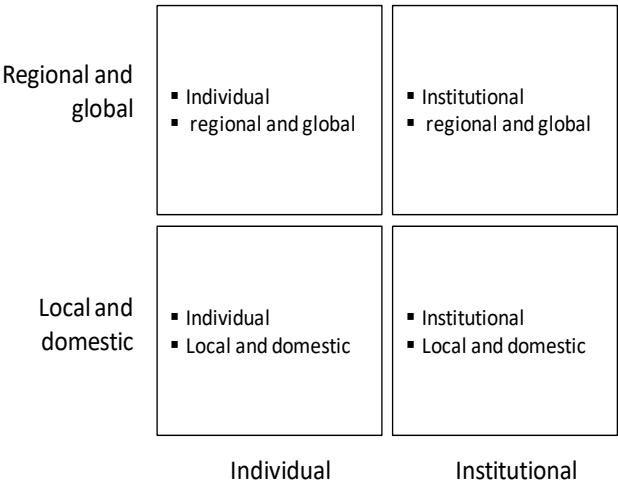
Regency of Jembrana, Bali –the “Goddess” Island, Indonesia, was led by Regent I Gede Winasa. He was successfully developing the innovative policy education and transformed the regency from the poorest regency in Bali to the most perform in education, health, and wealth⁴⁶. The wife of Winasa is a Regent for the Regency of Banyuwangi. The same policy, the same strategy, the same discipline and integrity, but the policy failed. The facts are: in Bali, people are tolerant, in Banyuwangi people dislike women as leaders, therefore, all the Regent’s policies were rejected by the opinion leader. This context unleashed the fact that policy performance in the developing countries is mostly influenced by the policy environment. It is the same variety why many governments in developing countries are unable to perform their policy. It is also verified, why Lee Kuan Yew succeeds in leading policy in Singapore, as the Singaporean is one of the law-obeyed-societies; or why Deng and his predecessor succeeded to bring China to become the “almost”-biggest economy in the end of 21th century is because it has a stated-controlled citizenship. Malaysia is facing problems in the next decade since the policy context –the upcoming upheaval internal political conflicts and the way the less-effective regime in managing the conflicts– becomes unfavorable to the leading regime. Indonesia in the transition –1998/1999—had severe problems performing any of her policies since the social and political context was becoming the “rejection context”.

Policy environment evaluation will find what or who is the most influential factor outside of the policy and its implementation which keeps up the policy performance, or discourages it. The policy environment will generate a more comprehensive fact of how policy is performing or facing failure. In today’s globalization, the policy context becomes critical issue in policy evaluation, as the global power (Naisbitt, 1996; Friedman, 2006; Barber, 1996; Mangunwijaya, 1987; Perkins, 2004; Stiglitz, 2000; Stiglitz, 2003; Stiglitz, 2006; Stiglitz, 2009)

⁴⁶ See the case on Chapter Eight.

and global trends (Barnet and Cavanagh, 1994; Ohmae, 1990; Ohmae, 1995; Osborne and Hutchinson, 2004; Thurow, 1996; Toffler, 1990) from the macro (Sachs, 2009; Stiglitz & Bilmes, 2008; Weisman, 2007; UNEP, 2010; Meredith, 2008; Buckman, 2005) to the micro (Anderson, 2009; Rubin, 2009; , Penn, 2009; Mariotti, 2008; McKibben) has become the influential variable on the success or failure of any nation-state, and therefore its policy (Nugroho, 2009).

The policy environment of policy context evaluation generates some context of major influential variables: individual versus institutional; and local and domestic versus regional and global. This combination might be more complicated when we put another variable: today versus tomorrow considerations. By having environmental assessment toward policy performance, one may have a proper, fair, and balance –more than just comprehensive—to understand why a policy can be successful and the other fail. It will deploy many new insights toward policy development in the future.



The Practice of Policy Evaluation

How to do policy evaluation? It is the most practical question that shall be answered as the idea of evaluation shall be transferred into practice

to get its result. There are five generic steps to perform policy evaluation:

1. Preparing evaluation plan. A small scope policy is usually evaluated after 3 years of implementation, whilst the wide-scoop policy is usually evaluated after 5 years of implementation.
2. Developing evaluation team. Evaluation process has not to be outsourced to the third party. Bureaucracy might develop their own policy evaluation team, whilst inviting policy evaluation experts as team members to assure that the evaluation is performed accountably.
3. Developing evaluation work-plan
4. Doing policy evaluation process. As policy evaluation is different to policy research as the approaches tend to be macro rather than micro, hence the object of the evaluation is advised to be institutional rather than individual. This process is ideally completed in 3 months.
5. Reporting policy evaluation.

The key success of policy evaluation is to *determine what kind of finding will be found at the end of the evaluation*. In the case of fishery industry development policy in Indonesia 2005-2007, we have developed the “kind of finding” in the model of matrix as below.

Evaluation of effectiveness of the policy of Revitalizing Tuna Industry in Indonesia in Production

No	Issue	Policy Response	Policy Implementation	Policy performance		Policy objectives	Evaluation Result
				Output	Outcome		

Evaluation of effectiveness of the policy of Revitalizing Tuna Industry in Indonesia in Processing

No	Issue	Policy Response	Policy Implementation	Policy performance		Policy objectives	Evaluation Result
				Output	Outcome		

Evaluation of effectiveness of the policy of Revitalizing Tuna Industry in Indonesia in Marketing

No	Issue	Policy Response	Policy Implementation	Policy performance		Policy objectives	Evaluation Result
				Output	Outcome		

Evaluation among Policies: Ministry Decision, Revitalization Plan, Law on Fisheries

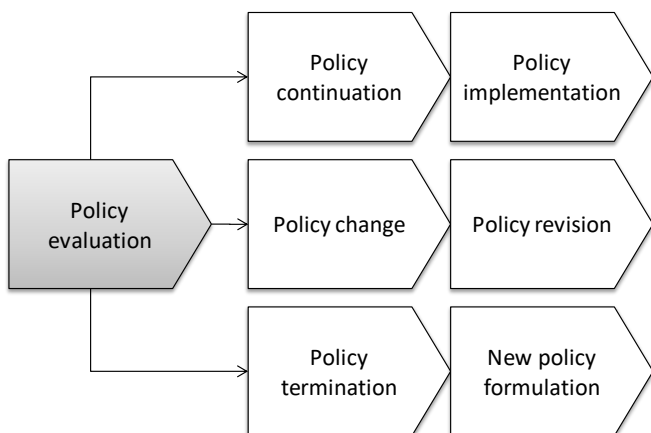
No	Issues	Ministry Decision	Revitalization Plan	Law on Fisheries	Quality of Interrelations				
					1	2	3	4	5
1	Production								
2	Processing								
3	Marketing								

What is after policy evaluation?

Public policy is present in the living context. Society is changing, therefore the policy. Policy evaluation is an instrument to review whether a policy shall be continued, revised, or terminated. The result of the policy shall reveal these challenges.

Policy evaluation is also an important tool for policy makers, especially the new one, before making policy changes. The developing countries have the same problem: the new leader tends to make a new policy replaces the existing ones. It was leadership's pathology: a new leader always brings new policy. What will be if the presence of a policy is good, and the new and replacing policy is not good?

The new leaders have ambition to put his/her legacy. The aggressiveness is understood as he/she has put the leadership's vision in reaching the organization's mission. Policy evaluation will provide the guiding compass to where the policy direction shall go.



Hence, policy evaluation will significantly tell the new leaders –as the policy makers—what sort of policy change action he/she needs to take in the short, medium, and long run. The option after policy evaluation is: policy continuation, policy change, or policy termination and then to have a new policy.

Chapter Eight

LEADERSHIP

There is one critical element in the success of developing countries: “leader factor”. The success of Singapore was binding to Lee Kuan Yew as the founding fathers of Singapore and Prime Minister and Senior Minister in the last 30 years. It is also a success in Malaysia; “Mahathir factor”, as the Prime Minister, was indispensable. In the development success of Indonesia 1971-1990, the “Soeharto factor”, as President, was the leveraging factor. In Japan, Emperor Meizi was the one who transformed Japan from a primitive civilization to become a modern one. China has Mao, Deng, and now Hu Jintao. Taiwan's success is derived from the “Ma Ying Jeou factor”, the President. India now has the “Manmohan factor” as the low profile but performer leader.

Six Most Influential Asia Leaders 1970-2010

1. Lee Kuan Yew

Lee Kuan Yew, born 16 September 1923; also, **Lee Kwan-Yew**) is a Singaporean statesman. He was the first Prime Minister of the Republic of Singapore, governing for three decades. By the time he chose to step down to enable a stable leadership renewal, he had become the world's longest-serving Prime Minister. As the co-founder and first secretary-general of the People's Action Party (PAP), he led the party to eight landslide victories from 1959 to 1990, oversaw the separation of Singapore from Malaysia in 1965



and its subsequent transformation from a relatively underdeveloped colonial outpost with no natural resources into a "First World", Asian Tiger. He has remained one of the most influential political figures in South-East Asia. Singapore's second prime minister, Goh Chok Tong, appointed him Senior Minister in 1990. He currently holds the advisory post of Minister Mentor, created by his son, Lee Hsien Loong, when the latter became the nation's third prime minister in August 2004. With his successive ministerial positions over 50 years, Lee is also one of history's longest serving ministers. (Source: Wikipedia)

2. Mahathir bin Mohamad

Mahathir bin Mohamad born 10 July 1925 was the fourth Prime Minister of Malaysia. He held the post for 22 years from 1981 to 2003, making him Malaysia's longest-serving Prime Minister. His political career spanned almost 40 years. As Prime Minister, Mahathir was credited with engineering Malaysia's rapid modernisation and economic growth, and initiated a series of bold infrastructure projects. He was a dominant political figure, winning five consecutive general elections and seeing off all of his rivals for the leadership of Malaysia's ruling party, the United Malays National Organisation. However, his accumulation of power came at the expense of the independence of the judiciary and the traditional powers and privileges of Malaysia's royalty. He also deployed the controversial Internal Security Act to detain activists, non-mainstream religious figures, and political opponents including his sacked deputy, Anwar Ibrahim. Mahathir's record of curbing civil liberties and his antagonism to western diplomatic interests and economic policy made his relationships with the likes of the US, Britain and Australia difficult. As Prime Minister, he was an advocate of third-world development and a prominent international activist for causes such as the anti-apartheid movement in South Africa and the interests of Bosnians in the 1990s Balkans conflict. He remains an active political figure in his retirement, having become a strident critic of his handpicked successor, Abdullah Badawi, and actively supporting Abdullah's replacement by Najib Tun Razak. (Source: Wikipedia)



3. Suharto (or Soeharto)

Suharto (8 June 1921 – 27 January 2008) was the second President of Indonesia, having held the office for 31 years from 1967 following Sukarno's removal until his resignation in 1998. In Indonesian literature and media, he was sometimes referred as *Pak Harto*. He resigned from the presidency in May 1998 and died in 2008. The legacy of Suharto's 32-year rule is debated both in Indonesia and abroad. Under his "New Order" administration, Suharto constructed a strong, centralized and military-dominated government able to maintain sustainable stability, which exercised absolute control over a sprawling and diverse Indonesian state. To provide legitimacy for his rule, Suharto sought to develop Indonesia's economy and improve the livelihoods of Indonesians. His government set-up pro-growth macroeconomic policies originally arranged by a group of American-trained economists, while



encouraging a group of mostly ethnic-Chinese businessmen who were dependent on him to expand their businesses. By the late 1990s, these companies have become large conglomerates which still dominate Indonesian economy today. He also sought to attract foreign investment into Indonesia, in view of the small domestic capital base at the beginning of his rule. For most of his presidency, Indonesia experienced significant economic growth and industrialization, dramatically improving health, education and living standards. (Source: Wikipedia)

4. Hu Jintao

Hu Jintao born 21 December 1942, in Taizhou, Jiangsu) is the current Paramount Leader of the People's Republic of China. He has held the titles of General Secretary of the Communist Party of China since 2002, President of the People's Republic of China since 2003, and Chairman of the Central Military Commission since 2004, succeeding Jiang Zemin as the top leader of fourth generation leadership of the Communist Party of China. Hu possesses a low-key and reserved leadership style. His rise to the presidency represents China's transition of leadership from old, establishment



communists to younger, more pragmatic technocrats. Since his ascendancy, Hu has reinstated certain controls on the economy relaxed by the previous administration, and has been conservative in his attitude to political reforms. In foreign policy, Hu advocates for an approach termed "China's peaceful development", pursuing soft power in international relations. Along with his colleague, Premier Wen Jiabao, Hu presided over nearly a decade of consistent economic growth and development that cemented China as a major world power. Through Hu's tenure, China's global influence in Africa, Latin America, and other developing countries has increased. Hu's political philosophy is summarily described as aiming to found a basis for Harmonious Society domestically and for *Peaceful Development* internationally, the former generated by a Scientific Development Concept, which seeks integrated solutions to tackle China's various economic, environmental and social problems. (Source: Wikipedia)

5. Manmohan Singh

Manmohan Singh born 26 September 1932 is the 13th and current Prime Minister of India. He is the only Prime Minister since Jawaharlal Nehru to return to power after completing a full five-year term. He is the first Sikh to hold the office. Singh is also the 7th Prime



Minister belonging to the Indian National Congress party. Singh previously carried out economic reforms in India in 1991, during his tenure as the Finance Minister, under the leadership of P. V. Narasimha Rao, from 1991 to 1996. These reforms resulted in the end of the Licence Raj⁴⁷ system, helping to open the Indian economy to greater international trade and investment. In 2010, Newsweek magazine recognized him as a world leader who is respected by other heads of state, describing him as "the leader other leaders love." The article quoted Mohamed ElBaradei, who remarked that Dr. Singh is "the model of what a political leader should be."^[3] Singh is number 18 on the 2010 Forbes list of the world's most powerful people. (Source: Wikipedia)

6. Ma Ying-jeou

Ma Ying-jeou born July 13, 1950) is the 12th term and current President of the Republic of China (ROC), commonly known as Taiwan, and the Chairman of the Kuomintang Party, also known as the Chinese Nationalist Party. He formerly served as Justice Minister from 1993 to 1996, Mayor of Taipei from 1998 to 2006, and Chairman of the Kuomintang (KMT) from 2005 to 2007. Ma was elected Mayor of Taipei in 1998 and re-elected in 2002. He was elected Chairman of the Kuomintang by party members on July 16, 2005. He announced his resignation on February 13, 2007, after being



indicted by the Taiwan High Prosecutors Office on charges of misuse of mayoral funds during his tenure as the mayor of Taipei;^[1] he was later cleared of all charges. Ma subsequently won the presidency by 58.45% of the popular vote in the ROC presidential election of 2008. He was sworn into office as president on May 20, 2008, and sworn in as the Chairman of the Kuomintang on October 17, 2009. (Source: Wikipedia)

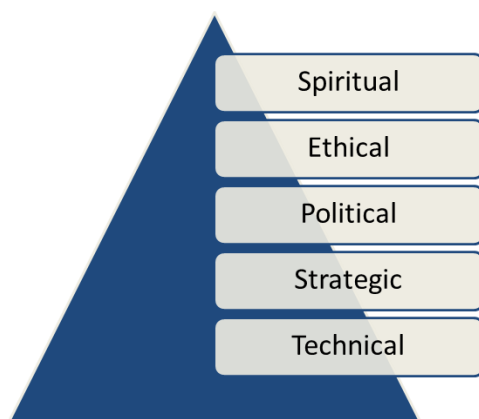
Leader is the key for public policy success. As Neo and Chen (2008) strongly noted that:

“The political leadership sets the policy direction, agenda, tone and environment of the public sector. If the political leadership is corrupt and ineffective, the potential of the public sector, no matter how competent, would be severely hampered!”

⁴⁷ "Licence Raj", also known as "Permit Raj" or the "Licence-Permit Raj," is pejorative for a system of government that adhered to strict rules, regulations and control over the Indian economy.

There are two rationales toward the importance of the leader-factor. First, it is the leader who makes decisions, and therefore policy decisions. Whatever process, whoever the team and analysts are, decision making is performed by the leader. Therefore, the key character as noted by Snyder (1994) noted that the performing leader should have vision, value, and courage. Decision making is about leadership. Any leader that lacks decisiveness is therefore not a real leader. In making decisions, leaders are facing their decisions with accountability. There are five ladders of decision accountabilities: technical, strategic, political, ethical, and spiritual.

Technical accountability regards to the accounting and technical analysis of the policy. Policy about subsidy has to match to the available budget; dam and irrigation development policy shall be analyzed in regard to their technical and financial aspect. In fact, most of the policy



decisions have been made in this area alone. It is happening when policy makers and their advisors take policy as a technical matter or/and they have been sunk in the “technicality analysis enjoyment”. Forecasting, Cost Effectiveness, Cost Benefit Analysis is the most popular policy decision making tool. The second ladder is strategic which means that policy making should generate value to the target or overall system. In this accountability, the leader is seeking for the affirmation of policy effectiveness by exercising policy simulation by performing sensitivity analyses of the policy. Strategic accountability means that policy should create value or should create –as Dye (2005) mentioned— a “difference”. In my term, any policy decision that reaches the first and second ladders might be called a “good policy”. The third ladder is political accountability. Sometimes we found a technically-right-policy, and strategically effective but people, especially

the key stakeholders, did neither accept nor appealed. It seems like that policy is right toward decision makers, but the rightness is asymmetric or incongruent with public need and/or aspiration. The fourth ladder is ethical accountability. It is an imperative that policy decisions underpinning toward an ethical value and framework of the society. It means that leaders should not make any decision in such a “contaminated” condition, i.e. corruption, collusion, and nepotism. It has to be such a distance toward those issues in regard to policy decision making. Those policies which reach this third and fourth ladder might be called a “great policy”. The last accountability is somehow unpopular in the western society as public policy is assumed as a separate issue from the religious issue. In Indonesia, it is common to see the leaders make religious-spiritual preservation before taking policy decisions, especially a critical decision.

Second rationality is about paternalistic values of developing countries' society. It means –effectively—that a leader is more important than system, structure, and institution; because it is a belief in goodness. In the developing countries, even the developed one such as Singapore, people keep the leader as their “leader”, “father”, “teacher”, “preacher”, “protector”, and even “wealth provider”. As we discussed in the first chapter, “paternalism” is a word that comes from the Latin PATER, meaning to act like a father, or to treat another person like a child (Suber, 1999). In reality, paternalism is more than “acting like father” and/or “treat other person like a child”, but it is a vice-versa action between leader and follower, which is in one side leaders act like



father and treat follower as children, on other side, followers see, perceive, and ask the leaders to become more than a leader, but also a father which encompass all the function of father-ship and leader-ship. In sum, it means that leadership is the most important key success factor for many issues in developing countries, including –and especially— decision making in public policy.

The success of policy in Japan because of Emperor Meiji; the success of policy in Singapore was because of Prime Minister Lee Kuan Yew; the success of Indonesia development policy in 1971-1996 because of President Soeharto –even though he made an unturned mistake that lead the countries to become failed; Malaysia success was about Mahathir Mohammad leadership; and the Jembrana-Bali success of policy (see appendix 1) was because the leader factor of Winasa, the Regent. The rationality comes from the premise that “in times of crises, successful organizational change starts from the leaders”. The developing country is a country that is always in crisis. Therefore, what kind of leader is needed? Snyder (1994) noted that the performing leader should have vision, value, and courage. In my finding toward Asian most prominent leaders –that able to led the countries toward success and therefore prosperity and dignity—are they who had three ability: visionary ability –it is about leader that able to see what society would and should be; discipline –it is about leader that committed toward what is planned and working in hands-on manner; and integrity –it is about a self-determined personality that lead him or her into the higher value of credibility⁴⁸. In today’s contemporary world, “integrity” has been made operational by the term of “good governance” in which the core values are accountability, responsiveness, and transparency. In the context of developing country, is should be combined with humility and sincerity.⁴⁹ Therefore, history has shown the leaders without vision, discipline, and integrity –or at least he or she has lost those abilities in the middle of his or her leadership term—have become the failed leaders and the countries they have been led have then tumbled into rigorous crises. Idi Amin of Uganda and Duvalier (Papa Doc) of Haiti were dictators until his leadership’s day. From Ferdinand Marcos of the Philippines to Mubarak of Egypt were leaders with vision, discipline, and integrity in their earlier days of leadership, but then lost in the mid-term of their leaderships. They then were

⁴⁸ About discipline and integrity, the author refers to Jim Collins finding (Collins, 2001; Collins 2006)

⁴⁹ Actually, humility and sincerity are not exclusively of “developing countries”, as Jim Collins (2001; 2006) founded that those are among the criteria of the “good to great leader”.

tumbled from their leadership embarrassingly, and subsequently the countries fell into a deep crisis. Thus, in the context of the developing countries, out of the excellence policy process, leader matter. It is the embedded ingredient for policy success that, unfortunately, unable to be discussed in this discourse as leadership is another precisely different discourse, especially in regard to political leadership.

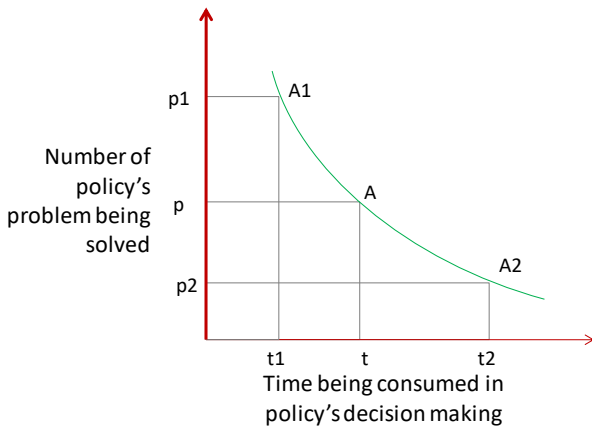
Without becoming leadership atheists (leadership does matter) –using Jim Collins wording-- the third rationality is that leadership is a factor that cannot be removed from any success of an organization. It was Louis Allen (1964:1) that codified the idea that the great question of our times is how to reconcile and integrate human effort so people everywhere can work good and not their common disaster, and the answer largely upon the capabilities of leaders in all positions in all segments of society. To the recent finding, it stills the same. In his *Good to Great* (2001), Jim Collins even noted to his fellow researcher to remove this factor, as he wanted his study to find different findings than what was found in the years of 1500, but still, it is the key driver.

“...every time we attribute everything to “Leadership”, we’re no different from people in the 1500. We’re simply admitting our ignorance. Not that we should become leadership atheists (leadership does matter), but every time we throw our hands up in frustration –reverting back to “Well, the answer must be Leadership!” –we prevent ourselves from gaining deeper, more scientific understanding about what makes great companies tick. So, early in my project, I kept insisting, “Ignore the executives.” But the research team kept pushing back. “No! There is something consistently unusual about them. We can’t ignore them.... Finally –as should always be the case—the data won” (Collins, 2001: 22).

Public policy excellence of developing countries with or without democratic political systems and values will end up in their leader factor, as the decision maker is the leader. Politicians are the influences; bureaucrats are the follower implementer at last: but the President,

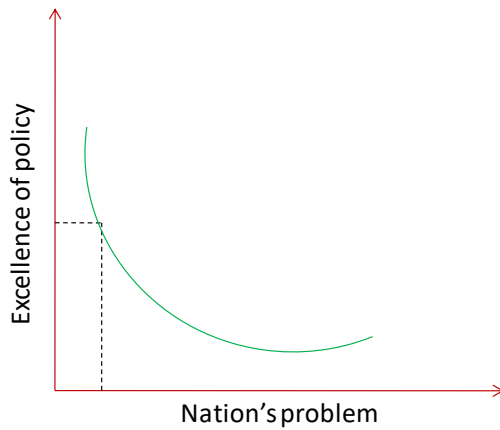
Prime Minister, to Minister, Governors, Mayor and Regent is therefore the matter. All the executive leaders are the prevailing leaders in public policy, hence in their shoulders the policy's burden is carried on.

The biggest challenge of public policy is in decision making: the more efficient decision making –it means less time being consumed—the more problems being solved –or policy issues.



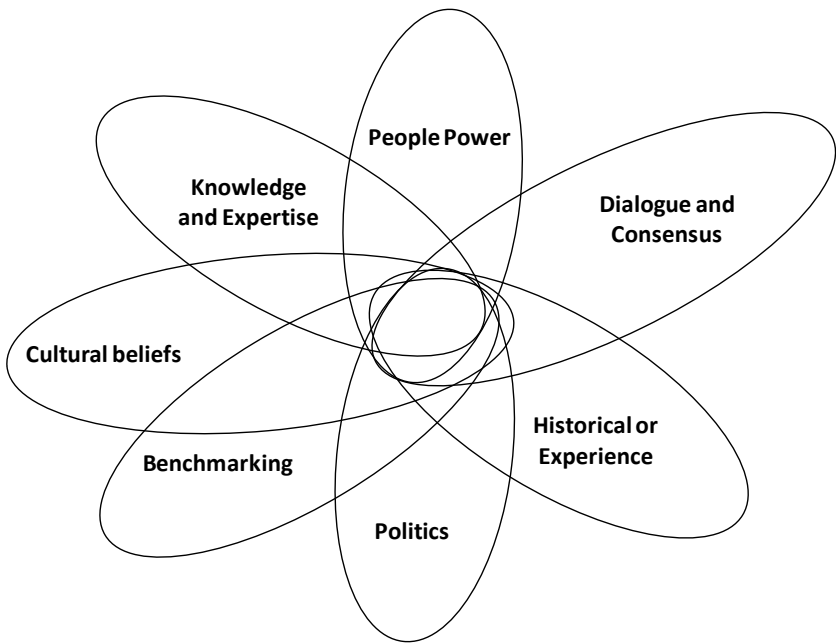
The A is the point where a policy decision is being made in time and able to solve policy problems in a number of p . When decision making takes longer time at t_2 , consequently the less policy problem to be solved at p_2 , as the point of decision is in A_2 . On the contrary, decision making is being made efficiently at t_1 , consequently the more policy problems to be solved at p_1 , as the point of decision reaches at A_1 .

Decision making is always constrained with the quality of decision and efficiency of the decision-making process. The first constraint is about *information constraint*, and the second is about *time constraint*. But, since quality is a must –that means intolerable to be less quality—therefore the question is *whether the leader has vision and commitment to using information to deliver excellence policy decisions* is not a question anymore, as the vision of the leader is toward excellence policies. The more any country develops excellent policies, the more problems are trimmed down.



Therefore, the key of leadership in public policy is about how to find *what is the best capital or resources of the policy makers*. The answer is *information*. Using Hurd and Nyberg (2004) point of view, the excellence policy can be sustained if the policy makers are able to leverage information as the key resource more efficiently in order to make better decisions faster and less expensively.

Decision making in public policy is facing the reality that it happens in the combination of determinant: knowledge and expertise, cultural beliefs, benchmarking toward best practices, politics and therefore competing of interest that lead toward agreement and concession, historical and experience as the previous decision is effectively solve the todays problem there is an opportunity to use the same one to solve the new but similar problem, dialog and therefore consensus, and sometimes driven by people power –as in Indonesia in 1998 and Egypt and Tunis in 2011.



It is not just the method is complicated, but the complexity and complication of policy issues and problems, affixed with the incoming “impossible questions”, as we are now living in a demanding an unforgiving environment, are driving policy makers into a complicated mode of thinking and therefore they are becoming the laggard and mediocrity in decision making. The leaders as policy makers have found that what they need is a real and truly judgment (see Tihcy and Bennis, 2007). The answer is about how leaders’ control and capitalize information. As advised by Hurd & Nyberg (2004: 12-13):

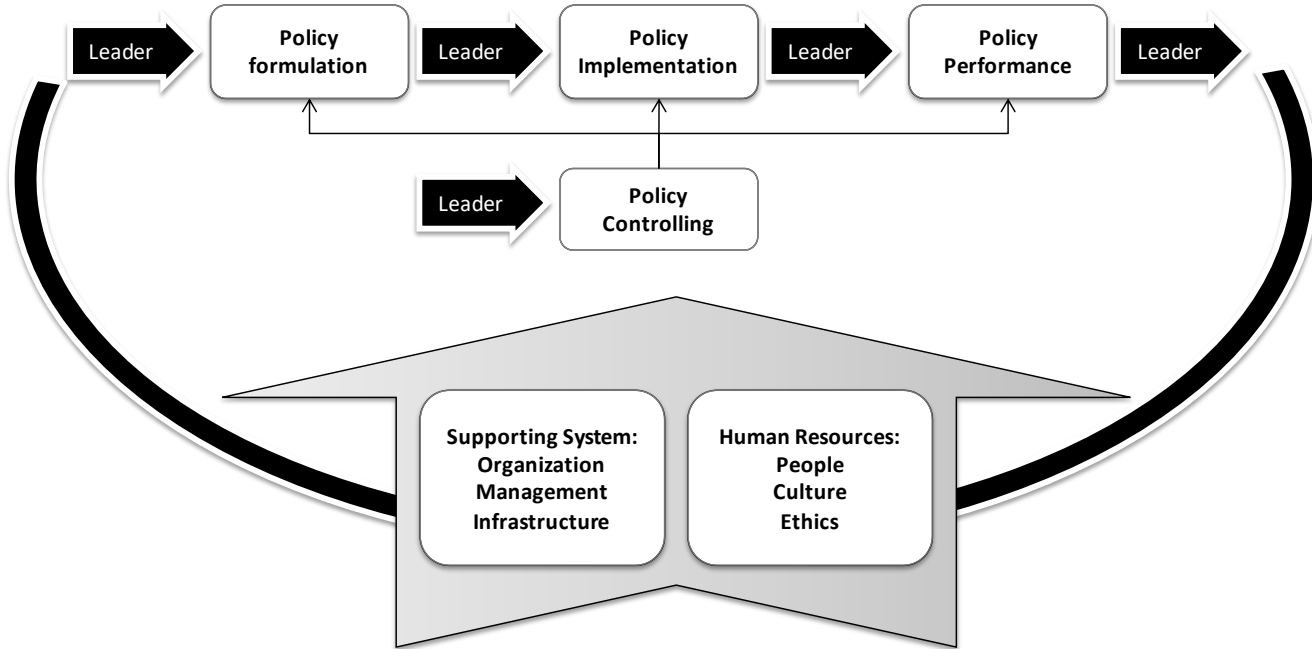
“How to unlock the value of our information capital is the most important strategic challenge facing us today. Each of (these) information sources is a piece of the puzzle. Integrating the information across the organization (company) is the first important step.”

In some countries, the policy problem is mostly “*over managed but under led*”. The process is so sophisticated and right by sciences, methods, and best practices. Policy analysis is there; professional and competent analysts are there; and the best policy choice is there.

However, it was a leader without leadership that made the best policy ingredient useless.

In the developing country, leaders should be –as Thomas J. Pieters and Robert Waterman (1980) noted—hands on. It means that they *manage* the policy process from the policy agenda to policy making; assure that implementation is in place; do control to prevail the good governance, as policy should be accountable to the public; and harvest the policy performance as his/her political success. Therefore, a leader presence in every stage of the policy process, even sometimes he/she is hiding behind “the curtain of institutional process”. The importance of the leader might be figured as below:

Leader matter!



The problem of public administration leader is that they easily change from “leader” that need to become of entrepreneur, to become “bureaucrat”, rather than combining competence of leadership and management, as by Peter F. Drucker (1989:4) noted that effective leader must manage, and effective manager must lead by stated that *“there is entrepreneurial work and there is managerial work, and the two are not the same. But you can’t be a successful entrepreneur unless you manage, and if you try to manage without some entrepreneurship you are in danger of becoming a bureaucrat”*. That is why understanding and capitalizing the leadership's values and capacity is critical to developing countries' leaders.

Some Concerns

There are many concerns about leadership. James M. Kouzes and Barry Z. Posner (2007), which in their researches across countries, cultures, ethnicities, organizational functions and hierarchies, gender, educational, age group, and time, was founded that majority of constituents belief that admire leaders must be trusted by his/her follower as they founded their leadership on credibility, which encompasses:

1. Honest.
2. Forward looking.
3. Inspiring.
4. Competent.

Steven M. Bornstein dan Anthony F. Sands (1996) noted the “5C” of credibility:

1. *Conviction*: it is about belief and commitment.
2. *Character*: it is about integrity, honesty, respect, and consistent trust.
3. *Courage*: it is about gut and willingness to be accountable to his/her decisions.
4. *Composure*: it is about wisdom, a capability to react in the right emotion and consistently, especially in the time of crises.

5. *Competence*: it is about leadership expertise, skill, and professionalism.

The successful leader is the one who has vision, value, and courage (Snyder, 1994). The leader's vision is about seeing what the society will be; the value is about integrity; and courage is the ability to make decisions in turbulent times firmly.

Warren Bennis (1989) noted that leaders make differences. They make their organization different: before and after. They manage the opportunity by right and clear vision about tomorrow, develop into strategy, and deploy into management practices, as a value chain. Leaders are those who work out there on the frontier where tomorrow is taking shape, and they serve here as guides – guides to things as they are and as they will be, or scouts reporting back with word from the front (Bennis, 1989).

Charles Handy (1992) noted that leaders should have a capacity for aloneness. A capacity of aloneness; as leaders have to be out of front; it is not always possible to share one's worries with anyone else; hence great leaders have to walk alone from time to time.

Daniel Goleman (1998) promoted five factors of emotional intelligence that makes people to become leader:

1. Self-awareness
2. Self-regulation
3. Motivation
4. Empathy
5. Social skill

The uniqueness is that leaders of organizations that successfully transformed from “Good to Great” are –what Collins named as— a “Level 5 Leader”.

Level	Name	Character
5	Executive	Builds enduring greatness through a paradoxical blend of personal humility and professional will.
4	Effective leader	Catalyzes commitment to and vigorous pursuit of clear and compelling visions, stimulating higher performance standards.
3	Competent manager	Organizes people and resources toward the effective and efficient pursuit of predetermined objectives.
2	Contributing team member	Contributes individual capabilities to the achievement of group objectives and works effectively with others in a group setting.
1	Highly capable individual	Makes productive contributions through talent, knowledge, skills, and good work habits.

Source: Collins (2001: 20), Collins (2006: 12).

The level five leaders have a more specific character, especially about his/her professional will and personal humility –as their two sides of the paradox.

Professional will	Personal humility
Creates superb results, a clear catalyst in the transition from good to great.	Demonstrates a compelling modesty, shunning public adulation; never boastful.
Demonstrates an unwavering resolve to do whatever must be done to produce the best long-term results, no matter how difficult	Acts with quiet, calm determination; relies principally on inspired standards, not inspiring charisma, to motivate.
Sets the standard of building an enduring great company; will settle for nothing less.	Channel ambition into the company, not the self; sets up successors for even greater success in the next generation.
Look in the mirror, not out the window, to apportion responsibility for poor results, never blaming other people, external factors, or bad luck.	Look out the window, not in the mirror, to apportion credit for the success of the company –to other people, external factors, and good luck.

Source: Collins (2001: 36)

Collins' finding is unique, as it was found in the “traditional values” of leadership in the developing countries, for instance, in Indonesia. The inherited understanding values of leaders in Indonesia is that leadership is about those who excel “in front”, “in the middle”, and “at the back”. Dewantara was the philosopher who introduced three leadership values:

1. *Ing Ngarso Sung Tulodo*, in front leader is *being and giving example*
2. *Ing Madyo Mangun Karso*, in the middle leader is *working with their people*
3. *Tut Wuri Handayani*, at the back leader is *motivating and controlling*.

The eastern values in ancient Indonesia peasantry see that leadership is about humility leadership as they have to be able to combine four profession’s characters:

1. King: wise, fair, just, and decisive
2. Holy man: shun all the luxuries

3. Farmer: honest, hard-working, patient
4. Guru: teach and exemplary

Leader and Leadership for Developing Countries

This is a question that I would rather open as a discourse than an exact answer. Leadership in public policy is then the next room for discussion that needs to be fulfilled by the policy scholars, as in regard leadership in this area is somehow facing the different organizational and managerial facts as, i.e., they have to accept goals that are set by organization (or other organization) than his/her own; operate structures designed by groups (or other organization) than his/her own; work with people whose careers are in many respect outside management's control; accomplish their goal in less time than is allowed corporate managers (see Bower, 1978); leader in public sector is working in an organization that do not sell their products for a profit, and it means that they do not receive very good signals about how they satisfying the citizens they have been served; they work in the organization in the non-competition condition, even in the poor condition of service; and they work in the policy making process that often chosen through political process that involved unlimited self-interest and group interest rather in regard of contribution to efficient and effective allocation of resources (see Hyman, 2005: 220). But still, the indicated leadership quality as discussed by Collins is still relevant to developing country's leadership. This topic, hopefully, will be a challenge toward any scholars who reserve a big intention to develop policy studies for developing countries.

But still, in my work for the last ten years in the developing countries, especially Indonesia and Malaysia, with leaders as policy makers, I found there are at least five key areas that excellence leaders advised to be mastered. First, it is the character. The developing country is a unique one. What is defined by "character" is beyond competency and credibility, but about how to combine the professional character of leadership, as we discussed above, with the contextual values, including traditional values. The "too modern" leader is seen as odd,

and they will be unable to lead effectively, as the leader is always about acceptance. Paternalism is the key values that need to be taken as a positive one rather than as peculiar values –as it was unusual to the western leadership.

Second, it is, to be sure, visionary. People in developing countries need to know what kind of “Them” will be in the future. Vision is to make people gather to see the same picture, to make them create their own idea based on the same direction. The problem is, some developing countries' leaders are keen to deliver “dreams” rather than “visions”. When they have a pathway to reach the delivered promise, then it is a vision.

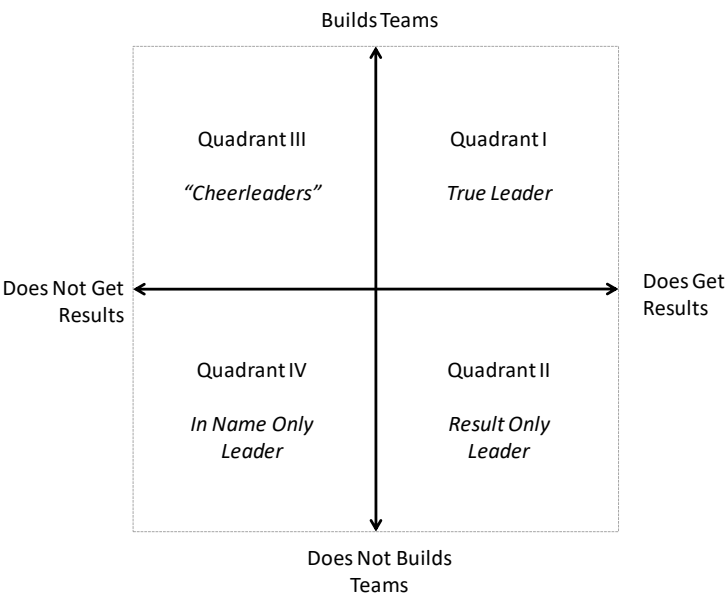
Thirdly, the leader of the developing country is somehow a popular person, especially in the meaning of “persona”. The charisma’s factor takes all the account often. The leader with “so called” charisma, which is noted as an ineffective leader by Drucker (1999), is an inevitable leader. Less education among people is the key factor. The challenge is every leader should develop their own “charisma” as the supporting factor to eliminate unnecessary and unproductive political conflict. In fact, some leaders have less competency of leadership but are elected politically as leaders. The challenge is about what Jim Collins (2001) advised: how to pick up “the right people in the bus” rather than to think “to where the bus should be going to”.

Fourth, it is about hope. Leading in developing countries is like leading people in the middle of the night as they are living in the ‘days of crises and frustrating uncertainty’. The Leader is bringing a torch; walking in the front and keeping the hope of the people that they will walk in the same direction as the leader because he/she is the one that has the light.

Fifth, it is about keeping away from crises. The best leader of the developing country is somebody that can bring the nation out from crises, like Soeharto, Mahathir, and Lee Kuan Yew, but then keep the

nation preserved from crises; it was that Soeharto (Indonesia) was failed (Nugroho, 1996: Nugroho 2001), meanwhile Mahathir (Malaysia) (Ho Khai Leong & Chin, 2001), and Lee Kuan yew (Singapore) were succeed (Lee Kuan Yew 2000).

In practice, many developing country’s leaders were unable to recognize the basic requirements of their leadership. Using Gordy Test’s thinking model, we might see that most of those leaders are trapped in the negative side of the leader. The best type of leader is those who are able to become the True Leader (TL): those who build a team and get results. The second type is the Result Only Leader (ROL): they who do get results, but fail to build a team. In some cases, leaders are able to build a team, but there is no result produced: they are the Cheerleaders one (CL). The worst leader is they who neither build team nor get result: they are the In Name Only Leader (INOL)⁵⁰.



⁵⁰ This test developed by G.J. Curphy, M.J. Benson, A. Baldrice, and R.T. Hogan in their seminal and unpublished work in 2007, *Managerial Incompetence* (Hughes, Ginnet, & Curphy, 2009: 89-92)

In the case of the developing country, because of the extraordinary status of the leader, only a few of the leaders of the developing countries are categorized into the first quadrant. Even Lee Kuan Yew, Mahathir Mohammad, and Soeharto in his earlier leadership periods, are categorized in between the first and second quadrants. Embarrassingly, most of the developing countries –for ethical reason we might not mention any name– leaders are trapped in the quadrant III and IV. Recent ASEAN leaders are mostly in serious trouble moving from the 3rd quadrant to the 1st quadrant. But the condition is not as bad in many African less developed countries to some conflicting countries in Southern Asia.

In sum, the people in the developing country are living day by day; they do not have luxurious time to think about what kind of leader they should have in the leadership's excellence as scholarly taught. People's imagination is as simple as my experience in talking with people in the street alongside Indonesia, Singapore, Malaysia, and Thailand. What they want is a leader that makes their life easier and simpler. They do not like a sophisticated and complicated leader. They do not even ask for the brilliant and a "very honest" leader. They can take any leaders whoever and whatever he or she is! Able or disabled; smart or pretending to be smart; honest or looks like an honest leader. Humble people and citizens, as the majority –amounting to 70% of the population—are having a simple and humble wish for their leader. "If we have a leader that understands how difficult are our life; it is enough". It is about empathy. When leaders encompass this value, they have served people already. It is simple life, but it is difficult, because there are rooms without limits for the developing country's leaders to "do whatever they like" about public policy. In addition, it is a leadership challenge: "Do they will fulfill with greatness or mediocrity?" Some leaders are failed, but some more others are successful: such as Singapore, Taiwan, China, Malaysia, and many others. They can be the best practices, even for some instance, they are not the best examples, as different countries have different belief on goodness and therefore its policy. Singapore, Malaysia, and China are successful as they work

under less-democratic system; Taiwan success as they have a big challenge” China. However, still, they are good benchmarks. However, they are not as simple as a “cut and paste” model.

The last question is *what kind of leader is needed by the developing countries* to assure that they will have excellent public policies? The Asian experience reveals the fact that the needed leader is more than a *good leader*, but a *clean leader that leads into a clean government*. I would like to emphasize by Lee Kuan Yew experience in his *From Third World to First* (2000):

“When the PAP government took office in 1959, we set out to have a clean administration. We were sickened by the greed, corruption and decadence of many Asian leaders.... My experience of developments in Asia has led me to conclude that we need good men to have good government. However good the system of government, bad leaders will bring harm to their people”

Chapter Nine

CONCLUSION: TOWARD EXCELLENCE POLICY

In 2007 Goldman Sachs released research that predicted that the world economy in 2050 will be dominated by “what is now called as developing countries”. They will be China, India, Brazil, Mexico, and Indonesia. Hence, we have two critical issues. First, it is about questioning “will they become what the prediction was stated to be?” Will China stay as today’s China? Will Indonesia be the same as today Indonesia? The question is leading to the public policy matter. It was noted that the success of developing countries is getting more and more dependent upon the quality of its public policies. The second issue is, therefore, we need to recognize what policy model that fits those countries, as they face a different agenda compared to developed countries in the issue, context, and pace.

Big Ten of World Economic based on GDP

No	Country	2050
1	China	70,710,000
2	US	38,514,000
3	India	37,668,000
4	Brazil	11,366,000
5	Mexico	9,340,000
6	Russia	8,580,000
7	Indonesia	7,010,000
8	Japan	6,677,000
9	UK	5,133,000
10	Germany	5,024,000

Note: GDP Nominal (in 2006 US\$ millions). Developed from Goldman Sachs Study of N-11 nations, Global Economics Paper No: 153, March 28, 2007. Quote from Wikipedia

The “hiking” –it is not “raising” anymore —developing countries is recognized by the founding of the “G-20”, which replaced the “World Elites Club” of G-7 and G-8 (7+1). The world governance has changed from “developed countries align” to become “real world aligns” as the

“club” incorporates the presence of the developing countries, as we see in their memberships:

1. South Africa
2. Canada
3. Mexico
4. United States
5. Argentina
6. Brazil
7. China
8. Japan
9. South Korea
10. India
11. Indonesia
12. Saudi Arabia
13. Russia
14. Turkey
15. European Union
16. France
17. Germany
18. Italy
19. United Kingdom
20. Australia

G-20 Members and Profiles

Region	Member	GDP \$Million USD	nominal \$Million USD	GDP per capita \$USD	nominal \$USD	Population
Africa	South Africa	354,414	524,341	7,101	10,505	49,320,500
North America	Canada	1,563,664	1,330,106	45,888	39,033	34,088,000
	Mexico	1,004,042	1,549,671	9,243	14,266	111,211,789
	United States	14,624,184	14,624,184	47,132	47,132	309,173,000
South America	Argentina	351,015	632,223	8,663	15,603	40,134,425
	Brazil	2,023,518	2,181,677	10,471	11,289	193,088,765
East Asia	China	5,745,133	10,084,369	4,283	7,518	1,338,612,968
	Japan	5,390,897	4,308,627	42,325	33,828	127,390,000
	South Korea	986,256	1,457,000	20,165	29,791	48,875,000
South Asia	India	1,430,020	4,001,103	1,176	3,290	1,180,251,000
Southeast Asia	Indonesia	695,059	1,027,437	2,963	4,380	231,369,500
Western Asia	Saudi Arabia	434,440	619,826	16,641	23,742	27,123,977
Eurasia	Russia	1,476,912	2,218,764	10,521	15,807	141,927,297
	Turkey	729,051	956,576	10,206	13,392	72,561,312
Europe	European Union	16,106,896	15,150,667	32,283	32,600	501,259,840
	France	2,555,439	2,146,283	40,591	34,092	65,447,374
	Germany	3,305,898	2,932,036	40,512	35,930	81,757,600
	Italy	2,036,687	1,771,140	33,828	29,418	60,325,805
	United Kingdom	2,258,565	2,181,069	36,298	35,053	62,041,708
Oceania	Australia	1,219,722	882,344	54,869	39,692	22,328,632

Group of Twenty

The **Group of Twenty (G-20)** is a group of finance ministers and central bank governors from 20 economies: 19 countries plus the European Union, which is represented by the President of the European Council and by the European



Central Bank.^[3] Their heads of government or heads of state have also periodically conferred at summits since their initial meeting in 2008. Collectively, the G-20 economies comprise 85%¹ of global gross national product, 80% of world trade (including EU intra-trade) and two-thirds of the world

population.

The G-20 was proposed by former Canadian Finance Minister Paul Martin (later, Prime Minister) for cooperation and consultation on matters pertaining to the international financial system. Its studies, reviews, and promotes discussion (among key industrial and emerging market countries) of policy issues pertaining to the promotion of international financial stability, and seeks to address issues that go beyond the responsibilities of any one organization. With the G-20 growing in stature since the 2008 Washington summit, its leaders announced on September 25, 2009, that the group will replace the G8 as the main economic council of wealthy nations.

The heads of the G-20 nations have met semi-annually at G-20 summits since 2008. The most recent was held in Seoul on November 11–12, 2010. Starting in 2011, G-20 summits will be held annually.

The G-20 operates without a permanent secretariat or staff. The chair rotates annually among the members and is selected from a different regional grouping of countries. The chair is part of a revolving three-member management group of past, present and future chairs referred to as the Troika. The incumbent chair establishes a temporary secretariat for the duration of its term, which coordinates the group's work and organizes its meetings. The role of the Troika is to ensure continuity in the G-20's work and management across host years. The current chair of G20 is France; it was handed over from South Korea after the G20 Summit during November 2010.

In 2010, French President Nicolas Sarkozy proposed that a permanent secretariat of the G-20 should be established. Seoul and Paris were suggested as possible locations for its headquarters. China and Brazil supported the establishment of a secretariat, while Japan and Italy opposed such an innovation. South Korea proposed a "cyber secretariat" as an alternative.

In addition to these 20 members, the following forums and institutions, as represented by their respective chief executive officers, participate in meetings of the G-20:^[3]

- the Managing Director of the International Monetary Fund
- the Chairman of the International Monetary Fund
- the President of the World Bank
- International Monetary and Financial Committee
- the Chairman of the Development Committee

Membership does not reflect exactly the 19 largest national economies of the world in any given year. The organization states that “In a forum such as the G-20, it is particularly important for the number of countries involved to be restricted and fixed to ensure the effectiveness and continuity of its activity. There are no formal criteria for G-20 membership and the composition of the group has remained unchanged since it was established. In view of the objectives of the G-20, it was considered important that countries and regions of systemic significance for the international financial system be included. Aspects such as geographical balance and population representation also played a major part”. (Source: Wikipedia)

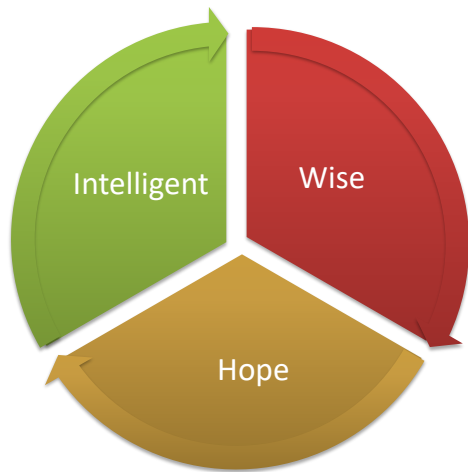
We, again, repeat that the success and failure of any developing country to become developed one –in the context that they will become the “different developed countries” compared to “today’s developed countries” – depends upon the quality of their public policies: in an excellent one, or the other. In 1998, some of the developing countries in east and Southeast Asia were hit by severe crises. In Southeast Asia, the most affected countries were Indonesia and Thailand. Countries That survived from the crises, such as Singapore and Malaysia, had reflected their excellent quality of their public policy (See Brawley, 2006), and other countries that fell down were found low in their policy (see Garnaut, 1999, Backman, 1999). But the quickness of Indonesia and Thailand to recover has also shown their ability to develop another excellent policy. Indonesia has the worst experience of losing Foreign Direct Investment, and became negative in 1998 to 2001, but it rebounded, and in 2005 created the performance.

The importance of the public policy to determine success or failure of the nation is derived from the verity that public policy is a compass or guidelines to achieve the nation’s mission and therefore the leader’s vision toward a better society. The challenge is how to make an excellent policy if there are many theories as well as models toward public policy?

Before answering that question, we indebted to Meltsner who introduces the idea of *The Seven Deadly Sins of Policy Analyst* (1976), they are:

1. *Being a Rut.* The sin of channeled advice means that the advice is a rut, groove, or furrow. Locked into a solution, both analyst and client ignore that circumstances have changed or that constraints exist.
2. *Too far away.* Advice based on ignorance. Distant in a number of senses: the theory and underlying conceptions of causation can be too global or too refined, the chosen variables may make for neat statistical explanations but not to be linked to actual policy levers or to immediate policy issues.
3. *Forget the policy process.* Haste or late, and therefore neglect the policy process; both of them are sins. Late advice is truly a sin because it's a waste.
4. *Known too little.* It is when the advice is too quick, too off-the-cuff, and not based on enough digging into the roots of the problem, and that is when the sin of superficial advice is committed.
5. *Excessive reactions.* All too often the demand for advice stems from shortage of manufactured crisis. We want the clients to be responsible for relevant events, and we want them to have necessary information to do so. But we do not want them to do only that because we expect to live in the future as well as today.
6. *Change for its own sake.* It was biased in advice to change things: as we lack enough incentives in policy making to say just leave it alone.
7. *Advice without politics.* Apolitical advice is a sin, even political advice is not appropriately linked or integrated with the substantive advice of policy.

Meltsner's contribution is critical for policy makers and its policy-making partner, the policy analyst. But, in terms of developing countries, we have developed a less-complex approach; the answer is dwelling upon three key values of excellent policy. First, public policy must have the value of smartness. Public policy might not be ingenuine, but excellent policy has to be intelligent or smart. It is about how to solve the problem at the core of the problem. This is somehow an action-oriented value, but rarely the policy maker and analyst have the focus on it. Since public policy is gaming in the political arena, so the policy development goes to the "popular area" rather than to the "core of the problem". It seems like Cesar of Rome: when Rome has problems in their development, instead of solving the problem, Cesar creates a circus with fascinating shows from chariot races to gladiator fights. This approach is practiced in many developing countries when decision makers see that political imagery is more important than solving the problem.



The second value of excellent policy is wisdom. Excellent policy must be wise. It is not about asking the policy maker to become a philosopher, since wisdom is also an action-oriented concept. Wise policy means that the decided policy solves the problem without creating another problem, a bigger problem. It has to solve problems without problems.

The third value is hope. The goddess Pandora has been assigned to go to the earth. She was at the seashore; a beautiful beach. White sand, sea waves, a warm wet wind; she was alone with the unbundled box to be granted to human beings. Instead of coming, for some hours, no man came. Driving by curiosity, Pandora opens the box. There were

human characters and values inside: love, compassion, but also hatred to killing instinct. They just fly away, going anywhere alongside with the blowing wind. Pandora has been crying. She knew that it was the end of the day for human beings. However, it was one left inside the box; it is something that helps human beings to survive and even prosper: hope. Excellent policy shall bring hope to enter a better future. By giving hope, public policy becomes a *seamless pipe of transfer of prosperity* in a civilization. And, in a poor country, excellent policy can bring what it now becomes the world's beautiful word: *make poverty a history*.

Those three values shall be present altogether. Therefore, we may develop a simple exercise to measure how excellent is our policy:

POLICY	intelligent	WISE	HOPE	QUALITY OF THE POLICY
A	NO	NO	NO	WORST
B	YES	NO	NO	BAD
C	YES	YES	NO	AVERAGE
D	YES	YES	YES	EXCELLENCE

We may develop those simple indicators by putting the range for every answer, for example, there is a score of 1 to 5 for YES and also 1 to 5 to NO. It depends on to how detailed we want to have our judgment. The model can also be developed by statistical method.

I choose not to go into so much detail, because there are two critical questions toward excellent policy. First, if we have that philosophical judgment on excellent policy, how to have a detailed indicator of it. I was inspired by Dr. Rita R. Colwell, to whom I saw her in the World Water Week Conference 2010, Stockholm, 6th September 2010. She is the professor and medical doctor who was granted the 2010 Stockholm Water Prize Laureate Lecturer because of her contribution toward the cholera detection method. She found a method that cholera can be detected by analyzing the quality of water in a certain area to prevent the outbreak. I found in her sites chemlife.umd.edu, has stated:

... (The method was) Inducted in 2009 for her discovery of the environmental source of *Vibrio cholerae* and her leadership in research on cholera in Bangladesh and on emerging water-borne infectious diseases worldwide. Dr. Rita Colwell is a renowned scientist and educator, whose work bridges microbiology and ecology. She and her colleagues traced the source of the bacterium that causes cholera, *Vibrio cholerae*, to plankton in rivers and estuaries in Bangladesh. They also linked cholera epidemiology with sea temperatures and plankton blooms, tying together global climate and disease. Taking this holistic perspective on pathogenesis has enabled researchers to begin to predict disease pandemics. When satellite observations reveal sea, temperature rises in the Bay of Bengal, there is a concomitant increase in the number of cholera cases.

The method can be developed in the public policy area. The first method of analysis uses the most conceptual approach of those three core values of excellent policy: intelligent, wise, and giving hope.

COMBI NATION	INTELLI GENT	WISE	HOPE	QUALITY OF THE POLICY	POTENCY OF THE DEVELOPING COUNTRIES IN THE MEDIUM AND LONG RUN
1	V	V	V	excellence	Highest probability to become excellence nation, even depend on some other variables, but not much and the impact is less intense
2	V	v	o	Average	There is probability to become excellence nation, but there are many other variables of success with intense impact
3	o	V	V	Average	
4	V	o	V	Average	
5	V	o	o	Bad	The country presence can be sustained, as a “mediocre country”, since it has difficulties to become the success nation.
6	o	o	V	Bad	
7	o	v	o	Bad	
8	o	o	o	Worse	A tendency of decreasing, decaying, and becoming the failed state ⁵¹

⁵¹On failed state there is Noah Chomsky relevant understanding, it is a state who cannot protect their own citizen (Chomsky, 2006)

The country with the first combination is the best one. There is still an immense opportunity for the countries in the combinations number 2, 3, and 4 to become excellence nations. However, it is not for the countries with combinations number 5, 6, 7. And, the gloomy combination is number 8: the country might fall into a failed state.

The indicator can be developed further in the more operational indicator, by developing matrices based on:

1. *Character of the Policy*
2. *Conflict among policies*
3. *Policy Values*
4. *Policy range*
5. *Policy condition and quality*

Those indicators are exercised as to predict the *possibility of a nation's condition in the future*, and looking for some proxy for reasoning the measurement.

Score	1	2	3	4	5
Policy character	Destroying national resources and capital – economic and social capitals	Extracting national resources and capital – economic and social capitals	Sometimes maintaining national resources and capital – economic and social capitals--sometimes extracting and destroying	Developing, sustaining, and maintain national resources and capital – economic and social capitals	Enriching environment, maintaining national resources and capital – economic and social capitals—with value creation approach
Conflict among policies	Intense	High	Medium	Low	Very low
Policy values	Individual's interests	Group interests	sector and/or region's interest	National interest	National and global interest
Policy range	No range	Short term	Short to medium term	Medium to long term	Long term and leaning to the future
Policy condition and quality	Self-defeated policy	Unsound policy	Average policy	Good policy	Excellent policy
The possibility	The dying nation	Decreasing	Mediocre	Growing and	Excellent nation

of nation's condition in the future		nation	nation – nowhere nation	developing nation	
Proxy	Poor countries Long term conflict and therefore severe political instability, long term poverty, national richness belongs to others, depleting and decreasing of natural environmental, welfare is beyond reach	Low income countries Intense conflict, long term poverty, most of the national richness belong to others, intense of natural resources depleting and decreasing,	Middle income countries Latent conflict, cyclical economic downturn, and political instability	High income countries Political stability derived from political culture, sustainable economic growth	Very High-income countries Highly competitive nations Trust based economy, sustainable and steady economic growth, maturity of democratic governance process

Policy is then becoming the key success driver for developing countries to become an excellent nation. The next challenge is that some of the policy makers are in traps of their success in their prior excellent policy. It can mean the content or the process, or can be both. The trap is they can be easily trapped by their own success: it is called complacency. Therefore, to assure that the policy will keep its excellence, it is important to take Michael Fairbanks & Stacey Lindsay's (1997) advice about the "relevance factor". They state the message clearly: "many developing nations are in economic crises today, but not exactly because they are doing the wrong things. Rather, they are doing the right things for times they no longer live in". The policy challenge of the future is not about the "wrong policy" or "right policy", but about "right policy in the wrong time"

Indeed, there is a limit for developing the relevance. It was known as "policy involution". In recent days, we find many policy theories, models, and approaches which are promoted toward many developing countries. Regardless where the advisory institution comes from, it could be beneficial, as long as it is not being "involution" of the policy itself.

Policy involution was taken from the concept of "agricultural involution: of Clifford Geertz (1963) to explain why the development of agriculture farming creates the wider spread of poverty among peasants in Javanese in the year of 1930-1940s. It was happening when the size of the farm was steady, but the number of the worker or farmer was increasing. The sophisticated process of agriculture did not increase the revenue, since there was no additional size of the farming-land. Geertz developed his involution concept from Goldenweiser:

"I take the concept of 'involution' from the American anthropologist Alexander Goldenweiser, who devised it to describe those culture patterns which, after having reached what should seem to be a definitive form, nonetheless fail either to stabilize or transform themselves into a new pattern but rather continue to develop by becoming internally more complicated..." (1963: 81).

Goldenweiser (1936) explains that involution is provided by what is called ornateness in art, as in the late Gothic. The basic forms of art have reached finality, the structural features are fixed beyond variation, inventive originality is exhausted” (quoted by Geertz, 1963: 81).

Therefore, involution is the increase of sophistication from, but without the improvement or changing in substance. Policy involution is the facts when policy makers and their key players, such as policy analyst and policy expert team, and the key stakeholders, the polity, is eager to make a more complicated and fashionable policy making process, but forget that the key issue of policy making is to make the country have an excellent policy.

The role of the policy analyst will be more critical as, Eric A. Hanushek (2005), Professor of Stanford University, appealed in Spencer Foundation Distinguished Lecture in Education and Policy Management in 2005, that policy analyst was becoming the fifth estate, after the press as the fourth estate. He noted:

...The fourth estate is built on the idea that providing raw information is the way to improve the operation of society.... As the government pursues evermore complex programs and policies, societal welfare is increasingly dependent on making the right policy choices....

I think policy would be noticeable if indeed we become the fifth estate. In that role we would provide the framing and interpretation of research necessary to the development of good policy. The fifth estate is simply incapable of doing this, particularly as more and more policy decisions are dependent upon technical information.

In sum, public policy for the developing countries is a challenge toward policy practitioners, teachers, and researchers in all countries who call herself as “developing countries”, regardless of their economic wealth condition –poor, middle, high, or wealthiest. It is not about developing

the most advanced and complex and fashionable policy process alone, but it is about humbleness, that no matter how sophisticated and advanced one, the policy involution perhaps has been waiting at the end of the street. And, that is what humility beyond ingenuity is called for.

Appendix 1

THE PERFORMING POLICY INNOVATION: A CASE OF JEMBRANA, BALI

In the era of the knowledge-based society, the survival, and therefore competitiveness, and its sustainability, of any organization depend upon the quality of its human resources (Drucker, 1994: Pfeffner, 1995). The Republic of Indonesia, as a modern organization, has been facing the same challenge, therefore human development is placed in the center of the national development strategy. The National Constitution 1945 states that the mission of the independence is to create the intellectual life of the society.

The mission of the nation promulgated into the national development plan is that education is taking place as the most important sector as it is provided a minimum 20% from the total national budget. The policy is the mandatory from the amended National Constitution⁵². The budget policy priority has been started since 2008, after new Law on Education released in 2003⁵³. Before 2003, the budget for education was in vigorous competition with other development's sectors. Therefore, even the human development mandated by the constitution, it was unsound in the implementation. However, the mandatory budget was achieved in 2008 after the debate among politics ended by the national agreement that the minimum threshold must be performed.

The education development in Indonesia 1999-2008 was mostly challenging, since Indonesia has been in the severe economic crises, as one of the Asian countries that is hit by economic crisis which is followed by the social turbulence, and then political chaos⁵⁴. Since

⁵² The four phase amendment of Indonesia's Constitution was taking place in 1999-2001 by the People Representative Assembly.

⁵³ The Law No. 20/2003 on National Education reinstated the Law No. 2/1989 on the National Education System.

⁵⁴ In 1998, the 32th year of ruling President's Soeharto resigned because of a national and massive people's movement together with international pressures. See Schwartz (1999)

1999, Indonesia implemented politics of decentralization under the Law No. 22/1999, replaced the prior centralized political system. The new policy stipulated that educational development is becoming local government accountability. The two fundamental changing has created the new challenge toward education policy in Indonesia: the decentralized educational development policy in one side, and no sufficient budget support from national government. The plentiful natural resource regions perform education development because of its local revenue. The critical condition happens toward the less economic resources regions.



The Regency of Jembrana is located in Western Bali, the “God’s Island”, Indonesia. Compared to the other regency in Bali, such as Kuta and Denpasar, Jembrana was behind. Those two other regions are international tourist areas which have high income from foreign travelers⁵⁵. Jembrana has neither tourists nor oil and gas. Jembrana in 1999 was the poorest region in Bali Island since its local revenue less than 5% of the total local budget⁵⁶. The development of education was

and Backman (1999). The movement was named as “Reformasi” (Reformation). Indonesia is undergoing a tremendous economic crisis since its GDP per capita has fallen from USD 1,200 (1996) to USD 400 (1999).

⁵⁵ Bali is well known as one of the favorite tourist destination in the world.

⁵⁶ The rest of 95% was supported by National Government. This region noted as the poor region since it was far away from the ability to perform self-finance development.

the most difficult agenda for the local government.

In 2001, Jembrana was acknowledged as the first region in Indonesia which was performing gratis education from elementary to high school –12 years of education, whilst other regions in Indonesia were struggling for free education for their people. In 2002, the Department of Home Affairs and National Science Institute conducted research to evaluate the implementation of the decentralization policy. The research found that Jembrana was one of the best regions, especially in terms of development of education. Since 2003, Jembrana has become best practice and benchmark for regional development in Indonesia, and even became international success story⁵⁷. Jembrana's public policy, specifically educational policy, becomes the unique case that needs to be examined.

Theoretical Framework: Education, Decentralization, and Policy

Education is an everlasting human agenda, since it promotes every man and woman toward their future as individuals and members of society. Education has its own distinctive contribution as a human effort. John Dewey states that education is a “conservative” and “progressive” effort to formation, recapitulation, retrospection, and reconstruction.

“1. Education as formation.... All education forms character, mental, and moral, but formation consists in the selection and coordination of native activities so that they may utilize the subject matter of social environment. Moreover, the formation is not only a formation of native activities, but it takes place through them. It is a process of reconstruction, reorganization....2. Education as Recapitulation and Retrospection.... The individual develops, but his proper

⁵⁷Kompas Daily, Special Edition on Education, November 6, 2004. In 2004 the author engaged in the Australia Aid Program for Decentralization Support in Indonesia. The material developed by Australian experts has put Jembrana as the best practices of decentralization post crises. Jembrana has received many national awards, such as awards from the Vice President of Indonesia, Ministry of Home Affairs, Ministry of Administrative Reform, and Partnership for Governance Reform. See also Putra and Kansas (2004); Winasa (2006).

development consists in repeating orderly stages of the past evolution of animal life and human history. The former recapitulations occur physiologically; the latter should be made to occur by means of education” ...3. Education as reconstruction.... It is that reconstruction or reorganization of experience which adds to the meaning of experience, and which increases ability to direct the course of subsequent experience...” (Dewey, 1964: 69-77).

Hills states that education is a process of learning aimed at equipping people with knowledge and skills. There is to be enough to equip people sufficiently well so as to enable them to live satisfactorily, continue to learn and pursue a career (Hill, 1982: 137).

The universal idea of education influence Indonesia policy on education, as it seen from the Indonesia Law No. 20/2003 on National Education article 1 noted that education is the conscious effort to create the learning condition and learning process to make the education participants be able to develop the potencies within to be able to contribute to the national development. Education development in the broader sense in Indonesia national development as being stated as developing the winner people, as promoted by James and Jongeward, as to create one who is able to respond authentically by being credible, trustworthy, responsive, and genuine, both as an individual and as member of society (see James and Jongeward, 1971: 1).

The education idea which has transformed into national policy was being implemented in the context of the decentralized nation of Indonesia, as part of the globalization impact (see Naisbitt, 1994). Jun and Wright highlight that globalization encourages decentralization. It is when a country's political, economic, and development activities become globalized, the national government may no longer be the dominant entity.

“Global changes occurring today are creating a new, complex, and decentralized system of networks that are radically different from the old centralized system of governance which controlled the process of international activities and decision making. Global changes influence the functions and actions of local administrators. And, as local administrators become more conscious of global influences, they become prepared to take

innovative actions without the supervision of the national government. Promoting economic development opportunities by working with foreign business enterprises and socio-cultural exchange programs are only two examples. Thus, the decentralization of governmental processes in the context of intergovernmental relations provides unlimited opportunities for promoting local actions in the global environment. local administrators can learn to become effective in solving local problems and active in promoting international activities. Centralized governments, in general, respond slowly not only to domestic but also to international problems (Jun & Wright, 1996: 3-4).

Rondinelli and Cheema explicate that the growing interest in decentralized planning and administrations is attributable not only to the disillusionment with the result of central planning and the shift of emphasis to growth-with-equity policies, but also the realization that development is a complex and uncertain process that cannot be easily planned and controlled from the center (Rondinelli and Cheema, 1983: 18). Decentralization means the transfer of planning, decision making, or administrative authority from central government to its field organizations, local administrative units, semi-autonomous and parastatal organizations, local governments, or non-governmental organizations (Rondinelli and Cheema, 1983: 18).

The importance of education theory and decentralization theory generate the reason why education shall be decentralized. Referring to Jun & Wright and Rondinelli Cheema, they mention about the drive of globalization in one side, and to make closer the local services, meet to McGinn and Welsh finding that there are three reasons for the emergence of educational decentralization: the decreasing of central government's capacity, together with the declining of the supremacy of centralistic management model to response the challenge toward the problem of education quality, and the emergence of the communication and information technology which make the nation is possible to decentralize educational policy and therefore development

but still under control of central government (McGinn and Welsh, 2003: 23-25).

The question is how to unite the idea of development, education, and decentralization in a public policy. Dye promotes understanding public policy as whatever the government chose to do or not to do and what contribution it made.

Public policy is whatever the government chooses to do or not to do. Government does many things. Note that we are focusing not only on government action but also on government action, that is, what the government chooses not to do. We contend that government action can have just as great an impact on society as government action. Public policy is what governments do, why they do it, and what difference it makes (Dye, 1992: 2-4).

Lester and Steward, develop Theodore Lowi's idea, classify public policy into two category: conservative, any policy which seeks for status quo, generally opposes the use of government to bring about social change, but may approve government action to preserve the status quo or to promote favored interest, and liberal, are those in which the government is used extensively to bring about social change (Lester and Steward, 2008: 8).

Public policy in education shall be assumed as liberal policy since its aim is to "make the difference" in society. In regard to Olsen, Codd, and O'Neil, education policy in the 21th century is the key to global security, sustainability and survival, since education policies are central to such global mission, whilst a deep and robust democracy at national level requires strong civil society based on norms of trust and active response citizenship and that education is central to such a goal. Thus, the strong education state is necessary to sustain democracy at the national level so that strong democratic nation-states can buttress forms of international governance and ensure that globalization becomes a force for global sustainability and survival (Olsen, Codd, and O'Neil, 2000: 1-2).

The Jembrana success story is about the educational policy that changes and creates differences between before and after. The question is what kind of education policy makes Jembrana perform within its constraints, meanwhile other regions in Indonesia that are in the better condition were unable to achieve the sound education performance.

Jembrana Education Policies Reform

Jembrana is one of nine municipalities in Bali Province. The area is about 84.180 km square, or 14.96% of Bali Island, consists of 4 sub districts (or Kecamatan), 42 villages and 9 Kampongs. In 2005, the population was 258.078 and the density was 307/km square.

Before 1999, education's condition in Jembrana were severe. 1 in 5 elementary students was unable to continue education because they are unable to pay the school-fee. Of 200 elementary school buildings, half of them were damaged. Teachers' welfare was bad. One classroom in elementary school was attended by only 21 students from 30 of capacity. The community was unwilling to participate in the educational process. Some leakages in government budgeting that could be allocated to education services (Tifa, 2005: 9).

The problem of Jembrana was the limited financial resources, as the local budget in 2000 was about IDR 66.9 billion (USD 6.6 million), whereas IDR 2,5 billion came from local revenue, meanwhile total population in 2000 was 215.594 million. The local government decided to focus on education development as the base toward economic development (table 1).

Table 1. Jembrana Profile 2000-2005

Year	Local revenue (in IDR)	Local Budget (in IDR)	Population
2000	2.551.526.749	66.911.688.691	215.594
2001	5.540.224.419	131.599.246.286	231.550
2002	11.555.147.609	171.703.401.395	234.208
2003	11.055.956.008	193.157.562.548	251.164
2004	9.785.500.000	205.000.287.634	252.065
2005	10.474.690.000	234.957.648.400	262.058

Source: Office of Planning Jembrana, 2006

The focus of the development on education development was carried out by formulating local vision development which was named Makepung, which means that the performance of Jembrana development and its sustainability is based on the quality of human resources.

The vision is exercised into the local policy: (1) Regent Decision No. 24/2003 on Freeing the School Fee for Public Elementary, Junior High School, and Senior High School in Jembrana Regency; (2) Regent Decision No. 1615/2005 on Scholarship for Performing Students in science, art, and sport, in any Public and Private School Public Elementary, Junior High School, and Senior High School in Jembrana Regency; and (3) Local Regulation No. 10/2006 on Education Subsidy for Public Preschool, Elementary, Junior High School, and Senior High School in Jembrana Regency.

Parallel to policy development, Jembrana increased the bureaucracy efficiency by streamlining and rightsizing on Local Regulation No. 10/2003, by merging The Office of Education with the Office of Culture and Office of Tourism. In terms of budget, 90% belong to education programs, and 10% for culture and tourism (table 2).

Table 2. Educational budget increase 2001-2006

Year	Local Budget (IDR)	Education budget (IDR)	% to total budget
2001	131,599,246,286	49,005,086,000	37.23%
2002	171,703,401,395	61,881,453,140	36.04%
2003	193,157,562,548	53,487,556,240	27.69%
2004	205,000,287,634	93,471,974,990	45.59%
2005	234,957,648,000	90,734,659,900	38.62%
2006	367.244.520.262	112,803,142,600	30.72%

Source: Office of Finance Jembrana, 2007

The fourth policy –vision, law, bureaucracy— was improving public participation in education process by developing School Committee in every school and in the level of community, local government promoted Education Council. The fifth policy was to improve budget. Since 2001-2006, there has been a significant increase in the education budget. The sixth policy was to merge inefficient schools. There were 31 elementary schools that had been merged in 2001-2004, and created the new financial efficiency to increase additional funding for education programs (table 3).

Table 3. Merger of public elementary school in Jembrana 2001-2004

Year	Total
2001	7
2002	16
2003	6
2004	2
Total	31

Source: Office of Education, Culture, and Tourism Jembrana, 2006.

The seventh policy was to implement good governance in the school management by putting financial reports in the announcement board outside of the Schoolmaster room, which is observed by teachers, students, and even the public. This program has created trust among the teachers and school management, and among students and their parents to the school management, since all the revenue and expenses were announced openly on the board.

Figure 1. Transparency on School Finance Management



Left: Schoolmaster of Mendoyo IV Junior High Public School in front of the board; right: board announcement of financial report and accountability. Pictures were taken by the author.

The eighth policy was to provide special incentives for teachers. In the year of 2000, the local government provided IDR 2.000 (USD 0.20) per hour of teaching, and it became IDR 5.000 (USD 0.50) per hour of teaching. In 2006, a teacher might earn about IDR 5.000.000 (USD 500) as bonus at end of the year⁵⁸.

⁵⁸As a comparison, teacher's salary range from IDR 1.000.000 to IDR 3.000.000, therefore the number of IDR 5.000.000 was amazing at the local standard.

The ninth policy was to improve teacher's capacity in their specific subject and provide management courses for the Schoolmaster due to the increase of the quality of the school management with the special branding of MASLEEIM: "Manajer, Administrator, Supervisor, Leader, Edukator, Entrepreneur, Inovator, dan Motivator" (Manager, Administrator, Supervisor, Leader, Educator, Entrepreneur, Innovator, and Motivator). Out of those policies, local government also provided scholarship for teachers who want to take their undergraduate and postgraduate level of education⁵⁹.

Jembrana Education Performance

Education development achievement of Jembrana is measured by the national measurement methods which consist of: (1) Gross Enrolment Rates⁶⁰, (2) Net Enrolment Rates⁶¹, (3) drop-out rate, (4) passing rate, and (5) Regional Human Development Index.

Gross Enrolment Rates (GER). In 2003, Jembrana's GPR was above Indonesia (national) average and also the Province of Bali (table 4). In

⁵⁹ Most of the teachers were diploma, or beyond undergraduate level. Some of the Schoolmasters had secondary degrees.

⁶⁰ In Indonesia it is "Angka Partisipasi Kasar" or APK **Gross enrolment rates (GER)** are calculated by dividing the total number of students, including overage and underage students by the total population of school age. For example at junior secondary school level

$$\text{GER} = \frac{\text{total number of junior secondary school students}}{\text{total number of population aged 13 – 15 years}}$$

See Weston, 2008.

⁶¹ In Indonesia it is "Angka Partisipasi Murni" or APM. **Net enrollment rates (NER)** are calculated by dividing the number of students of school age (excluding overage and underage students) by the total population of school age. For example at junior secondary school level

$$\text{NER} = \frac{\text{total number of junior secondary school students aged 13 – 15 years}}{\text{total number of population aged 13 – 15 years}}$$

The Indonesia term for **GER** is **APK**, which means, translated literally, 'Gross **Participation** Rate'. However, in line with convention this report is using the English term 'Gross **Enrollment** Rate'. The author feels that the term enrollment is, in fact, more accurate, as data reflects enrollment in schools rather than regular participation or attendance, which many observers agree is probably somewhat lower than enrollment. See Weston, 2008.

2001, the Jembrana's GPR of ES was 82.45% and increased to 112.25% in 2005, which means 7.45% of annual growth. In 2001, the Jembrana's GPR of JHS was 63.96 % which increased to 97.57 % in 2005, which means 8.4 % of annual growth. In 2001, the Jembrana's GPR of SHS was 48.73 % increased to become 70.08 % in 2005, which means of 5.33 % of annual growth (table 5).

Table 4. GER Jembrana compare to Bali and National in 2003

No	Level education	GER (%)		
		Jembrana	Bali	National
1	ES	117,00	113,75	110,00
2	JHS	94,01	84,87	90,00
3	SHS	48,93	45,96	90,00

Source: Office of Education, Culture, and Tourism Jembrana, 2006.

Table 5. GER Jembrana 2001-2005 (%)

Year	ES	JHS	SHS
2001	82,45	86,96	48,73
2002	104,50	93,49	46,15
2003	117,00	94,01	48,93
2004	114,63	96,10	73,93
2005	112,25	97,57	70.08

Source: Office of Education, Culture, and Tourism Jembrana, 2002-2006.

Net Enrolment Rates (NER). According to the National Statistic Survey in 2003, Jembrana NPR in ES was below average Bali NPR, but above the minimum standard of NER. In JHS, the NPR of JHS and SHS were above Bali and national standard (table 6). In 2001, the Jembrana's NPR of ES was 78,08 %, increasing to become 100,11 % in 2005, which means 5.51% of annual growth. In 2001, the Jembrana's NPR of JHS was 68,40% which increased to 89,27 % in 2005, which means 4.14 % of annual growth. In 2001, the Jembrana's NPR of SHS was a 30.40 % increase to become 64,91% in 2005, which means 8,63 % of annual growth (table 7).

Table 6. NER Jembrana 2003

No	Level education	GER (%)		
		Jembrana	Bali	National
1	ES	93,35%	97%	90%
2	JHS	89,11%	64,21%	80%
3	SHS	45,26%	44,31%	60%

Source: Office of Education, Culture, and Tourism Jembrana, 2006.

Table 7. Jembrana NER 2001-2005

Year	ES	JHS	SHS
2001	78,08	68,40	30,40
2002	90,12	89,10	36,01
2003	95,35	89,11	45,29
2004	100,58	89,34	56,29
2005	100,11	89,27	64,91

Source: Office of Education, Culture, and Tourism Jembrana, 2006.

Drop Out Rate (DOR)⁶². DOR is the percentage of students who leave school before finishing a certain education level. The ideal DOR is 0%. In Indonesia, the DOR is the most critical performance indicator in education since it was noted in the Ministry of Education Decision No. 129A/2004 on Minimum Standard of Service in Education which mentioned that DOR shall not be above 1% in all educational level (ES, JHS, SHS). Jembrana's DOR performance was above the standard service for ES since 2001, JHS since 2003, and SHS since 2001, even though it decreased in 2005 to 1.24% (table 8).

Table 8. Jembrana DOR 2001-2005

Year	ES	JHS	SHS
2001	0,08	1,05	0,66
2002	0,07	2,15	2.67
2003	0,02	0,80	0,50
2004	0,05	0,07	0.50
2005	0,01	0,05	1,24

Source: Office of Education, Culture, and Tourism Jembrana, 2006.

⁶² In Indonesia is "AngkaPutusSekolah" (APS) or angka drop out

Passing rate⁶³. The passing rate performance is measured by National Final Exam (NFE) score⁶⁴. In the level of ES, Jembrana has been passing the NFE level since 2002 –when it was introduced first time—in the level of JHS achieved in 2003, and in the level of SHS achieved since 2002 (table 9).

⁶³Tingkat Kelulusan dan Tingkat Melanjutkan

⁶⁴National Final Exam or Ujian Akhir Nasional (UAN) then change to National Exam Ujian Nasional (UN)

Table 9. Jembrana NFE 2002-2005

Year	ES		JHS		SHS	
	Score (average)	Minimum (national)	Score (average)	Minimum (national)	Score (average)	Minimum (national)
2002	6,26	6,00	4,71	6.05	6,65	6,05
2003	6,32		6,74		6,62	
2004	6,74		7,19		7,48	
2005	6,36		7,20		7,38	

Source: Office of Education, Culture, and Tourism Jembrana

Table 10. Passing Rate of Jembrana in the year of education of 2004/2005 and 2005/2005

Year	ES		JHS		SHS	
	Jembrana	National	Jembrana	National	Jembrana	National
2004/2005	98,10%,	-	100%,	87,03	100%	80,76%
2005/2006	99,95 %,		98,6 %,	91,81	97,3 %	92,50%

Source: Office of Education, Culture, and Tourism Jembrana, 2006.

The second method for passing rate was measured from the average students who passed in each education year⁶⁵. In this measurement, Jembrana has passed the national standard of performance: ES was 98.10% in the year of education 2004/2005 and 99.95% in 2005/2006; JHS was 100% in 2004/2005, above national standard of 87.03%, and 98.6% in 2005/2006, above national standard of 91.81%; and SHS was 100% in 2006, above national standard of 80.76%, and 97.3% in 2006/2005, above national standard of 92.50%. (table 10).

Human Development Index (HDI). A research in Jembrana has shown that the improvement in education has been contributing to the improvement of the human development index performance. In 1999, before educational policy reform, HDI Jembrana was 65.5, below the Province of Bali of 65.7. In 2002, after education policy reform, the HDI of Jembrana became 68.9, above the province of Bali of 67.5 (table 11). It means that education performance was contributing to other HDI’s other indicators performance: health and economy.

Table 11. Jembrana HDI 1999-2002

No	Region [regency (R) and city (C)]	HDI		Rank (National)		Rank (Province)	
		1999	2002	1999	2002	1999	2002
1	Jembrana (R)	65,5	68,9	106	86	6	4
2	Tabanan (R)	68,7	70,4	42	66	2	2
3	Badung (R)	68,2	70,1	53	67	3	3
4	Gianyar (R)	64,4	67,7	141	120	4	5
5	Klungkung (R)	62,9	64,6	189	221	8	7
6	Bangli (R)	64,4	66,7	142	151	4	6
7	Karangasem (R)	57,5	59,3	263	314	9	9
8	Buleleng (R)	63,1	63,9	183	245	7	8
9	Denpasar (C)	72,1	74,9	8	6	1	1
10	Province of Bali	65,7	67,5	10	9	-	-

Source: UNDP-National Planning Agency 2005.

⁶⁵The measurement which implemented since education year of 2004/2005

The Education Policy Innovation

The education development of Jembrana Regency had been performed in 2001-2005⁶⁶ with some uniqueness: (1) there is no additional income for the regency to improve its educational budget, but the total budget for education was raised into 20%, (2) the real budget for education alone was below 10% (table 12), (3) the office of education was even merged into other office. The question is: “How to perform a reform in a low support condition”.

Tabel 12. Budget for Education, Culture, and Tourism year of 2006

No	Budget items	Budget (IDR)
1	Salary and honorarium	94.166.272.600
2	Goods	2.748.820.000
3	Operation and maintenance	40.000.000
4	Education sector	13.029.947.000
5	Youth and Sport sector	960.362.500
6	Cultural sector	543.455.500
7	Tourism sector	255.245.000
8	Secretariat	616.640.000
TOTAL		112.833.142.600
Local Budget		367.244.520.262
% Total Local Budget		30,72%
Local Budget before Salary		29.423.520.262
% Local Budget		8,01%
Budget specific for education		13.029.947.000
% Local Budget		3,54%

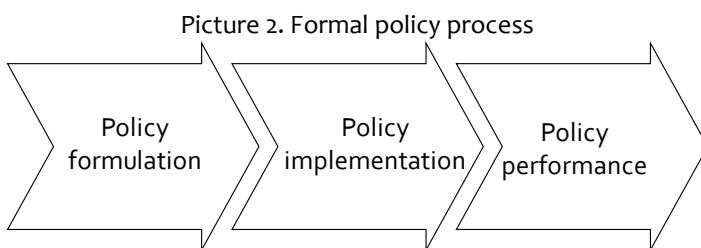
Source: Office of Education, Culture, and Tourism Jembrana, 2006.

The research found three answers. The first is the leader factor. In 1999, I Gede Winasa was elected as the new Regent. Winasa has put the political willingness of the local government in human development, focused on education policy reform and health policy reform.

⁶⁶ The research focus

Winasa has a PhD degree and he was a professor in the University of Singaraja. He was a dentist, teacher, and also an entrepreneur, which has just come into politics in 1998, after Indonesia embarked on a dramatic political reform. Winasa then decided to reform the vision of local development. In 1990s Indonesia, the vision of regional development was more economic which focused on business development and economic growth by using local wealth. The conventional wisdom was: economic development generates money (local budget), and money was for educational development. Thus, the logic was economic first, education next. Winasa changed the conventional wisdom: education first, economics follows.

Now the question is: how to make gratis education without additional money and how to make the economy being generated by inducing educational policy rather than economic policy. This question leads to the second finding. In the universal acceptance public policy process the sequence is: policy formulation, policy implementation, then performance (see Anderson, Brady, Bullock, 1978; Edward, 1980; Quade, 1982; Mazmanian & Sabatier, 1983, Grindle and Thomas, 1991, Dye, 1992; Patton & Sawicki, 1993, Weimer & Vining, 1999; Merilee David Scott (2000); Anderson, 2000; Dunn, 2004; Hill, 2005).



Winasa has faced the reality that forcing education policy in terms of gratis education for the public school will conflict with the local policy (local parliament and local leaders) for the idea was not common and in reverse to the conventional wisdom of local policy development. Formulating policy first would be difficult since he did not have

sufficient support in the local parliament. Therefore, he did the policy “without” policy in the conventional wisdom. In an interview, Winasa explained:

”.. In 1999 I called all the schoolmasters and senior teachers of all the public schools in Jembrana for a meeting in my office, and I told them ‘Start from next semester, I do not permit all the public schools to ask school-fee for any student!’ Surely, many of them were startled and complained, and many others were mumbling. But I was formed to my decision, and I told them that their welfare will be my first concern”⁶⁷.

The paternalistic value of the Jembrana society, as well as other less developed regions in Indonesia, allowed the Regent to act authoritarian, whilst the theory of “benevolent dictator” has matched the phenomenon. For sure, no-one dared to challenge the regent’s oral decision, even the local parliament since the decision was so popular that people would challenge any-body who refused the idea. Starting from the year of 2000, the education in the public school in Jembrana was gratis.

The policy was popular for the public, but not for the teacher and school management entity, since in prior they were allowed to take school-fees from the students, therefore they have additional income for management and school organization. In an interview, Winasa stated:

“The public servants have been paid by government, the school building was built by government, and the education process as well as school management is already financed by government, what other expense should be into the people and student’s burden”

To be recognized, before the Law on Education ratified in 2003, there

⁶⁷ To be recognized, before Law on Education ratified in 2003, there was no obligation for national as well as local government to free the school-fees in the public schools. It means that all public schools were allowed to take money from the student. The idea of gratis schooling in the public school was thought and accepted as impossible and odd.

was no obligation for national as well as local governments to free the school-fees in the public schools. It means that all public schools were allowed to take money from the student. The idea of gratis schooling in the public school was thought and accepted as impossible and odd. Therefore, the policy of gratis education was a breakthrough to the presence practices and agreed convention. Winasa as the new leader changed the unethical school management which was allowed by prior policy and convention toward the new view of the ethical and good governance of school management. To make balance, Winasa introduced per-hour incentives for teachers, but still in the government control; which means not delegated to the school-management –thus there are no “school-based incentives”.

The policy toward gratis education in the public school was also challenged by the agreed beliefs that it should be a “cross-subsidy” between the poor and the rich, which meant poor students shall be gratis, but the rich student shall pay the school-fee. But, Winasa preferred to gratis all the students in order to develop the friendship among students, to create a harmonious society for the future⁶⁸.

Hence, since 2001, Jembrana has been having the policy of gratis in public school, and it was the first in Indonesia. The performance has acknowledged a year after the policy was implemented successfully, since the policy was not “inline” with the national policy and also the “agreed convention” among public school management⁶⁹.

After the “policy without policy” implemented and succeeded, Winasa released an executive decision in the form of Regent Decision No. 24/2003 on Freeing the School-fee for Public Elementary, Junior High School, and Senior High School in Jembrana Regency.

The next agenda was to the private school. Winasa released a new

⁶⁸ For discussion about school and socialization, see Morison & McIntyre (1975).

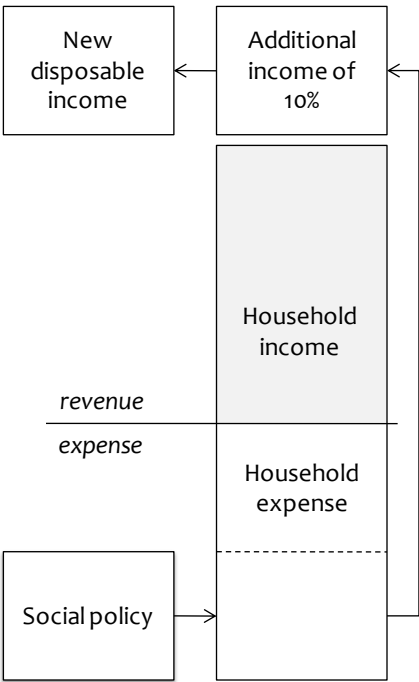
⁶⁹ It was explained by Winasa, that his senior officer had ever went to the national meeting and being reprimanded. But, Winasa said that he did not care as long as he defended the people interest.

decision to give merit-based scholarships in the Regent Decision No. 1615/2005 on Scholarship for Performing Students in science, art, and sport, in any Public and Private School Public Elementary, Junior High School, and Senior High School in Jembrana Regency.

In 2006, five years from the first of education policy reform implemented, Winasa promoted the policy to the local formal policy which was known as “Local Regulation⁷⁰”. Therefore, the Regency of Jembrana released Local Regulation No. 10/2006 on Education Subsidy for Public Preschool, Elementary, Junior High School, and Senior High School in Jembrana Regency.

This is a unique policy process. In Indonesia, all the policies related to the budget allocation and reallocation must go through the local parliament and be released as Local Regulation as the legislative decision –not executive decision. Any policy steps dissimilar to this process will lead into impeachment. But, Winasa had neither faced any rejection nor impeachment. The reason was his policy was toward people's interest and he did it in a governance manner: transparent and accountable, since there was no case of budget abuse in the administration.

Winasa had successfully forced the local parliament as well as local policy to accept his reform in education. And, he was performing what I might say as “policy innovation” in two terms. First, the innovation was about challenging the conventional

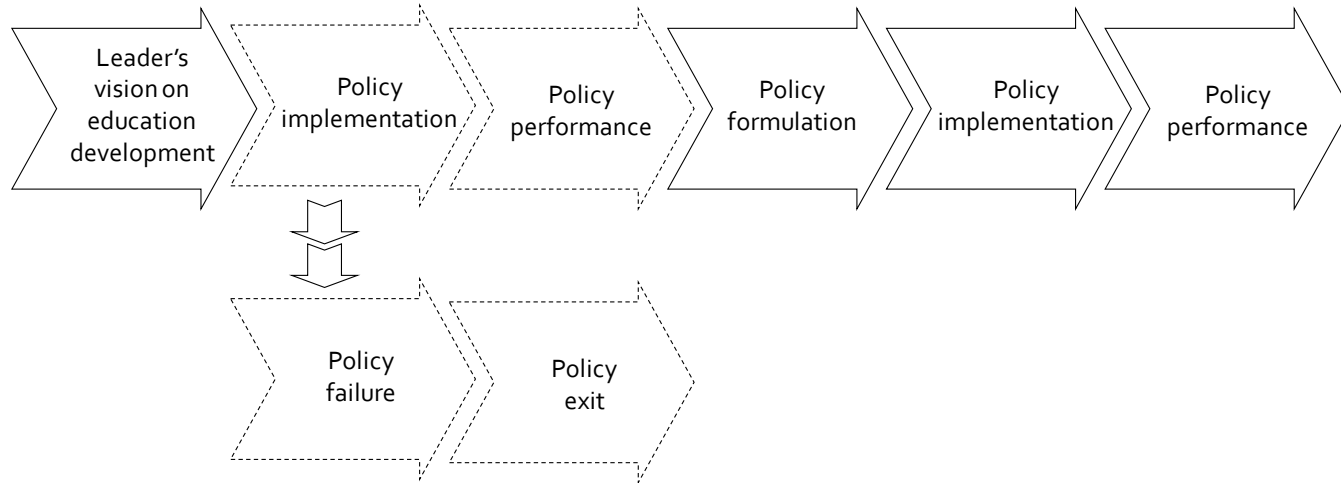


⁷⁰ Local regulation is equal to Local Law, and it was the joint product of local legislative and executive.

development wisdom in Indonesia that somehow stated: economic first, education follows. He chooses education first, economic follows. This innovation was in accord with the novel development about competitiveness based on human resources (Pfeffner, 1996) and the emergence of knowledge-based society (Drucker, 1994). Amid with the facts, there inducement of policy education has substantially contributed to the economic development. Making education gratis –as social policy– has been creating the new disposable income of the household, since the prior expense on education transferred into the economic expenditure.

Second answer is policy innovation. The policy process is innovative since it does not follow the theoretical framework which was promoted by public policy scholars. The innovative policy process in Jembrana was started by the leader's vision on education development and therefore policy on education, followed by “policy implementation”, and then it became a policy agenda to formulate the real policy, to be formally implemented, and formally perform. It was clear that if there was any failure, the Regent would easily find a “policy exit” to hinder the political impeachment (see picture 4), besides, if it started, the formal process of policy implementation will take time and expense since local parliament in Indonesia at that time was contaminated with financial abuse.

Picture 4. Jembrana innovation on policy process



Thus, the first and most important finding in a successful education development in Jembrana is the “leader factor”. This finding is congruent to the finding in the research which is carried out by The World Bank about decentralization success in South America in 2003-2004. Campbell and Fuhr stated that:

“Leadership is key...a champion or visionary is found behind virtually every innovation. The Latin American cases are no exception. A champion –whether an author, entrepreneur, or leader— is able to read what is possible at a given moment, understand what the public wants, and visualize a new way of doing things. Above all, the champion is able to convert his vision into reality... Leadership is crucial to innovation. It is hard to imagine the successful beginnings, let alone positive outcomes, of the innovations documented in this book without the driving force of leadership. (Campbell and Fuhr, 2004: 439)”

This finding augmented the premise: “in the time of crises, the successful organizational change is started from the leaders”. The case was similar to the business case, as Chrysler transformation led by Lee Iacocca and General Electric led by Jack Welch, to the nation-state organization of the developing countries, as Singapore led by Lee Kuan Yew, Malaysia by Mahathir Muhammad, Indonesia led by Soeharto, to the China which is led by Deng Xiao Ping. The successful leader is the one who has vision, value, and courage (Snyder, 1994). The leader’s vision is to see what the society will be; the value is about integrity and in Indonesia, as eastern society, shall be added by humbleness and sincerity; and courage is the ability to make decisions in the turbulent time firmly. The character needs to be strengthened by keen good governance practice which the core values are transparency, accountability, and responsibility. Therefore, the understanding of Jembrana’s leader is not about traditional beliefs about “benevolent dictators”, but about the professional transformational leader.

The third finding, as supporting finding, is the condition of the society. Jembrana, like other Balinese societies, has norms of harmony and

conformity rather than conflict. The majority of Hindu religious people lead the society toward those values. This doesn't mean that the other society with the different religious beliefs will tend toward other values, but Bali Hinduism is unique and appropriate to the policy innovativeness of the local leader.

The performing policy which promotes people welfare has generated support for the leader and therefore trust toward local government. The government of management is about *management of trust*⁷¹.

Summary

The research of the innovation on education policy in Jembrana, Bali, was performed in 2006-2007 to recognize how the poor regency in Bali became the best performer in the education development in Indonesia post reform. The research finds that the education performance in a regional autonomous in the developing country with limited economic resources depends upon the promoted education policy in the region that is at the national level.

The research finds that the performed policy is the innovative policy in term of idea or content and the policy process. The idea or content of the policy is to put education as the core of the development priority, as it was found different to the national policy which was formally put education as priority but in fact is eliminated by other priorities. Promoting education in the development priority has promoted economic growth as well. Therefore, the idea of "economic growth first, then education" changed into "education first, then economic growth will follow subsequently". The idea was similar to the well-known Japanese entrepreneur Konosuke Matsushita that stated: "First we make people, then we make products".

⁷¹ The political impact was public support. In the election 2005, Winasa as the incumbent won 80% and reelect as the Regent of Jembrana.

The policy process has not followed the process which is even introduced by public policy scholars. The policy process innovation derived from the fact that the local condition of low political support made the “normal” policy process unable to proceed. Pressure creates innovation. The policy process started from “implementation” then formulation, and henceforth followed the “normal” process. The policy innovation, which Joseph Schumpeter (1975) described as “creative destruction” is well-performed since the policy focus was based on the people in most critical need, and carried out in the good-governance manner.

The most important finding is that the success of the education development which is derived from innovative policy education came from the leader. The finding strengthens the World Bank’s finding that in the decentralization era, the success and performance of the local administration in the developing country depends upon the leader’s factor.

The recent development of Jembrana has proven that the continuing policy and the leadership create sustainable performance as in 2008, Average of Mean year School (MYS) was 6.72, literacy rate was 83.96%, education index was 70.92, life expectation was 69.43, and Purchasing Power Parity (PPP) was 57.14. The 2008 Jembrana’s HDI was 67.37, which in Indonesia context means it has achieved middle to top category (Saleh, 2009). This subsequent finding is encouraging that the policy innovation in 1999-2001, in this case of education policy, has been institutionalized in Jembrana Regency local administration and therefore governance.

Appendix 2

THEORY FAILURE OF PUBLIC POLICY: A CASE OF JAKARTA WATER PRIVATIZATION

It was 12 years (1998-2010) since Jakarta⁷² water have been privatized⁷³ to two International water operators⁷⁴, but the service performance is

⁷² Jakarta is Indonesia's capital city. As an archipelagic country, Indonesia has more than 2,500 islands, and Jakarta is on the Java Islands, one of the big five of Indonesia Islands. Indonesia's population today is estimated to be 234.2 million, compared with 205.1 million in 2000. Indonesia then becomes the fourth largest population in the world, after China (1.33 billion), India (1.16 billion), and the US (309.2 million). In 2010, 60.1% of the population, about 121 million, were living in Java. It makes Java the densest island by 103 people per km². In 2009, GDP per capita was US\$ 2,590. Jakarta presents itself as a multifunctional city. It is the capital city with government, politics, and business? with an area of 661.52 km² of and 8,522,589 population. It makes Jakarta become the densest city in Indonesia with today's population at 12,883 per km². Administratively, Jakarta comprises 5 cities. They are North Jakarta City, East Jakarta City, West Jakarta City, South Jakarta City, Central Jakarta City, and Thousand of Islands Municipality. Jakarta GDP per capita in 2009 was USD 8,400, or 320% compared to Indonesia GDP per capita. It was the highest in Indonesia, since 70% of money flow in Indonesia was in Jakarta, and therefore the business activities. Trade and service contribute about 71.5% of the regional GDP. Jakarta then envisions herself as The Service City. The vision is to become a world class service city. Now, the vision is close to the reality, with one condition, Jakarta is able to fulfill her commitment to become "A Millennium Development Goal" achiever city. The pledge was delivered in an International Summit in New York in 2008. One of the criteria is 80% of the population will be having clean water and delivered by piped-system. It is not about the "pipe-water" alone, but in regards to ensuring that the groundwater will not be used in the city, because it will conserve the land of the city and to avoid the endangerment of the polluted groundwater.

⁷³ It is mostly stated that privatization began as a political initiative under Margaret Thatcher in the UK and became a global movement (Hodge, 2006: 1), PPP is neither a new concept nor new practice. It was as old as ideas and practices of 18th and early 19th century Britain. Groups of local magnates formed turnpike trusts which borrowed money from private investors to repair the roads, and repaid the debt by charging tolls (Yescombe, 2007:5). Most of London's bridges were financed by similar bridge trusts until the mid-19th century, and similarly in the late 19th century the Brooklyn Bridge in New York was built with private-sector capital. In France, the construction of canals with private-sector capital began in the 17th century (Yescombe, 2007:5). In the United States in the 1950s, there was a joint public and private-sector funding for educational programmes, and then in the 1950s to refer to similar funding for utilities, but came into wider use in the 1960s to refer to public-private joint-ventures for urban renewal. Then comes the publicly-funded provision of social services by non-public-sector bodies, often the voluntary (not-for-profit) sector, as well as public funding or private sector research and development such as technology. In the international-development field the term is used when referring to joint government, aid agency and private sector initiatives to combat disease such as AIDS and malaria, introduce improvements in farming methods, or promote economic development generally. These programs are in United described as 'policy-based' or 'programme-based' PPPs. (Yescombe, 2007: 2).

still below of what privatization policy had been promised. The existing studies concluded the failure was caused by unsound of private operators with the conclusion privatization was not a no more choice for water services, especially as the international water industries business expansion (Jensen, 2005; Lanti, 2006; Lanti et.al, 2006; Bakker, 2007; Michiko & Andrew, 2008; Willis, 2000, 78, Djamal, 2009, ICIJ, 2003; Al Afghani, 2010), as it probed as part of many water privatization failure around the world (PSIRU, 2008; Hall 2009.). In the last five years of my experience and study about privatization reveals different findings. The failure of the privatization is more caused by the public policy failure rather than business failure, political actors, or others.

The story of modern water service management in Jakarta started after Dutch colonization in the 1940s. After independence in 1945, the service has transferred to the local government owned company⁷⁵. It was Jakarta's special purpose vehicle to develop a widely-covered piped-water-supply of the metropolis. The idea was that groundwater will be reduced significantly due to two objectives: to protect Jakarta from case of land's subsidence, and to guarantee water quality service for the people. It was achieved because groundwater was not used as a primary water resource of the city residents.

⁷⁴ 1989-1993 there was The Jakarta Urban Development Project, promoted by the Government of Indonesia supported by the World Bank. The World Bank continued by two step loans (IDR 762 billions or USD 77 millions) to PAM Jaya to build three water treatment plants of Pulo Gadung I, Buaran I, and Buaran II. In 1994, the World Bank conducted "the Jakarta Water Supply Management Project" as a project review which recommended to speed up water service in Jakarta and recommended private participation (PPP). However, before the WTP operation, PAM Jaya was being criticized as a non-performer in managing the investment. In the same year, as to respond to the World Bank finding, the Government of Indonesia (cq National Planning Agency) prepared and proceeded an open tender document of PPP which means agreed on privatization (PPP) on water services. On 12 Juni 1995 the Ministry of Public Works (MPW) was instructed by the President to foster the water services in Jakarta and its surroundings. On 19 July 1995 MPW released a direct appointment to the company who would take the project (PPP). PPP has proceeded without auction. It was granted to two operators: Palya : Suez-France partnering to Sigit Hardjojudanto –son of President Suharto– company, and to TPJ : Thames-UK partnering to Anthony Salim –President Soeharto closely linked businessman– company. The granting was by "power" intervention which was fostered by a local player who is the inner circle of the political power. (Interview to Irzal Djamal, 20 August 2009; Lanti et.al, 2006)

⁷⁵ The name of the LGOC is *Perusahaan Daerah Pelayanan Air Minum Jakarta Raya* or PAM Jaya

In 1996, the company had severe problems enhancing their service due to financial and management problems. At the same time, the idea of privatization of public service has been introduced by the World Bank, as Public Private Partnership (PPP). In 1998, the commonality produced the agreement between the Jakarta Government –through PD PAM Jaya— with two private investors: Thames of UK and Suez of France. Both of them had their local partners⁷⁶. Prior to July 2006, the ownership of the private provider company was Suez Environment

⁷⁶ The policy decision started from President Soeharto's instruction on the importance of PPP scheme, the Letter of Intent was later signed between the Minister of Public Works and the DKI Jakarta Government, which later was incorporated into the Minister of Public Works Decree No. 249/KPTS/1995 dated July 1995 and the DKI Governor Decree No. 1327/95 dated October 31, 1995. On October 6, 1995 letters of appointment of private operators for the management of clean water provision in DKI Jakarta were issued, dividing project into two service areas, namely the west and the east side of Ciliwung River. Next, letters of invitation were issued to two prospective drinking water operators, which are international companies, namely Thames Water (partnering with PT Kekar Pola Airindo (PT KPA)) on June 30 1995 and Lyonnaise des Eaux presently Suez Environment (partnering with PT Garuda Dipta Semesta-PT GDS) on August 21 1995. Each respective operator later submitted its response to the Minister of Public Works, stating of its preparedness to complete the Feasibility Study (FS) in 6 months time. On October 6, 1995 an MoU was signed among others containing point that concession on one part of Jakarta is awarded to Thames and PT Kekar Pola Airindo, accompany owned by Soeharto's son, whereas other part of Jakarta is awarded to Lyonnaise des Eaux and In 2001 the cooperation. The process of negotiation proceeded tediously and long, lasting for two long years, involving prominent institutions, namely the World Bank/IBRD, Ministry of Public Works, Bappenas, Ministry of Finance, and the Provincial Government of DKI Jakarta (Lanti et.al., 2009). The post May 1998 riot, and the fall of Soeharto, have brought about a different situation. The wave of change was no longer profitable to the cronies and business network of the former President Soeharto. After the social unrest and reformation, the Suez and Thames Executives realized that the concession contract that was recently signed in fact had lost almost their political support. Their partners who previously were expected to lend support for the facilitation in overcoming bureaucratic obstacles, suddenly became a burden that impeded the process of the effectiveness of the cooperation agreement (RCA). The Provincial Government of DKI Jakarta through its policy in fact no longer supported the position of the private consortium. This condition has forced them to formulate new strategies to respond to the changing conditions. The executives of the drinking water operator also realized that re-negotiation of cooperation agreements could no longer be avoided. Re-negotiation however then did not proceed smoothly as expected (Lanti et.al., 2009). The Restated Cooperation Agreement (RCA) was finalized and signed on 22 October 2001. In accordance with the RCA, the performance of the operators are set through indicators in technical targets and service standards. They are number of customer/connection, Production Capacity, Service Coverage Ratio, Volume of Water Sold, Water-Loss or Unaccounted for Water (UfW). Today, there are some changes in ownership. It was 12 years ago since privatization of water services in Jakarta, started in 1997. Before 1997 the water service provider was a local government owned enterprise: PAM Jaya. In 1997 the concession of the west area was granted to PAM LYONNAISE JAYA, a Suez (formerly Ondeo Service) subsidiary company.

(majority) and PT. Kekar Pola and PT. Bangun Tjipta Sarana. After July 2006, the ownership was Suez Environment (majority), PT Astratel Nusantara (Astra International subsidiary, majority owned by Jardine Fleming), and Citigroup Financial Products. In the east Area, prior to 2007 the concessionaire was PT Thames PAM Jaya, owned by Thames of UK with majority shares and PT. Tera Meta Phora. Since 2007 Acuatico Pte. Ltd (majority) and PT. Alberta Utilities took over the company⁷⁷.

In 2010, Palyja was reported to have increased its connection number almost two-times compared to pre-PPP, from 209.895 connections in 1998 to 414.930 connections in June 2010. Aetra/TPJ was able to increase its connection number almost two-times compared to pre-PPP, from 278.083 connections in 1998 to 383.455 connections in June 2010. Palyja water production has increased from 150.4 M m3 in 1998 to 161.1 M m3 in 2009. Aetra/TPJ water production has increased from 245.9 M m3 in 1998 to 261.8 M m3 in 2009. Palyja Service Coverage Ratio has increased from 33.18% in 1998 to 64.09% in June 2010. Meanwhile, Aetra/TPJ Coverage Ratio has increased from 30% in 1998 to 59.65% in 2009. The total volume of water sold in Palyja in 1998 was 89,1 M m3, and increased to 137.7 M m3 in 2009. Meanwhile, Aetra water sold in 1998 was 105.2 M m3, and increased to 128.1 M m3 in 2009. In 1998, water-loss in Palyja concession was 58.63%, reduced to 44.34% in 2009, in 1st semester of 2010 it became 43.14%. Meanwhile, water-loss in Aetra/TPJ concession was 61.30%, reduced to 51.07% in 2009, and in 1st semester of 2010 becomes 50.45%

⁷⁷For detail discussion see Lanti et.al (2008), Lanti(1996), Lanti, (2004), Lanti(2006)

The problem is: those performances were not met to the promises delivered in PPP. The treated water quality has not reached drinking water standard (potable) yet, high level of water loss (about 45%), saturated of water tariff⁷⁸—that makes Jakarta average tariff is the

⁷⁸ The business sector moved from using pipe-water from a private operator to two options. First option is ground-water extraction. The problem of service of the private operators and the hiking price of the water, drive the business communities in Jakarta to take deep-water as their primary sources. It was hiking groundwater extraction in the last five years, at least by reading the contribution of deep-water-tax in 2009 was IDR 6 billion (the same as the Jakarta water company contribution to the local government budget). Indeed, there was a financial contribution of deep-water-tax, but to let it grow in the hiking scheme creates a severe problem to Jakarta land subsidence. The Jakarta government has reported that since 1950-1995 the Jakarta land subsidence was 45 meters. It continued for the next 17 years by about 2 meters. The most critical accidents happened in northern and western of Jakarta. In 2007-2009, Jakarta had some repeated severe floods, because the “Golden Triangle” of Jakarta (Sudirman Street – Thamrin Street – Kuningan Street) has been swamped by flood water. The President of the Republic of Indonesia even has to ride a motorcycle to reach the palace because of the heavy flood at the heart of Jakarta. Report gathered by JWRB led by Prof. Firdaus Ali?, has founded that the problem of flood at “Golden Triangle” was not merely come from the dense of rain in Jakarta, but because land of Thamrin Street Jakarta is getting down about 2 cm to 10 cm per years. Some of the high rise buildings in Thamrin Street, like Sarinah Building (the first Department Store in Indonesia) and Research and Technology Building (office of the Ministry of Research and Technology) have been found in serious cracks. Second option is reverse osmosis (RO). Jakarta Port Corporation, a State Owned Enterprises, Ancol Integrated Beach and Water Tourism, a government owned enterprises in Northern Jakarta, the biggest in Southeast Asia, and Mall of Indonesia, the newest and one of the biggest shopping malls in Jakarta, are now starting to use independent water treatment using RO technology. With the model of self-subsidy-tariff, these corporate actions reduce water subsidies for the poor. It was caused by 80% of the total water consumers in Jakarta reported as “subsidized consumers”. Therefore, the corporate action means the loss of water subsidy payers. The second type consumer is the household consumers who prefer to use shallow-groundwater or groundwater as their primary water sources. The consumers are preferring groundwater with two different explanations. For the consumers who live in southern Jakarta they have three reasons. The groundwater is available, the price of the groundwater is relatively cheaper than pipe-water, and water services they have is not performed. A high consumer in Pondok Indah reported to JWRB that she had a piped-water in her house, but she better use the wheel because she could have access to groundwater easily; meet her standard; and the cost to operate cheaper than pipe-water. The medium-low user in Southern Jakarta in Duren Tiga reported in the customer meeting in 2010 complaining about the water that is sometimes yellow-colored, the price is hiking, and no sufficient customer handling. For the customers in the northern area the answer was that they have no choice. The water supply is not there, even though they are still billed monthly, so they had a groundwater wheel with the severe condition. As noted, Jakarta northern territory is where the majority of 28% of “pemukiman kumuh” (poor urban population, slums) in Jakarta is located. The third type of consumer is those who buy water from push-carts. Most of them are living in northern Jakarta. They are using groundwater for bathing and washing, and they are using water from push carts for drinking and cooking. Most of them have piped-water connections, but the water has never been there. I have been to three locations in northern Jakarta where the area has no water supply from a private

highest compare to Singapore, Kuala Lumpur, Manila, Bangkok, Brunei, Hong Kong, and Taipei (see table 1) – and a huge number of silently customer dissatisfaction –per January 2009, 64,500 or 8.45% customers have no water at all⁷⁹ and many are still billed⁸⁰, coverage ratio only reaches 63.58%⁸¹ and it was based on unfair assumption that a single house-connection serve 7 persons⁸². In regard of water-loss, as the core issue in water services performance as it means the rest of the services are endangered⁸³, the problem of unsound performance in managing water loss instead of solved by performance, it was by reducing the target⁸⁴ so it close to the “passing grade” of the “new adjusted” one (see table 2).

water operator for 3 years to 7 years but still billed. In sum, due to the condition of low pipe-water coverage, households in Jakarta prefer to use groundwater as their primary water sources. Today, Jakarta's population is 8.9 million. By using private operators' claim on coverage of 63.58%, it still 3.2 million of people not served. Using the more reliable data of JWRB, where 1 connection accounts to 4 people, 42% of coverage ratio, more than half of the Jakarta population is using groundwater. In 2007-2008 about 63.33% of Jakarta people used groundwater wheels, both open and closed, and used electric-machine-pumps. The JWRB preliminary study in 2009-2010 found that the number is higher than the findings –it close to 70%. About half of them have a water-pipe connection, but because they still do not believe in the service quality, they still keep their groundwater wheel operating. The exception is the population who live in the high rise building (flat, public housing, apartment, condominium) which covers less than 15% of the total population. But the demand and user of the groundwater still high as we see that Jakarta still in the deficit of water supply even until 2020

⁷⁹ 763.000 of connections experienced no water.

⁸⁰ On February 2010, on a field visit to Muara Baru, North Jakarta, I found many poor customers, who have no water for 7 years but are still billed. I had documented in a movie, which was already sent to the operator, Jakarta authority, and Jakarta water stakeholders.

⁸¹ Far below MDG target of 80%–

⁸² If the basic assumptions change in composition of one household consists of 4 people, the total coverage ratio is 42%. This number has showed the low supply of the water service in Jakarta.

⁸³ Water loss (NRW/UFW) is the key indicator for water services performance. See Mays (2006), Djamal et.al. (2009), Kingdom & Martin (2006)

⁸⁴ In 2009 and 2010 the service level will pass the revised water loss target that was 47.15% and 46.05%, or reduced by about 30% from the previous by agreed target, 34.11% and 33,15%.

Table 1. Water Tariff Cities in Asia

City	Lowest Tariff	Highest Tariff
Jakarta	0,11	1,61
Singapore	0,31	1,39
Kuala Lumpur	0,14	1,27
Manila	0,15	0,75
Bangkok	0,26	0,48
Brunei	0,08	0,84
Hong Kong	0,55	1,19
Taipei	0,16	0,24

Note: value in US dollar

Source: JWRB, 2010; 1 USD = IDR 9.100

Table 2. Water loss target and revision

Year	Target: 1998-2022	Revised target: 2003-2007	Revised target: 2008-2012	Actual performance
1998	58,35 %			61,17 %
1999	54,79 %			57,94 %
2000	48,51 %			50,94 %
2001	47,15 %			50,78 %
2002	45,38 %			47,75 %
2003	43,50 %	44,65 %		45,26 %
2004	41,63 %	43,34 %		47,81 %
2005	39,76 %	41,75 %		50,36 %
2006	37,89 %	39,86 %		51,17 %
2007	36,02 %	37,99 %		51,01 %
2008	35,06 %	36,92 %	48,25 %	50,20 %
2009	34,11 %	35,56 %	47,15 %	44% (estimation)
2010	33,15 %	34,18 %	46,05 %	
2011	32,19 %	32,77 %	44,52 %	
2012	31,23 %	31,21 %	43,25 %	
2013	30,28 %	30,00 %	41,62 %	
2014	29,32 %	28,68 %	40,00 %	
2015	28,36 %	28,05 %	38,37 %	

Source : Jakarta Water Supply Regulatory Body, 2010

Was it about the failure of the private operators alone? It was not. There is a conceptual failure behind: a theoretical failure in public policy implementation.

“Theory Failure” of Public Policy

Public policy is whatever governments choose to do or not do; and what difference it makes (Dye, 1995). Since policy is about the difference it makes, hence it means that public policy must be for result (Dunn, 2004; Patton & Sawicki, 1993; Weimer & Vining, 1992; Nugroho, 2009). Public policy formulated by a given objective, and toward the objective the policy shall be measured. The sum is named as performance. Overall, it takes what is recognized as a public process which in its basic form consists of: define the problem, determine evaluation criteria, identify alternative policies, evaluate alternative policies, select preferred policy, and then implement the preferred policy (Patton & Sawicki, 1993). The value of policy is regard to what performance it makes. It drives toward policy implementation.

Thus, public policy has never been a public policy if it has never been implemented. Hence, most of the policy performances depend upon its implementation. The success and the failure are becoming the concern. In this case: policy failure. Weiss (1972) recognized two types of policy failures in its implementation: (1) program failures, it is when policy failed to be implemented as the design, and (2) theory failure, it is when policy implemented as the design but did not confer result as it wishes.

Jakarta water privatization through a public private partnership mechanism is a public policy, as it was a government decision intended to increase the level of water service quality, as compared to the prior failure. The failure of the PPP was due to the second policy implementation failure: “theory failure, policy implemented as the design but did not confer result as it wishes”. I would prefer the concept of “theory failure” rather than “governance failure”⁸⁵ as the

⁸⁵ About government failure see Bakker (2010) argued that water is not well served by the 'modern social imaginary,' and the alternative is grounded in deliberative democracy

failure is at the conceptual framework –theory— before it reaches the practice –the governance.

The policy of PPP in Jakarta was implemented as designed in the contract as developed by both parties: local water companies which represent the Government of Jakarta and the private partners, based on the belief on the good faith of the parties⁸⁶. Twelve years of implementation of PPP as the designed “has not conferred result as it wishes”; has not created “differences” –meaning far better differences.

The first failure is about theoretical assumption failure of *privatization theory*. Public private partnership (PPP) is one of the kinds of privatization⁸⁷. PPP⁸⁸ is a form of privatization since the basic principle

and in a profound understanding of water as a biophysical, cultural, aesthetic and public good.

⁸⁶ The good faith intention of the private sector is questionable, even in the investment as the core idea of inviting the private sector to public infrastructure. Richard Franceys (Senior Lecturer in Water and Sanitation Management) and Esther Gerlach (a Research Associate, both at the Centre for Water Research, Cranfield University, Bedfordshire, UK) viewpoint which refer that actually, the international players were hesitant to invest, because they were afraid of the high-level uncertainty of those developing countries. They found that the promotion of large-scale international private sector involvement as a means to deliver service reform was partially driven by initial expectation that the private companies could deliver, from private sources, the finance necessary to upgrade water and sanitation services. However, with a few exceptions, the private equity markets were not convinced enough to invest their money in pipes buried in the ground in low-income economies and, in hindsight with good reason (or perhaps more importantly the host government) to protect that investment (Franceys & Gerlach, 2008:6)

⁸⁷ Even though there is some disagreement about the terms, PPP’ terms at least included four critical areas. They are The sale of public assets: including the de-nationalization of public corporations and the sale of publicly owned land and buildings; Charging : this refers to the privatization of the financial costs of a service which is still provided by the public sector; Contracting out: this refers to the privatization of the production of a service by means of substituting private contractors for ‘in-house’ provision, although the service continues to be financed by the public sector; and Liberalization: also referred to as deregulation. This involves the relaxation or removal of statutory monopoly provisions, which have prevented private sector firms entering public sector markets. (Braddon and Foster, 1999: 3-4). According to Willis (2000: 4), privatization takes one of two principal forms. The first is simply the sale or transfer of state-owned enterprises (SOEs) to private sector entities. The second is a contracting out to a private company of service that was originally performed by a government entity. Stated by Willis that in some instances the private contractor/concessionaires own the assets associated with providing the services; in other cases, its operating assets are owned by the government. The second form of privatization can also be viewed as a variation of deregulation, since it involves removing

is how some strategic government's accountability toward public services is being transferred to other parties outside of government, either business or third organizations or non-for profit organization; either it is a contracting out, concession, to divestment⁸⁹.

restrictions that previously blocked private enterprises from participating in certain sectors of economic activity" (Willis, 2000: 4).

⁸⁸ Yescombe noted that there was a distinction between PPP in 'hard' infrastructure, whether economic or social, primary involving provision of buildings or other physical infrastructures, and PPP 'soft' infrastructure, involving the provision of services, either for economic infrastructure (e.g. street cleaning), or for social infrastructure (e.g. education and training, social services) (Yescombe, 2007: 1). The reasons vary. Stated by Yescombe that there is probably universal agreement that the state has to play a role in the provision of public infrastructure, on the grounds that: The private sector cannot take account externalities –i.e. general economic and social benefits— and therefore public-sector intervention required; Without such intervention infrastructure which has to be freely available for all ('public goods') will not be built, especially where this involves networks, such as roads, or services, such as street lighting; Competitive provision of infrastructure may not be efficient, and monopoly provision requires some form of public control; Even where competition is possible, the public sector should still provide 'merit goods', i.e. those that would otherwise be underprovided (such as schools, as the rich could pay for private schools but the poor would get no education); Infrastructure requires a high initial investment on which only a very long-term return can be expected. It may be difficult to raise private capital for this investment without some public-sector support. (Yescombe, 2007: 2).

⁸⁹ The strongest modern idea of PPP as government policy of privatization around the world perhaps stem from Prof. John Williamson, the economist of The Institute of International Economics, Washington DC, who in 1983 proposed a "prerequisites" for any countries, especially, developing countries, who would like to have any help from International Monetary Fund (IMF). The conditions were price decontrol, Fiscal discipline by reducing government budget; Public expenditure priorities, tax reform, financial liberalization, floating exchange rates, trade liberalization, domestic saving, dismantling negative investment list policy for foreign direct investment, privatization government corporation, deregulation, and property rights. The ideas were well-accepted by IMF and became a concept of "structural adjustment package" for any countries for seek help from IMF, and any financial stimulus package of IMF well-known as a "Structural Adjustment Loans (SALs) (See Brawley, 2005, 343). The core of the package was deregulation and privatization. They became the "magical stick" of IMF and the World Bank policy to remake the world's economics. The World Bank, for instance, published an influential WB-research funded with finding that privatization is one of the some "must" for developing countries, entitled *Bureaucrats in Business: The Economics and Politics of Government Ownership* (WB, 1995). The approach was becoming the belief therefore those two institutions seem to see the economic problem as a man with the only tool in his hand was a hammer, therefore he sees everything else as a nail (See Brawley, 2005, 343). Privatization of government companies and government related companies were hand in hand of the policy of letting go of the government service obligation which previously owned and managed the private sector. PPP was becoming a new best policy choice for the government to transfer their service to the "out-of-government" organizations, especially to the public-infrastructure-service-based. Even if it was not sold, there are still some government "power's areas" as the ultimate political body in the

According to Yescombe, PPP⁹⁰ is a private involvement in public infrastructure, facilities which are necessary for the functioning of the economy and society. They ‘economic’ infrastructure, such as transportation facilities, and utility networks (for water, sewage, electricity, etc.), i.e. infrastructure considered essentially for day-to-day economic activity; and ‘social’ infrastructure such as schools, hospitals, prison, etc., i.e. infrastructure considered essential for the structure of society. Yescombe argued that the public infrastructure should be provided by the public sector where competitive market pricing would distort behavior or lead to loss of social-economic benefit (Yescombe, 2007: 2).

PPP is the “darling” of many parties: Government, business, and international financial organizations (Marin, 2009). They have come to a single pot of justification: a PPP is thus an alternative to procurement of the facility by the public sector (‘public sector procurement’), using funding from tax revenues or public borrowing (see Yescombe, 2007: 3). Indeed, Braddon and Foster argued that policies aim to reduce the role and scope of the public sector, whilst encouraging private sector involvement in the ‘gap left’; aim to create, by legislative or regulatory

social and political system that transferred to the other lower body than the government –the private sector. The “power” is both tangible, such as assets, and intangible, such as services; it includes transfer of “ownership” (divestment) and “time of ownership” (concession). Idea to separate PPP from privatization seems like an academic but business-like-politically as euphemism effort.

⁹⁰ The PPP’s idea develops from period to period. A more recent development may be called ‘project-based’ or ‘contract-based’ PPPs, whereas define have the following key elements a long term contract (a ‘PPP Contract’) between a public sector and private sector party; for the design, construction, financing, and operation of public infrastructure (the ‘Facility’) by the private-sector party; with payment over the life of PPP Contract to the private-sector party for the use of facility, made either by the public-sector party or by the general public as users of the Facility; and the Facility remaining in public sector ownership, or reverting to public sector ownership at the end of the PPP Contract (Yescombe, 2007: 2-3). It was a worldly concept and practice; even it has different names for every region. The name of PPP mostly use in North America; World Bank prefer to name as “Private Participation in Infrastructure (PPI)”; there is also Private Sector Participation (PSP); in North America the name of Privately-Financed Projects (PFP) used in Australia; there is also P-P Partnership (to avoid confusion with PPP meaning ‘purchasing power parity, a method of comparing currency exchange rates to reflect the real costs of goods and services in different countries); and Private Finance Initiative (PFI), a term originating in Britain, and now also used in Japan and Malaysia (see Yescombe, 2007: 4).

means, new opportunities for private expansion into traditional areas of the public sector; aim to attract private sector investment and involvement to support government policies; aim to promote competition by increasing market pressure on assets remaining within public sector (Braddon and Foster, 1999: 3)

The theoretical assumption of PPP is because government unable to provide better services to the people, because of lack of professionalism –includes red tape bureaucracy— and financial difficulties –as to budget limitation—therefore the accountability may and shall be transferred to the private sector⁹¹. The idea was closed to the neo-liberal approach toward social policy, which bringing government services to the market mechanism was the best choice to hindered the worsening public services by government⁹².

To my finding, the privatization theoretical assumption was failing in the “value” of privatization, as the idea is “to create better service delivery and therefore performance” under the underpinning basic belief of any private business: profit. The values of PPP shall be underpinning toward the ethical goal of privatization: the best interest of the people, not the business player alone. Hodge (2006) founded that one of the critical programs of PPP is the failure to recognize ethical issue in the PPP has created the failed PPP⁹³. The same idea

⁹¹ See i.e. The World Bank which stated that Bureaucrats typically perform poorly in business, not because they are incompetence (they aren't), but because they face contradictory goals and perverse incentives that can distract and discourage even very able and dedicated public servants, the problem is not the people but the system, not bureaucrats per se, but the situations they find themselves in bureaucrats in business” (The World Bank, 1995: 3).

⁹² The term of neo-liberal is debatable. In this discussion I would like to refer Allan Pratt, 2001, *Neo Liberal and Social Policy*, in Lavallette, Michael, and Allan Pratt, eds., 2001, *Social Policy: A Conceptual and Theoretical Introduction*, London: Sage. Neo liberal social policy replaced social democrats’ social policy in the mid-1980s, but then criticized as not solving the problem. It was then Anthony Gidden who promoted “The Third way” as another alternative than social democrats and neo-liberals (Gidden, 2006).

⁹³ Hodge noted that PPP in public utilities as water is facing three critical wars: philosophical, technical, and ethical. Noted by Buttle: “War has been raging on at least three fronts. First, it is a part of a philosophical battle between individualism in preference to collectivism. The collective good as a priority over one’s own individual private interests is the lifeblood in the role of government. All public policy decisions are about determining how best to serve the interest of citizens and the public, rather than

promulgated by Buttle as to mention that PPP as a model of privatization has faced the ethical problem, not after implemented, but by the discourse assumption alone. PPP was discussed, promoted, policed, and implemented more as an economic and financial technical issue and as a withdrawal from ethical issues. Therefore, it was not easy to response Buttle statement that privatization should also regarded in ethical terms concerned with the pursuit of moral objectives and, therefore, appraised in moral, as well as economic and political terms⁹⁴.

solely private interest. The second front of the privatization war has been on territory of service delivery –what I was mentioning as “technical” (ed)–, and the question of whether the public or private sector is best placed to deliver government services. On the one side, privatization reformers attack with claims of inefficiency and service incompetence from government bureaucracies. Critics of privatization return fire with observations of cutting corners to increase profits and unethical corporate behavior. The third fighting front for the privatization war exists through the eternal struggle of capital interest against civility in society and human rights –what I was mentioned as “ethical” (ed)–. The territory witnesses ongoing battles between the powerful and sometimes shadowy influence of capital owners with a vicarious desire for higher rates of investment return on one hand, and the welfare of human beings, their human rights and governing for social cohesion on the other (Hodge, 2006: 1-2)”

⁹⁴ Buttle noted that Privatization concerns moral objectives in two respects. First, underpinning privatization is the vision of a good society, a society which is desirable, which ought to be achieved, which has more value than alternative types of society. This concern for the good society I will characterize as a concern for the ‘public’ sphere of ethics. Second underpinning privatization is a vision of a good person, of the sort of person who is considered to be morally admirable, whose life is thought to be of value and worth. This vision is primarily concerned with an identification of a range of virtues that a good person should possess if their life is to be morally commendable. This concern for the good person I will characterize as a concern for the ‘private’ sphere of ethics. ...the moral values underpinning the defense of privatization embrace ‘public’ and ‘private’ values concerning both an account of the good society and of the good person (Buttle, 1999: 17-19). Buttle founded that PPP as part of privatization policy choice crossing the democracy as the deceiver as he stated that privatization has not resulted in a free society of independent and responsible individuals, but rather, has resulted in a society where important decision are made by those who own and control the former public enterprises and where the freedom of those who require public provision is curtailed. This point also has significance with respect to the relationship of privatization to democracy...Criticism of privatization concerning the consequences of privatization for democracy are, first, that privatization does go against democratic values precisely because it does remove important issue from public determination and, therefore, undermine notion of democracy as self-government...Second, the shift of enterprises from the public to the private sector does not result in individuals as consumers or shareholders being able to exercise more control over the institutions that influence their lives than was the case enterprises were part of the public sector. Decisions in former public enterprises will not reflect the wishes of individual shareholders, the ‘Sids’, but will reflect decisions made by the directors and managers of these enterprises as well as responding to the influence of the large institutional shareholders. Whilst in the public sphere, at least, economic enterprises were subject t o some measure of democratic

What then should do? It takes a governance where government, as public representation, in control, to guarantee that the good governance is there. It is then the next theoretical assumption failure. The basic values of good governance are: accountability, responsiveness, independency, fairness, and public participations⁹⁵. Since private business is owned privately, there is no obligation toward its transparency, especially in the financial aspect –in regard to business efficiency and profits earned by the private business owner. The participation has the same platform. Government is not as the same as the “reinventing government” believers as an institution who sees public as their customer (see Osborne & Gaebler, 1992; Gaebler & Plastrik, 1996) but the real one was public as their customer and their owner (Mintzberg, 1996). Therefore, a government owned company or government linked-company has no choice than to invite public participation, especially in regards to tariff and pricing of the goods and services to be delivered. Independence is there, but the other values have vanished. According to Buttle:

“With respect to the consequences that privatization has on the distribution of resources between members of society, a number of criticisms can be made concerning the fairness of privatization. First, the privatization of public enterprise results in a loss of revenue for the public purse so that instead of profits being used by the state for public interest, such as to finance welfare institutions, these profits go to private individuals, institutions, banks, etc., with no commitment to the interests of society as a whole. Second, rather than resources being distributed to employees in the former public enterprises on any basis merit, income, for instance, would seem to reflect positions of power organizations. Whilst the managers and directors of the former public utilities, for example, would seem to have used their position to vastly increase their own incomes, the incomes of the ordinary employees have been held static or cut back, as well as the number of people employed in these industries being reduced.

control through the political process, once in the private sector such control is largely lost. Privatization, then, results in an impoverishment of democracy and leaves large areas of society's affairs beyond democratic influence (Buttle, 1999: 29-30).

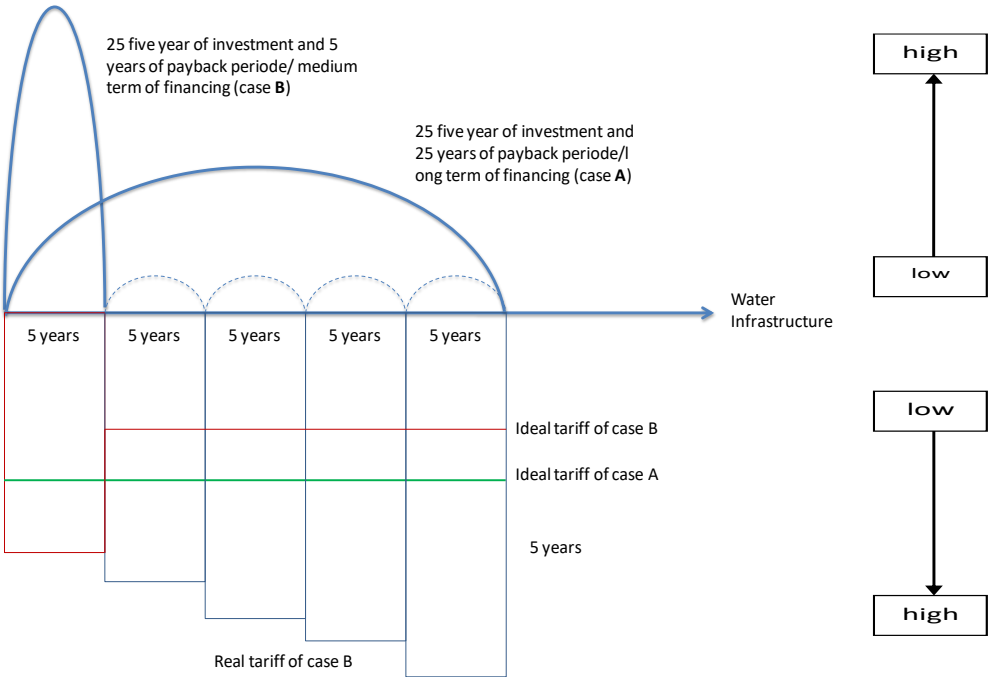
⁹⁵ See UNDP (2004), The World Bank (2001)

Third, the benefits and the costs produced by the former nationalized industry are distributed unfairly. Whilst some people may find that the costs of services have been reduced, others find that costs have been increased and, even, services withdrawn” (Buttle, 1999: 31).

The second failure is the mistaken assumption toward public infrastructure financial management. The investment in water service infrastructure is a high risk one. There are two options: provide the needed collateral –therefore it somehow needs more than a collateral commercial asset that might be provided by private entities – or obligated for higher interest fees, that make the investment higher to be repaid and hence become the saddle of the customer. In this matter, the Government has more capacity in collateral to make a better position in front of the lender. It is the first argument.

Secondly, water infrastructure investment shall be a long-term investment loan in order to keep the water tariff publicly affordable. Let us assume the depreciation of the water treatment plant is 40 years, therefore the payback period is assumed to be 25 years. It is a long-term investment and it needs long term financing. Private business has a “loan-term” from financial institutions only to short and medium term: 1-5 years. This means that the 25 five years of payback period must be shortened into 5 years. The impact is: the return must be extremely high. For the people, this means that tariff is also high; no matter what, even under poor performance. This is the first problem. The second problem is, as a private business, that the best achievement is when company revenue increases every year. Therefore, even after the payback period of 5 years is over (and payment is done by high tariff), there is no guarantee that the tariff will be reduced (see figure 1).

Figure 1. Incongruence of private loan-term with the logic of public infrastructure investment loan-term



The only eligible institution to 25 years of soft-loan is the government, especially toward global financial institutions. Therefore, transferring government accountability of project financing to the private sector does not automatically transfer the capacity for financial credit access. In this issue, what matters is not to transfer the eligibility to private entities, since it cannot be performed, but to improve the governance of the government management's loan –as the scheme was sometimes damaged by red-tape bureaucracy.

This finding is in line with Yescombe (2007) premise that while project-finance loans in general have long term repayment terms –say 15-20 years—most PPP project cash flow require debt service to be spread out over 20 years or more to match the natural life of the project, and produce an affordable cost for Public Authority. PPP projects offer a high level of certainty of long-term cash-flow, and therefore provide a good basis for long term loans. Typically, when a new PPP market opens up loan terms are shorter, and lengthen as lenders become used to the risk involved. Another factor which determines the length of a loan is the lenders' Cover Ratio requirements –the shorter the loan the higher the debt-service payments and so the worse the Cover Ratio becomes; so, from this point of view, paradoxically, the longer a loan the safer it appears.

Hence, it was clear that the 'long term' nature of a loan to PPP project may be misleading. Most commercial banks' deposits are short term in nature, so lending long-term leaves it mismatches –despite this they are prepared to make long-term loans for PPP projects because a large proportion of PPP loans are refinanced after the end of the construction period (see Buttle, 1999: 153). Buttle arguably stated that in developing countries, there may be no commercial lenders willing to provide long term loans; so in a country such as Brazil, where banks can earn a high return from short-term lending, there would be no good reason for them to divert funds to long-term loans, whether for PPP projects or anything else, therefore in such cases, other sources of finance will have to be found. (Buttle, 1999: 153). The mistaken assumption is: Government (i.e. Jakarta) reasons for PPP policy in the

water infrastructure investment of financial problems do not match the factual loan-scheme to the private sector –as the private sector is unable to generate money as effectively as the government.

The question is why is the private sector eager for public infrastructure PPP? Willis argued that the most capital-intensive of PPP as privatization has been characterized by long payback periods on investment, such as telecommunications, energy, transportation, water. However, they are accounted by the private sector as the “prima-donna” for generating a growing share of privatization revenues (Willis, 2000: 4-5). Yet, the real business argument is that all private wanting for business monopoly; and public services is always monopoly. PPP is a justification for the private sector to do monopoly legally (Funnel, Jupe, & Andrew, 2009). It is an opposite fact of business theory that monopoly shall be shunned; and public administration assumption that monopoly shall be government.

The third failure is because the private sector is an entity which endorses strictly following what is written and sticking to whatever is agreed as long as it is to preserve benefits, as it has embedded private risk and business primary interest of profit maximizing. The written contract document which is based on the “good faith” of private partners has set away the detail and importance of the underpinning value of water privatization, that water is a biophysical, cultural, aesthetic and public good (Bakker, 2010). The “failed performance” of the Jakarta water private operators is not about “their failure”, but about following the “failed contract” as it was not placing policy values at its core.

Promoted Model for Solution

Indonesia has adopted the idea of the “right to water” since its independence, which 1945 Constitution article 33 states that the land, the waters and the natural resources within shall be under the powers of the State and shall be used to the greatest benefit of the people, and under control of government. The statement of “under the control” has been politically used to justify water privatization, as it does not

mean that “all activities” should only be carried out by the government, but it is allowing to a certain extent on natural resources to be utilized by private, community or cooperative. However, it should be under the control of the Government. This argument strengthened by the Law No. 7 Year 2004 on Water Resources which is not merely stipulates that water resources shall be managed based on the principle of conservation, balance, public benefit, integrity and harmony, justice, independence, as well transparency and accountability; but also stipulates that water management can be managed by business or non profit institution.

The problem is not about the political justification, but it is about the performance, as the public is not as complicated as scholars and politicians; what they want is clean and safe water in their taps whenever they need to. Hence, water privatization in some big cities in the South East Asia, such as Kuala Lumpur (granted to Syabas Corporation), Penang (granted to Perbadanan Bekalan Air Penang) and Johor Bahru (granted to Rambahill Corporation) in Malaysia, Manila (granted to Manila Water), Singapore (granted to New Water Authority) (See Lanti et.al, 2006; Djamal, et.al. 2009), to London of UK (see Afghani, 2009) has granted with public acceptance as they had met their soundness. However, Jakarta water privatization is not.

The exercise of *theory failure* of policy implementation has proved that the core problem is not about privatization and the private sector alone. The experience of the successful privatization revealed that model of solution toward Jakarta cases are:

1. PPP shall be underpinning toward the *value of public service above business profit*. This value shall be the core in the contract of PPP and written clearly. From the ethical business⁹⁶

⁹⁶ Seeing how the private partners solve the problem of unsound performance in managing water loss is solved by reducing the target of water loss so it matches closely with the “new adjusted” target. It was stated that in 2009 and 2010 the service level will pass the revised water loss target that was 47.15% and 46.05%, or reduced by about 30% from the previous by agreed target, 34.11% and 33.15%. It was a less-ethical solution but acceptable in some private business practices. The criticism of this kind of business habit was discussed in What They Do Not Teach at Harvard.

to the most operational value, *service performance* is the first. In of Jakarta, the contract is noted about *service performance*, but limited as *indicative*, and it is more based on private partner financial requirement⁹⁷. Inexperience of PPP⁹⁸ let a big hole toward policy free rider's intervention. As Kingdon finding that in fact, public policy developed in the "garbage can model" as policy making process happens in the "organized anarchy" organization, because it undergoes the uncoupling three streams: problem, policy, and politics. The actor who could make those streams junction named as *policy entrepreneur*, they who can see or enhance the "window policy", the place where policy making is happening because the junction of those three streams is there (Kingdon, 2003). In the rough water, the "entrepreneur" might be the "free rider"⁹⁹. Good governance is the key toward successful PPP, as government and public still in control toward privatized services. Jakarta is not need to terminate the PPP, as there is no guarantee that government agency more capable to handle the services, as its prior experience. The agenda is to *change the contract* as to regard the underpinning value of PPP. The question is: is it possible to do, as the private sector has its owned strong interest toward "promised profit" as to the contract of PPP? In my experience as two terms of Regulatory

⁹⁷ Water privatization in the Jakarta contract was basically a performance based contract, but instead the target stated was rather an indicative measurement of performance. The contract is more a "financial requirement of the private partners" rather than about the performance itself that should be achieved and the expected benefit will then follow. The internal rate of return (IRR) was unclearly stated. It was pegged at 22%. The "technical assistance" fee is applied, like paying royalty. Water charge increases every semester regardless of the performance. It can be understood in the business thinking frame: Private business is a risk-avoidance organization, by nature. This is logical, since the investor puts in the money and the management should return the invested money with its "interest rate" that must be above the deposit interest rate of the bank. Therefore, they will strive hard to make a "risk-free" business contract. And this is not illegal as business must be profitable. The highest profit for the company is the business ultimate goal. It is the "rule of the game" for the private sector.

⁹⁸ It was the first PPP in water service evidence in Indonesia. There was no policy umbrella for the PPP.

⁹⁹ The process of privatization has been recognized as contaminated by corruption, collusion, and cronyism (See Lanti, et.al. 2006)

Board Member (2005-2010), it was a real hard task¹⁰⁰. Five years of inducing to re-write the contract, still none happened¹⁰¹. It reflects that any PPP in water agreement shall be *right* in the assumption and theory, and rightly written in the contract, as to prevent the *theory failure* of policy implementation. This called as micro agenda, as the macro agenda is that government has to develop the policy umbrella¹⁰². This task it is not merely about policy development, but about how government explain to the public what problems need fixing, why, and how (see Nickum, 2010).

2. The full concessionary does not mean that government has a right to “stay away” from the business. In regard to the financial model, government is still accountable for the primary investment, such as water treatment plant, raw water, and primary pipe, as its investment is a long-term investment. Therefore, private sector obliged toward secondary and tertiary investment. Consequently, as the investment has taken out from private sector Capital Expenditure (Capex), hence private sector obliged to invest toward Operational Expenditure (Opex) that makes the water price lower and government have more room to control. PPP is not as believed as justification of totally an alternative to provide government public service instead of using funding from tax revenues or public borrowing. As long last government public tax, there still obligation to put investment in the basic public utilities and services as clean and safe water. The idea that government may “clean their hand” toward water services post PPP is undue anymore. In the other hand, when the public affordability is too low, government shall promote a specific subsidy mechanism as known as *public service obligation* (PSO)

¹⁰⁰ For the discussion how private sector has low intention to change *anything*, see Franceys & Gerlach, 2008.

¹⁰¹ As to my experience in Jakarta, business tends to hide behind the legal agreement, no matter how harmful is the agreement to the public.

¹⁰² Law on privatization which is include public private partnership.

scheme¹⁰³; it was government provide subsidy to business or private sector as the obligation to provide public service has transferred to the business or private.

3. Jakarta authority has founded The Jakarta Water Regulatory Body, as an oversight committee toward privatization, but it is not functioning effectively yet¹⁰⁴. Its function shall be agreed by the PPP parties as encompassing the public assurance of business process efficiency, as practiced by Australia government to assure that business process is conduct in a good governance value¹⁰⁵. The regulatory body shall work as (good) water governance promoter¹⁰⁶.

This discussion shall leave the Hamletian¹⁰⁷ dilemma of “to be privatized” or “not to be privatized”, as the public is always pragmatic: the clean and safe water at their tap anytime they open it. The Jakarta case shall be the best example of the theory of failure of public policy. And, in my argument, the theory failure is beyond the implementation, but embracing the basic assumption of the policy. The recent approach, blaming the private partners and local government alone is not a solution.

The model of solution is to open the “window of opportunity” toward policy refinement and PPP contract rewriting. The room of new agreement is there as long as the parties, Government of Jakarta and Private Partners, recognized that the problem of PPP failure is not

¹⁰³ For discussion on PSO, see ADB (2002)

¹⁰⁴ As to my experience as the two-terms of Board Member of the Regulatory Body (2005-2010)

¹⁰⁵ Discussion with Dr, Peter Wilkins, Deputy Ombudsman Western Australia, 24 October 2010.

¹⁰⁶ In the UK, The Office of Water (Ofwat) has a strong power to mainstream water governance and economic regulator for the water and sewerage industry in England and Wales. Ofwat (The Water Services Regulation Authority) is the economic regulator of the water and sewerage sectors in England and Wales. We are here to make sure that the companies provide household and business customers with a good quality service and value for money. See www.ofwat.gov.uk/

¹⁰⁷ Hamlet Prince, a famous classical epic of the world great writer Shakespeare.

about unprofessional private partners or red-tape government, but it was because of the theory of public policy. It means, both of the parties have to add their new accountabilities: ethical values of PPP for the private partners, and government new accountability –about primary infrastructure investment and in certain circumstances provide “subsidy” in form of PSO. And, the new policy window opportunity is now open, whilst a solution is waiting to be taken.

Appendix 3.

Harmony in Multiculturalism: Malaysia Next Policy Agenda

1. Introduction

The paper generated the question: why does Malaysia need a new perspective on harmony in multiculturalism? Is the existing perspective insufficient, less relevant, or is there another reason to bring it up? Joan M. Nelson noted that Malaysia was one of the “fast growing nations in the globalization”. It was noted that the fast growth of Malaysia in its national development has contributed to the increase of living standard, prosperity, but also the emergence of the new facts, hope, and aspirations that transform the nation into, in my term, a new horizon of multiculturalism (Nelson, 2007). Multiculturalism is becoming part of Malaysia’s way of life. And, it becomes the core of today’s social policy. The agenda is how to create and develop harmony in multiculturalism. I will explore much from the “eastern” perspective.

What is multiculturalism? The term was introduced by the Canadian Government in 2001 to embrace that the country needs to recognize that the multi-cultural society must be transformed as a nation's asset rather than liabilities. The Government of Canada in 2001 defines that “Multiculturalism ensures that all citizens can keep their identities, can take pride in their ancestry and have a sense of belonging” (Government of Canada, 2001”).

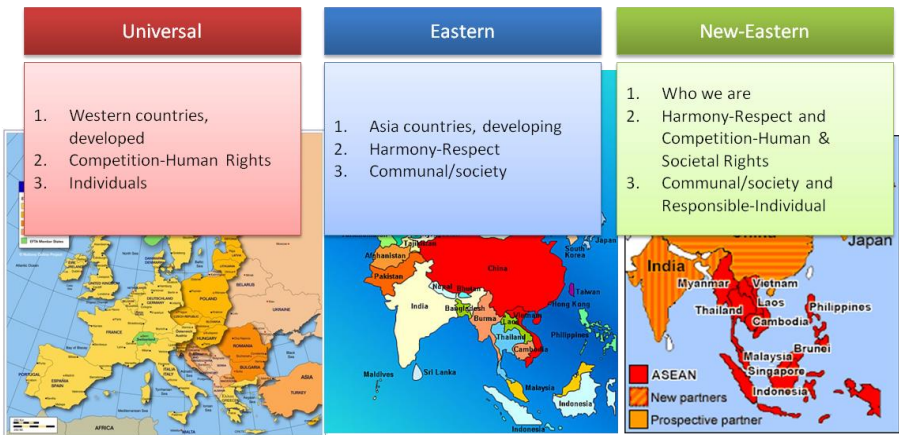
Multiculturalism, however, comes from the fact of cultural diversity in a society. It refers to the array of differences that exist among groups of people with definable and unique cultural backgrounds, whereas ethnic group is any distinguishable people whose members share a common culture and see themselves as separate and different from the cultural majority (Diller, 2003).

Multiculturalism is a social doctrine that distinguishes itself as a positive alternative for policies of assimilation, connoting a politics of

recognition of the citizenship rights and cultural identities of ethnic minority groups and, more generally, an affirmation of the value of cultural diversity (Kymlycka, 1995; C. Taylor, 1992). Multiculturalism is based on the belief that varying cultural dynamics are the fourth force—along with the psychodynamic, behavioral, and humanistic forces—explaining human behavior (Banks, 1992). Multiculturalism a perspective *recognizing the cultural diversity* and promoting respect and *equal standing for all cultural traditions* (Maconis, 2007: 56)

As a political practice, multiculturalism could be found as “*E pluribus Unum*”, “*Out of many, One*”, “*Unity in diversity*”, “*Bhinneka Tunggal Ika*”. But it is not merely about multiculturalism alone, but multiculturalism with harmony. It is as an eastern perspective toward a worldly fact.

Harmony is an Eastern word. It is the core values of east society both to keep it going and to move toward the future. The concept of multiculturalism in universal terms is impelling by Western words: from social democrat, conservatism, to neo-liberalist. Their basic values were individualism, competition, and human rights (Spicker, 1995). The eastern values were harmony, respect, and community. Indeed, the theory of cultural-determinism is not solely right, when, ultimately, in the interaction of western and eastern, there is a process of shared learning and developing new ideas and values. New developed values are melting between western and eastern. They are *individualists* with *respect* and *harmony*. There is *competition* and *cooperation*. There are *human rights* in *social context* as well as *individuals*. And, there are *rights alongside contributions*.



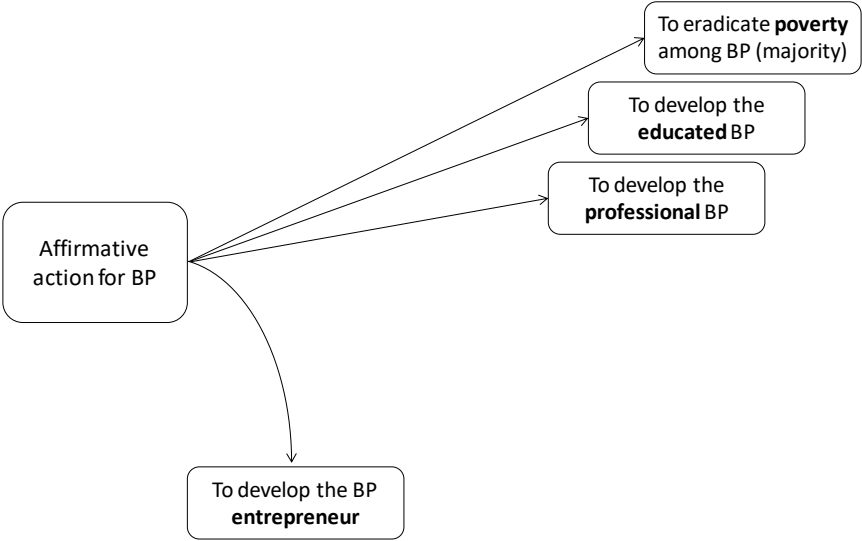
Malaysia Next Agenda

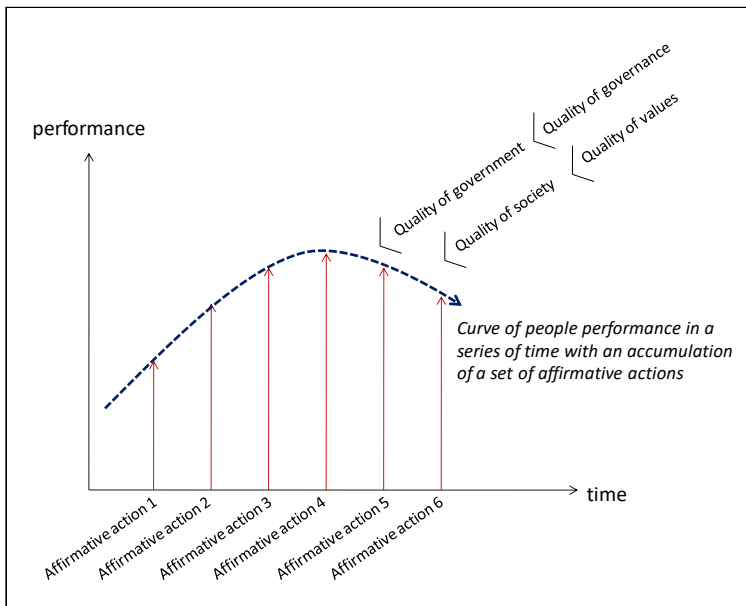
Why “harmony in multiculturalism” becomes the country’s next agenda? Malaysia is a middle-up income of developing countries, as its per capita income in 2011 is about USD 7,000. The challenge agenda nowadays is: the government keeps affirmative action policy that favors Malaysian citizens compared to Chinese and Indian. The affirmative action policy was introduced by Tun Razak after a severe race-conflict in Malaysia, between the Malay and the Chinese, on 13 May 1969, there was the core problem was the wide social-economic gap between Malay (poor, majority) and China (rich, minority). The King then appeals the affirmative policy for the Malay population, and then it was institutionalized in the national economic policy named New Economic Plan (NEP). The core of the policy was giving the Malay special treatment in economic –as well as social and political—development than the other ethnic: Chinese and Indian (see Falland, Parkinson, Saniman, 2003). The aims of the policy were:

1. To reduce the overwhelm poverty among Malay
2. To develop educated Malay –to balance the Chinese and Indian
3. To develop professional Malay –to balance the Chinese and Indian
4. To develop businessmen Malay –to balance the Chinese

and Indian

In 2010, the policy was succeeding in the first three performance, but less in developing Malay entrepreneur, as the entrepreneurship is more about talent and value, besides knowledge, practices, and disciplines (Gomez, 2010; Sheng, 2010)





The problem is: the affirmative policy is maintained up to –in regard to Malaysia 10 Plan of 2010—the year of 2020. There is no proposal or strategy to reduce the affirmative action toward majority as in the long run the policy creates two critical problem: the disintegrated nations that makes multiculturalism as a threat rather an asset, and the spoiled ethnic –which is Malay—that creates an immense comfort zone among the Malay, that in the long run it may reduce Malay’s competitiveness toward other ethnics in Malaysia, and it may influence the sustainability of today achieved performance. The more affirmative action was added in sustainability, the more performance passing-over the “peak” and turning down to some extent. It was as the economics’ law of the “Law of Diminishing Return”.

Rethinking Multiculturalism

Nelson (2007) stated that Malaysia is one of the fastest growing nations in the region. There are successes and also challenges alongside. There is modernization, increasing revenues, rapid demographic transition, urbanization, and ballooning education enrolment. The performance to become a middle-income country has

countered the new social problem. However, it becomes clear that the platform of managing the new Malaysia is how to manage development in today's multiculturalism. The challenge as the policy has been developed in the last 40 years (1970-2010) has promoted the different direction.

It is clear that multiculturalism has been part of Malaysia since its independence. Indeed, it was one of the government policy platforms today. Therefore, the agenda is not to put multiculturalism in the Malaysia core policy, but to rethinking its basic assumptions about reality, ABOUT THE NEW MULTICULTURALISM in Malaysia society.

In the past, multiculturalism was about ethnicity, race, and religions. It is a relevant agenda, as we see Malaysia consist of three dominant ethnic groups: the Bumiputera, about 58% of the population, Chinese 24%, Indian 8%, plus 10% of other ethnicities. Today, the assumption is beyond traditional segregations as ethnicity, race, and religions. The new assumptions of multiculturalism come from the relevant understanding of “culture” itself.

The first approach on culture today is about organizational culture. For any modern nation, there are two key cultures, the inherited culture and the organizational culture. The first culture refers to the ethnic cultures and its richness: clothes, dances, music, food, traditions, to Kris. The second refers to the new emerging culture as a nation. It is a way of life that was started by the founding fathers and developed from time to time as the building-block of the life of the nation-state to face the challenge of its existence as a modern political system. Sometimes, the organization culture comes from the inherited one, but often it develops from the new idea of a new nation.

The idea of organizational culture as key drive for success of any countries derive from findings of Harvard University's Academy for International and Area Studies' researches in 1999. The findings published as a book entitled Culture Matters: How Values Shape Human Progress Stated that organizational culture determines the success (or failure) of every organization, no matter what organization it is

(Harrison and Huntington, 2000). Organization's culture is a set of values and beliefs that bind society as one and as guiding behavior principles of the people inside the society to achieve their common goals.

In regard to the significance of organization culture as the key driver, a concern of the Malaysia case leads to the question: What is today Malaysia's organization culture? Malaysia has a developing organizational culture today: "Satu-Malaysia" (1Malaysia). We can find in the PM website about "1Malaysia". The PM stated that:

"1Malaysia is intended to provide a free and open forum to discuss the things that matter deeply to us as a Nation. It provides a chance to express and explore the many perspectives of our fellow citizens. What makes Malaysia unique is the diversity of our peoples. 1Malaysia's goal is to preserve and enhance this unity in diversity which has always been our strength and remains our best hope for the future. We will initiate an open and vital dialogue exploring our Malaysian identity, purpose, and direction. I encourage each of you to join me in defining our Malaysia and the role we must play in its future. Each of us — despite our differences — shares a desire for a better tomorrow. Each of us wants opportunity, respect, friendship, and understanding."

Malaysia is transforming in its cultural identity by bringing the new culture of 1Nation. The new understanding is that Malaysia will, and always will, "One-Malaysia". It is "A Unity in Diversity". In the format of an eastern approach, it means "harmony in multiculturalism" as "the new multiculturalism".

The new Malaysia multiculturalism will be Malaysia in globalization. It is the second approach to culture today. The agenda is an understanding that in globalization only the multiculturalists survive. There are three reasons. First, globalization drives intensely global human interactions. Second, those who survive are those who have less cultural shock. Third, multiculturalists get used to living in a different "cultural environment", so they are the "club of the less cultural shock". The closest agenda for Malaysia as a member of the Association of

Southeast Asian Nations (ASEAN) is ASEAN Community 2015. Malaysia has to become one of the leaders of the process. It is the future of Malaysia's strategic environment.

The Pathway

Malaysia's agenda is to accomplish the vision of "1Malaysia" as a necessary condition to reach the bright side of Malaysia. Surely, it is a tough job. We may see from three critical points to be aware. First, Malays predominate in the rural areas –on average, less prosper economically. Chinese are concentrated in urban and mining areas, where they control much of the nation's wealth; enmity between the two communities has occasionally erupted into violence. Second, there are new "differences" that appear; from political aspirations, "East and West", to "New Malaysia" as "the World Melting Pot". Third, it is regarding organizational culture performance. It is about the strength-or-weakness of the culture.

Based on Fukuyama's premise (1996), I develop two models of culture: the strength and the weak. The indicators are the same: It is about the society in which its way of life is *discipline and integrity*, and *alignment*. The difference is, in the weak culture nation, it is coming from *strict and binding* regulation, therefore people are following cultural values because of *external drive*, and practices on the basis of reward and punishment. The strong culture nation has people who practice the organizational culture's values because *they believe* that the values are theirs, and it determines their success or failure as the nation of the future. As a *belief* system, the practice is an inner driven one. It is conducted not because of *positive or negative* approaches of *reward and punishment*, but as public willingness and discipline.

As an exercise, I would like to develop a preliminary and *seminal* review and analysis as below.

Journey of cultural excellence: exercise on Malaysia, Singapore, and Indonesia

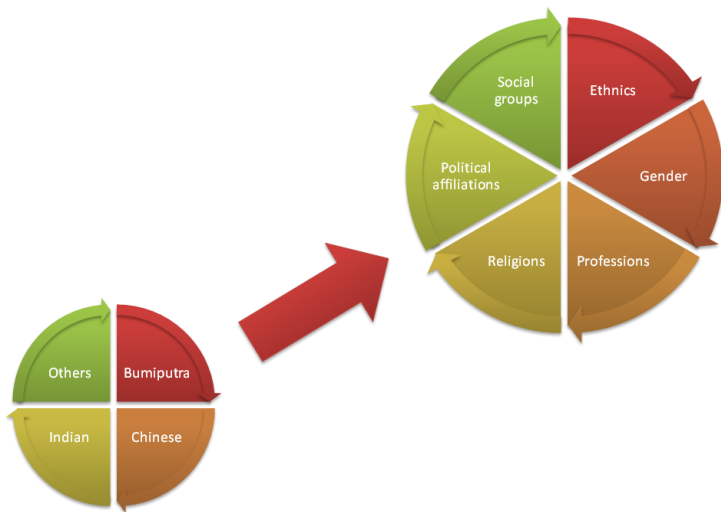
Countries	1980s	1990s	2000s	2010s	2020s
Malaysia	Weak	Weak	Weak – Med	Med	High – strong
Singapore	Weak	Med	Med – High	High	Strong
Indonesia	Weak	Weak – Med	Med	Med – High	High – strong

The multicultural problems of Malaysia today are because the understanding of “One Malaysia” somehow needs to be firm and clear. The perceptions that 1Malaysia is must be more “about right” than contribution. It is about to change the *basic assumptions* as I noted before. We can imagine if every citizen asked for their rights firmly, so I would preserve a simple statement: “If everybody asks for their rights alone, then nobody is right”. As noted by Management’s philosopher, Peter F. Drucker (1999), that people and organizations exist because of their contribution. I would like to note, no one has a right for her or his right except he or she contributes first. It is not about Kennedy’s words: “Don’t ask what your country does for you, but what you do for your country”. It is about a simple fact that every existence is born from one’s contribution. The challenge is how far government intervention can equalize among different cultural entities by introducing *contribution* rather than *rights*.

Another agenda is the perception about “indigenous and not-indigenous”. The challenge will be how long it will be kept as today. At certain times it won’t be relevant. Therefore, it takes a “step ahead” before it fades away. The additional ones are the perceptions about “harmony”, “multiculturalism”, and “harmony in multiculturalism”. It is a challenge to any scholars and universities to conduct research in regard to the obsolescence of those concepts in Malaysia’s society.

Those agenda ask to be critical since Malaysia will be the *melting pot of the world*. As we see today, foreign investment, expatriates, tourists, and the “people exchange” growth intensely. Malaysia tomorrow will

determine today. The basic theory of “multiculturalism” in Malaysia has to be changed from the “traditional” to the “contemporary-and relevant” assumption, as we try to describe as below.



Malaysia is a changing society in its robust development performance. If Malaysia is a society in change the choice is to anticipate the change or to be ahead of the change. The recommendation is to be *ahead of the change*. Since the dignity will be determined by Malaysia –or, either wise, others (see Tichy, 1992).

To do that, I would like to recommend two strategic steps. Firstly, it shall be an understanding of multicultural problems in Malaysia today and tomorrow. We have seen the government's efforts in recent days. Even the Prime Minister and Deputy Prime Minister have come himself as a leader of the process of “finding” the right-and-acceptance about the understanding of “1Malaysia”. In some of his speeches, Dr. Mahathir Mohammad has spoken about the same mission to bring about the vision of “1Malaysia”.

The political will is there. Therefore, the second agenda is to develop policy on “Harmony in Multiculturalism” in Malaysia. What is public policy? Abraham Kaplan and Harold Laswell (1970) defined public policy as a projected program of goals, values, and practices. Thomas R. Dye (1995) defined it as whatever governments choose to do or not do. It is what governments do, why they do it, and what difference it makes. In my teaching, I develop understanding of public policy etymologically. It comes from words of: public and policy. Public is a group of people who are connected to a specific issue. Public is also a sphere where people become citizens, a space where citizens interact, where state and society exist. Policy is an authoritative decision. Decisions made by the one who holds the authority, formal or informal. Therefore, public policy is any of State or Government decision, as the holder of the authority, to manage public life, as to remember, nation is always consist of two institutions: state and society, in order to reach the mission of the nation, which the mission of the nation always stated firmly in the Constitution.

The question will be “Why public policy?” The excellence of the nation-state, no matter their political system, democracy or discounted-democracy, will depend more and more upon how the nation-state is able to develop excellence public policies (Nugroho, 2009). Public policy is the guarantee of good governance. I would like to use Bhatta's understanding on governance. He stated that “governance is the relationship between governments and citizens that enable public policies and programs to be formulated, implemented, and evaluated” (Bhatta, 2006). If we believe that what we need is good government and also good governance, therefore, today's CORE AGENDA of good governance is about *PUBLIC POLICY*.

Social Policy: Harmony in Multiculturalism

What will be the social policy on “creating harmony in multiculturalism”? The key step is to define the concept of “1 Malaysia”. It must be right, relevant, and manageable – “RRM” formula. It is suggested to be continued by the task of *managing*. It must be

managed –not merely *engineered*. It means: planned, organized, led, and controlled, all with the “well-ness” quality. And the crucial aspect is *leading*. Leading means *set examples*. In the overall process, it needs a thinking of a “Game Model” for public policy on “creating harmony in multiculturalism”

The RRM formula starts from its *rightness*. Right means “1Malaysia’s goal is to preserve and enhance this unity in diversity which has always been our strength and remains our best hope for the future”. *It is about contribution; it is not about rights alone!* Relevant means “accommodate the new existing and strategic differences that contribute significantly toward Malaysia’s multiculturalism”. Manageable means there shall be a strategy of “how to prepare all the citizens (including corporate citizens) to become ready as ‘One Nation’ in the three key platforms: social, economic, and democracy”. “One-Malaysia” needs a strategic readiness.

The matter is now about managing policy. It is about detail. It takes “cultural competence”; an ability to effectively provide services cross-culturally Diller (2003). Cultural competence is a set of congruent behaviours, attitudes, and policies that come together in a system, agency, or among professionals and enable that system, agency, or those professionals to work effectively in cross-cultural situations (Cross, 1989). Cultural competence whether in system, agency, or individual professionals, is an ideal goal toward which to strive. It does not occur as the result of a single day of training, a few consultations with experts, reading a book, or even taking a course. Rather, it is a developmental process that depends on the continual acquisition of knowledge, the development of new and more advanced skills, and an ongoing self-evaluation of progress (Cross, 1989).

According to Cross, there are some values of cultural competence. They are: respects the unique, culturally defined needs; acknowledges culture as a predominant force in shaping behaviours, values, and institutions; views natural systems (family; community; church; healers, etc) as primary mechanisms of support for minority populations; starts

with the “family” as defined by each culture, as the primary and preferred point of intervention; Acknowledges that minority people are served in varying degrees by natural system; Recognizes that the concept of “family”, “community”, etc. are different for various cultures and even for subgroups within cultures; Believes that diversity within cultures is as important as diversity between cultures; Functions with the awareness that the dignity of the person is not guaranteed unless the dignity of his/her people is preserved; Understand that minority clients are usually best served by persons who are part of or in tune with their culture; acknowledge and accepts that cultural differences exist and have an impact on service delivery; treats peoples in the context of their minority status, which creates unique mental health issues for minority individuals, including issues related to self-esteem, identity information, isolation, and role assumption; advocates for effective services on the basis that the absence of cultural competence anywhere is a threat to competent services everywhere; respects the family as indispensable to understanding the individual, because family provides the context within which the person function and is the primary support network of its members; recognizes that the thought patterns of non-Western peoples, thought different, are equally valid and influence how clients view problems and solutions; respects cultural preferences which value process rather than product and harmony or balance within one’s life rather than achievement; acknowledges that when working with minority clients process is as important as product; recognizes that taking the best of both worlds enhances the capacity of all; recognizes that minority people have to be at least bicultural, which in turn creates its own set of mental health issues such as identity conflicts resulting from assimilation; functions with the knowledge that behaviours exist which are adjustments to being different; understands when values of minority groups are in conflict with dominant society values (Cross, et.al., 1989: 22-24)

In terms of individual cultural competence skill, Diller (2003) noted some areas: *awareness and acceptance of differences; self-awareness; dynamics of difference; knowledge of the other’s culture; and adaptation of Skills.*

Base on those findings and notes, I would like to suggest the detail of the policy in formula and implementation as coverage five areas:

1. Socialization of the value of friendship (Persahabatan, Persaudaraan, *Silaturrahim*) through school institutions (school management and curriculum), social groups (social activities, people help people), and corporations (CSR)–about social development
2. Entrepreneurial education for all children from elementary school –about economic development
3. Education for all until senior high school plus introducing the Malaysia’s democratic system for the high school and universities students –about democracy in the Malaysia Corridor
4. Plus, Good Governance. It is about accountability (say NO to corruption), fairness (justice issue to gender issue), responsiveness (forward looking), and transparency (“sunshine is the best disinfectant”)
5. Plus, three competence in thinking: “thinking forward, thinking again, and thinking across”

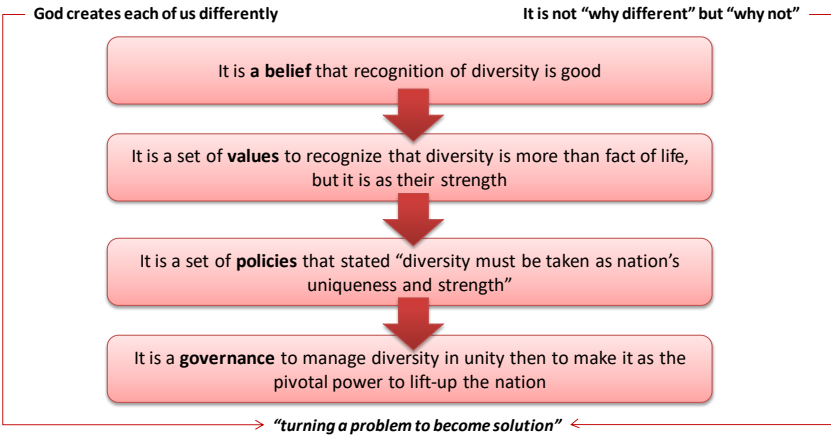
Last but not least: “Leader matters!” I would like to quote Bong Siong Neo & Geraldine Chen finding here:

“The political leadership sets the policy direction, agenda, tone and environment of the public sector. If the political leadership is corrupt and ineffective, the potential of the public sector, no matter how competent, would be severely hampered!” (Bong Siong Neo & Geraldine Chen, 2009)

Conclusion

Multiculturalism now needs to become the mainstream policy of Malaysia development. It is advised as a value of public policy in social development as well as economic policy. There is a need to reform the basic assumptions beyond traditional segregations. It also needs to

take the relevant values of “One Malaysia” from right alone to rights and contributions to reach equality. The conceptual framework is being portrayed as below:



The new and future Malaysia shall be better and brighter than today. It takes a social policy on developing harmony in multiculturalism. As an ending, I would like to underline Richard Titmuss (1977), a social policy scholar, who first introduced social policy as discipline, which noted that *social policy is policy*. It is called policy because we *aim to change for the betterment*. We change because we are able to do so.

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Do you think that democracy is the core agenda for the developing country? Yes, but it is not today. The agenda now is to develop excellence public policy. Public policy theories and practices of the developing countries now emerge as the world discourse and next mainstream model. As China –the non-democratic countries—has become the world economic giant. Singapore, the less democratic country, has led as the most prominent city-nation in the world, with GDP per capita surpasses some Western Europe countries. Meanwhile, the democratic countries such as Japan, South Korea, and Taiwan are becoming member of the world leading nations. The issue therefore is not about *democracy*, but *what next*, after democracy (or less and not democracy)? Public policy is. It is any state and government decision to bring the nation's vision to become facts. This book is about *public policy for developing countries*, which is include *what developing countries* model of public policy that seemingly never been taught in the formal course of public policy.

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