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Development Aid, Institutional Change, and Local Democracy:
Investigating the Role and Impact of Elected Councils in Rural
Indonesia

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A dissertation
submitted in partial fulfillment of the
requirements for the degree of

Doctor of Philosophy

University of Washington

2019

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Program Authorized to Offer Degree:
Political Science

University of Washington

Abstract

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Investigating the Role and Impact of Elected Councils in Rural Indonesia

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I investigate the consequences of recent attempts by multilateral and international development agencies to foster democracy at the local level across the developing world. Specifically, I examine how the creation of elected councils under the active support of development agencies shapes the character of local democratic governance. I advance a theory of how the creation of these councils influences the distribution of political power, the political participation of local residents, and the political inclusion of disadvantaged groups, and I evaluate the impact of these councils in rural Indonesia. Based on a natural experiment that analyzes an original survey data set and in-depth interviews and discussions with village residents, I uncover an unexpected set of findings. I find that the creation of an elected council strengthens the political role and influence of poor, ethnic majorities within villages who are predominantly men, but it does so at the expense of minorities, women, and the rich. The evidence suggests that international efforts to foster local democracy end up fostering an exclusive form of democracy that lays the groundwork for a local form of populism.

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ACKNOWLEDGMENTS

I would like to extend my heartfelt appreciation to everyone who made this dissertation possible. First, I would like to thank my committee members—Victor Menaldo, Chris Adolph, and Margaret Levi—for helping me through this challenging yet fulfilling process. I am grateful to Victor Menaldo for always encouraging me to pursue my academic interests, for providing me with incisive comments and feedback, and for his willingness to push me to new heights as a researcher. I am grateful to Chris Adolph for showing me what it means to conduct rigorous empirical research, for helping me to nurture a passion for learning and applying research methods, and for taking the time to provide me with valuable advice on the future direction of my research. I am grateful to Margaret Levi for always being available to provide me with feedback on my work, for providing me with new opportunities for growth and development, and for showing me what it means to be truly dedicated as a researcher and political scientist. This project would not have been possible without their support over the years. I would also like to thank Clair Yang and Yoram Barzel for serving as my GSR during my final exam and general exam, respectively.

I would also like to thank everyone who helped me work through the nuts and bolts of my research. I would like to thank Audrey Sacks for being an invaluable resource in connecting me with people at the World Bank and for giving me opportunities to study local governance and social protection in Indonesia. I would like to thank Lily Hoo for graciously facilitating my visit to Jakarta and for connecting me with the right people at SMERU. I would like to thank Muhammad Syukri and Palmira Bachtiar for making it possible to visit Central Java and East Nusa Tenggara for my fieldwork, and I would like to thank Edel Witu and Ridwan for meeting with me during my field visits. I would also like to acknowledge generous

funding from the Richard B. Wesley Endowed Fellowship in Political Economy and the David J. Olson Graduate Research Grant to conduct my research.

In addition, I would like to thank the graduate students of the University of Washington's Department of Political Science, especially David Lopez and Nora Webb Williams, for giving me valuable feedback on earlier drafts of this project at the Severyns Ravenholt Seminar in Comparative Politics and my practice job talks. Finally, I would like to thank my parents and Grace Yoo for their encouragement over the years; I would like to thank Shelley Jung for being a pillar of support during the dissertation writing process; and I would like to thank Alec Kennedy, Phonraphee Thummaphan, and Paolo Baylon for their friendship during graduate school.

DEDICATION

to my parents

Chapter 1

INTRODUCTION

1.1 Questions and Puzzles

Recent years have witnessed the rise of coordinated efforts by the international community to foster democracy from the bottom up across the developing world. In countries ranging from Bolivia to Uzbekistan and Morocco to the Philippines, multilateral development agencies have been partnering with international aid donors to support the creation of democratic institutions at the lowest administrative levels with the aim of enabling citizens to exert greater control over local political decision-making. In Morocco, for example, the International Bank for Reconstruction and Development (IBRD) and a consortium of international donors including the European Union, China, Saudi Arabia, and the Arab Fund for Economic and Social Development have allocated US\$1.2 billion in loans, grants, and technical assistance to support the creation of new channels for over 10 million citizens in urban and rural communities to decide on the construction of small-scale infrastructure projects, including schools, roads, and irrigation systems (The World Bank, 2017).

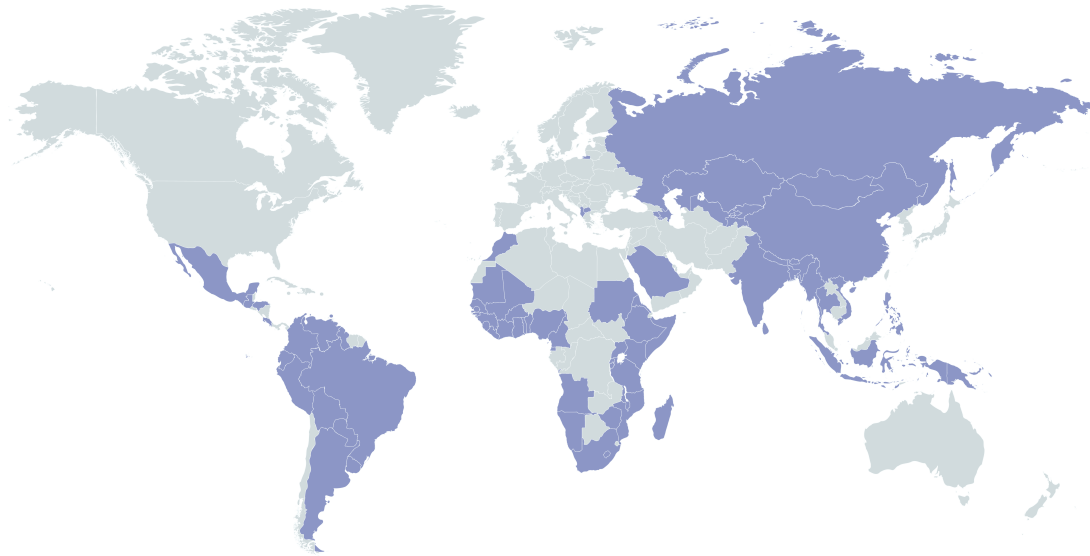
How effective are these bottom-up efforts to strengthen democracy? The answer to this question matters greatly. International efforts that succeed in cultivating active and robust forms of democracy at the local level can stimulate economic development by eliminating information asymmetries between citizens and public officeholders, increasing the transparency of political decision-making, and motivating a greater commitment among local residents to achieving development goals (Stiglitz, 2002). They can also help to reduce local inequalities by better enabling public funds to target the needs of the poor (Mansuri & Rao, 2004) and ensuring that all individuals, especially the poor and marginalized, voice their opinions within society—an end of development in itself (Sen, 1999). In addition, they can coalesce

with efforts to strengthen democracy from the top down to help consolidate democratic governance overall (Finkel, Pérez-Liñán, & Segilson, 2007).

Pursuit of these benefits has fueled lavish spending on aid programs that support democratic institution-building at the local level: international donors are pouring in about US\$13 billion per year to support 190 projects in 79 countries, and the World Bank currently allocates 5-10% (around US\$2.5 billion) of its annual loans toward supporting these projects (Wong & Guggenheim, 2018). Figure 1 shows their proliferation across the developing world. Yet, scholars and policymakers are sharply divided on whether they believe these efforts are fruitful. This debate has been characterized by two compelling, yet opposing views. Some researchers argue that development aid has enormous potential to strengthen democracy at the local level. They contend that aid supporting the creation of democratic institutions motivates citizens to take control of local political decision-making (Avdeenko & Gilligan, 2015; Fearon, Humphreys, & Weinstein, 2015), curtails the political influence of local elites (Beath, Christia, & Enikolopov, 2013a; Grossman, 2014), and brings previously disadvantaged and marginalized groups into the political process (Beath, Christia, & Enikolopov, 2013b). Other researchers argue that these efforts should do little to achieve these goals. This is because it is difficult to prevent the democratic process from being captured by elites (Bardhan, 2002); it is difficult to overturn social barriers to political inclusion (Duflo, 2005); and it is difficult to convince local residents not to merely free-ride off the efforts of others (Olken, 2007; Olson, 1965).

This contentious debate has given rise to a growing body of research that seeks to evaluate these efforts. However, the evidence thus far has been mixed. Some researchers have uncovered evidence to suggest that international efforts to promote local democracy curb the political power of long-standing elites (Grossman, 2014), stimulate political participation among local residents (Avdeenko & Gilligan, 2015; Beath, Christia, & Enikolopov, 2017; Labonne & Chase, 2011), and enhance the inclusiveness of political decision-making (Beath et al., 2013b). Yet, others have uncovered evidence to suggest that they do little to achieve these goals: elites remain firmly in control of local politics (Beath et al., 2013a; Fritzen, 2007),

Figure 1.1: Countries with Democracy Aid Allocated to the Local Level



political participation remains stagnant or declines (Humphreys, Sanchez de la Sierra, & Van der Windt, 2014), and marginalized groups are kept out of the political process (Casey, Glennerster, & Miguel, 2012; Gugerty & Kremer, 2008). These findings have added fuel to the debate on whether aid facilitates democracy at the local level, and they have raised the important question among both scholars and policymakers about what institutions matter and why (King & Samii, 2014).

I seek to address these questions by looking deeper into the consequences of bottom-up efforts to foster democracy. I do so by focusing my attention on recent support for one type of institution-building. An important way that multilateral development agencies and aid donors have sought to strengthen democratic governance across developing countries is by providing funds and technical assistance to support the creation of an elected local council (Mansuri & Rao, 2013). Based largely on the *gram panchayat* system in India, these consist of a small group of local residents who are elected to office to serve the community at large, similar to a town or city council. They have become a common inclusion in community-driven

development (CDD) programs, the main policy instrument of aid donors and development agencies, and they are designed to create a new branch of public officeholders who support the democratic process. However, skeptics maintain that they should suffer from the same problems as other forms of institution-building: they should do little to overturn existing power structures, remove barriers to participation, or overcome the temptation to free-ride. These councils have been widely transplanted to developing countries under the active support of aid donors and development agencies in countries ranging from Russia to Sierra Leone, but there is limited evidence on what they actually achieve. The limited amount of evidence uncovered thus far is also inconclusive (Beath et al., 2013a; Chattopadhyay & Duflo, 2004). This has meant that the logic by which they shape the democratic process has also remained largely unexplored.

I therefore examine the consequences of this type of institution-building to better understand whether bottom-up efforts to strengthen democracy fail or succeed. I consider the theoretical bases, underlying conditions, and causal mechanisms by which they shape the characteristics of local politics. First, I consider how they influence the distribution of political power at the local level and whether they shift the balance of power between local residents and local elites. Second, I consider how they shape the dynamics of local political decision-making and whether they motivate different forms of political engagement among local residents. Third, I consider how they shape the inclusiveness of local politics and whether they work to integrate politically disadvantaged groups into the decision-making process. Furthermore, I seek to generate a new body of evidence to assess the role and impact of these elected councils. I study the recent introduction of elected councils across villages in rural Indonesia using a mixed methods approach to examine how they have been shaping the dynamics of village governance. I then compare my findings with past studies in other countries to better understand the generalizability and scope conditions of the results uncovered thus far.

I proceed in this chapter with a description of the theoretical framework, the argument, and the hypotheses before outlining the research design, data, and methods of my study. I

then offer a summary of the results and discuss the ways that the results meet my theoretical expectations. Afterward, I extend and build on my theoretical framework to make sense of the discrepancies between my predictions and my findings. I follow up by discussing the policy implications, contributions, and conclusions of my research, and I finish by providing an outline of the rest of the study.

1.2 Theoretical Framework

Researchers have long been interested in the question of whether development aid promotes democracy. Existing theories have maintained that this can happen in three ways: via modernization (Almond & Powell, 1965; Lipset, 1959; Rostow, 1959), via conditionality (Bräutigam & Knack, 2004; Goldsmith, 2001), and via direct support for democratization (Carothers, 1999; Knack, 2004). In recent years, the third has become the subject of much interest among researchers and policymakers (Bermeo, 2011; Carothers, 2015; Krasner & Weinstein, 2014a; Savun & Tirone, 2011; Scott & Steele, 2011). Also known as “democracy aid” or “democracy assistance”, this is comprised of technical assistance and funds that are “specifically designed to foster a democratic opening in a non-democratic country or to further a democratic transition in a country that has experienced a democratic opening.” (Carothers, 1999). Although this aid has largely been used to support democratization at the national level, recent years have seen a large expansion of it channeled to the local level across the developing world.

The main way that international aid donors and development agencies have delivered this aid to the local level are community-driven development (CDD) programs.¹ These programs are designed to stimulate political and economic development by granting citizens direct control over the allocation of resources and enabling them to select and design their own small-scale infrastructure projects (Mansuri & Rao, 2013). Inherently, they also involve the creation of democratic institutions at the local level, which expand citizen control over po-

¹When community-driven development (CDD) programs have been introduced to a post-conflict setting, they have been called community-driven reconstruction (CDR) programs.

litical decision-making and check the interests and ambitions of local political elites (Fearon, Humphreys, & Weinstein, 2011). One specific way this can happen is through the creation an elected local council, which involves the formation of a new branch of public officeholders composed of local residents who are meant to facilitate the democratic process. These councils can work to strengthen democratic governance in the following ways.

1.2.1 The Distribution of Political Power

The creation of an elected council involves the creation of a new group of political officeholders who are selected by the community at large. Fundamenetally, this should work to alter the distribution of political power at the local level. In their absence, political power is commonly held by a small group of individuals such as a ruling elite or a single individual like a village chief in developing countries. The creation of an elected council, however, dilutes the power held by these individuals and reassigns a portion of it to newly formed council members. This has the basic potential to strengthen democratic governance by ensuring that political power is not concentrated in the hands of the few.

Furthermore, diluting the political power held by incumbent elites and allocating it to a group of elected council members should redistribute power to individuals whose goals, interests, and values are closely aligned with the residents who elected them to office. This means that council members will be incentivized to advance the interests of local residents because they can be held politically accountable in the future by the residents who elected them to office. The creation of an elected council can therefore strengthen local democracy by empowering a group of officeholders who are motivated to check the interests and ambitions of incumbent elites and strengthen the political voice of local residents.

1.2.2 Political Decision-Making

The creation of an elected council can strengthen democracy by redistributing political power among a broader group of officeholders, but it can also do so by motivating local residents

to engage in local politics. There are four broad mechanisms by which the creation of an elected council can stimulate this type of political engagement.

Political Accountability

First, elected councils can stimulate political participation via the logic of political accountability. This is based on the fact that they introduce a new way for local residents to hold public officeholders responsible for their actions. Citizens have a motivating interest to see public officeholders work on behalf of their demands and interests. One way they can achieve this goal is by having officeholders anticipate that they will have to render accounts for their actions. Citizens therefore face incentives to invest time and effort to observe the behavior of incumbents and gain information on their performance, so they can choose to sanction or reward them when it is time for re-election (Przeworski, Stokes, & Manin, 1999). This means that local residents can be incentivized to invest their time and effort into obtaining information on the behavior and performance of council members to develop an informed vote choice in the future, which can translate into higher levels of political engagement.

Political Mobilization

Elected councils can also stimulate political participation by means of political mobilization. In this view, whether local residents decide to contribute to local politics depends on “leadership capital” or the skills and experience of political leaders in motivating local residents to contribute to the welfare of their communities (Fearon et al., 2015). Elected councils have the potential to create a new group of public officeholders with the skills and experience to mobilize local residents to engage in political affairs. This can take the form of initiating contact with local residents to attend and participate in political gatherings, informing residents on political matters, and scheduling and conducting council meetings to plan and execute their duties. Elected councils that exhibit this leadership capital can then increase the likelihood that local residents will decide to politically participate.

Social Capital

A third way that elected councils can stimulate the political engagement of local residents involves the role of social capital. In this view, active involvement in public affairs depends on the “features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated action” (Putnam, Leonardi, & Nanetti, 1993). This focuses on the role of social or interpersonal trust, which is crucial because motivating citizens to politically engage suffers from the basic problem of free-riding. Citizens may be expected to contribute to the political decision-making process, but they face strong temptations to shirk and benefit from the efforts of others. Elected councils have the potential to stimulate political participation by creating new ways of fostering a closely knit community and building trust between local residents. This can occur when council members personally engage with residents and raise awareness about their concerns with others who are concerned about enhancing the welfare of the community. Elected councils can then also work to promote political participation by enhancing social capital.

Political Trust

A final way that elected councils can stimulate political engagement involves the role of political trust. Political trust is a form of trust that reflects citizen beliefs about the intentions and behavior of political officeholders. It can be understood as the knowledge or belief among citizens that political officeholders will follow through with their commitment to act in their best interests (Levi & Stoker, 2000a). When local residents are given a chance to elect the members of a local council, they should choose candidates who they deem to be trustworthy, especially in comparison to when officeholders are appointed by a small group of elites. This can have important consequences for boosting political engagement. Local residents should expect that contributing to the political decision-making process will more likely translate into benefits for themselves and their communities. They should also be more willing to cooperate with elected council members in the political decision-making process, in a similar

way that higher levels of interpersonal trust should motivate residents to cooperate with each other. The creation of an elected council can therefore work to promote political engagement by enhancing political trust.

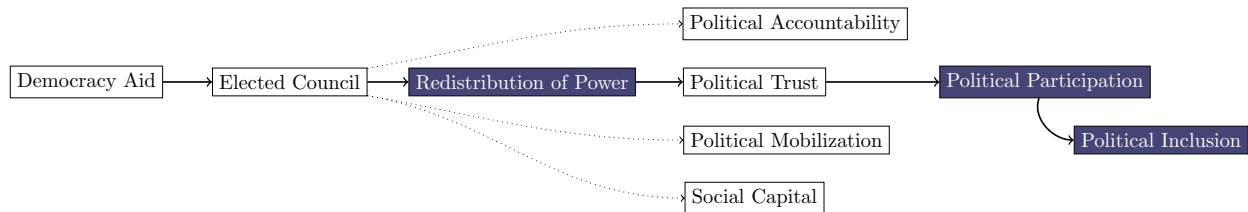
1.2.3 The Political Inclusion of Disadvantaged Groups

The creation of an elected council can work to strengthen local democracy by motivating local residents to contribute to political decision-making in the ways discussed above. However, this should not apply to just a small subset of the community. It can also help to support the involvement of politically marginalized and disadvantaged groups, which commonly include women and minorities across developing countries. This can happen for two main reasons. First, elected councils can help to bring in members of politically disadvantaged groups as public officeholders, since they are chosen by citizens who are also part of these groups rather than a narrow group of elites who usually represent the privileged male ethnic majority. If elected council members are themselves a member of these groups, they should be personally invested in having the interests of these groups better reflected in political decisions. This means that they should be motivated to speak and act on their behalf. Second, even if elected councils members are not a member of these groups, they should motivate individuals in these groups to politically engage as part of a broader effort to stimulate the political involvement of all residents in the ways discussed above. Elected councils can then strengthen democracy by empowering these groups and allowing their voices to be better reflected in the making of political decisions.

1.3 Argument and Hypotheses

This reveals how and why the creation of an elected council can strengthen democracy at the local level. It also reveals how democracy aid in the form of technical assistance and funds can succeed in achieving its goal to support bottom-up democratization. While critics of externally supported forms of democracy-building are deeply skeptical of their effectiveness, particularly in their ability to deal with the issues of elite capture, social barriers, and free-

Figure 1.2: Theoretical Framework



riding, I argue overall that the creation of an elected council should have a profound impact on the strengthening of local democracy, especially because of their ability to address these issues. I believe that the creation of an elected council should strengthen local democracy by redistributing political power away from the hands of elites to a group of individuals whose goals, interests, and values are aligned with local residents as described above. This should help to ensure that elites are not able to drown out the demands of residents in favor of their own interests and ambitions. It should also strengthen democracy by stimulating the political engagement of local residents, specifically via improvements to political trust. I believe this should best address the problem of free-riding compared to the other mechanisms discussed above. Finally, I argue that it should strengthen local democracy by bringing disadvantaged and marginalized groups into the political decision-making process, given its ability to reduce social barriers to political participation in the ways discussed above.

The framework of this argument is summarized in Figure 1.2 and will be elaborated later on, but it is possible to generate a set of hypotheses based on the points above. First, I hypothesize that the creation of an elected council will lead to a group of officeholders who more closely reflect the characteristics of social and economic groups that exist within the community, including previously underrepresented groups such as women, minorities, and the poor. Second, it will enhance the trust that local residents have toward local governments, and it will stimulate the political engagement of these residents, specifically in their attendance at political gatherings, their input during these gatherings, and their submission

of suggestions and complaints to local government outside of these gatherings. Third, it will stimulate the political engagement of politically disadvantaged and marginalized groups within the community, and it will reduce the gaps in engagement that exist between these groups and others. I proceed to give an overview of the research design, data, and methods used to test these hypotheses below.

1.4 Research Design, Data, and Methods

To evaluate my hypotheses, I turn to the context of local governance in Indonesia. Indonesia is an ideal place of study for several reasons. International and multilateral development agencies have been actively engaged in efforts to promote village democracy in Indonesia, with support for these efforts having expanded in recent years. The World Bank, the Asian Development Bank, and the Islamic Development Bank have been funding one of the largest CDD programs in the world in Indonesia, and they have been coordinating with the Government of Indonesia to introduce elected councils to villages across the country with the technical assistance of a multi-donor support facility funded by Australia, Denmark, the European Union, the Netherlands, the United Kingdom, and the United States. It is also an ideal laboratory for investigating the role and influence of elected councils because of large variation in the characteristics of village officeholders, the political participation of local residents between villages, and the inclusiveness of village politics. Furthermore, it is a place where it is possible to exploit exogenous variation in the creation of elected councils to investigate their causal impact. I therefore examine the impact of these councils on village democracy in Indonesia and also compare this with previous findings to draw a broader set of conclusions that can be applied beyond this context.

I adopt a two-part research design to evaluate the hypotheses generated above. In the first part, I conduct a natural experiment to evaluate the political consequences of the creation of an elected village council. In the second part, I conduct detailed case studies based on extensive field research in order to corroborate these findings, gain deeper insights into the causal mechanisms at play, and acquire a better understanding of the motivations, personal

Figure 1.3: Research Sites in Indonesia

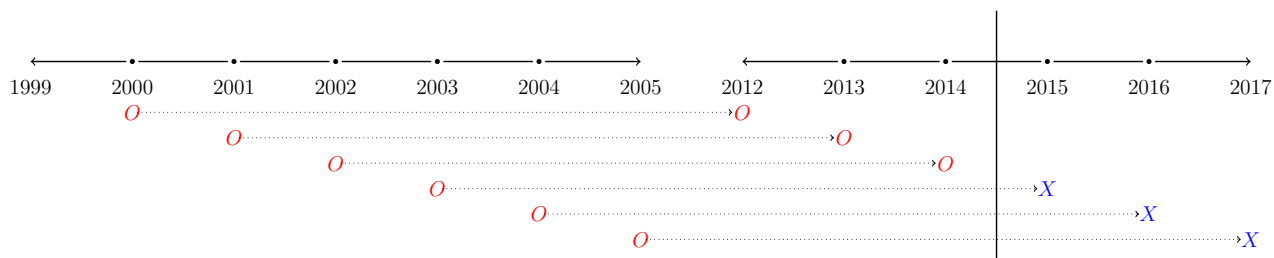


experiences, and interactions of village residents. Using this approach, I generate an original body of evidence to evaluate the proposed hypotheses. The two components of this research design are described in greater detail below.

1.4.1 *Natural Experiment*

Indonesia is an ideal setting to evaluate the proposed hypotheses because it is possible to exploit exogenous variation in the creation of elected councils within villages. One reason for the general relative lack of evidence on the impact of these councils, despite their proliferation across the developing world, is that it has been difficult to disentangle their effects from other core features of local development interventions, which commonly include block grants, technical assistance, knowledge building programs, skills training, and transparent budgeting practices (King & Samii, 2014). Alternatively, in cases when elected councils have been introduced to communities by a national law or mandate, they have been uniformly implemented across the whole country, which has reduced or eliminated sub-national variation. Furthermore, in cases when they have been allowed to form organically or the decision to introduce them has been decentralized to lower-level governments, there has been the overarching problem of selection bias, where local governments are likely to be more democratic

Figure 1.4: Assignment Mechanism



in places where they are formed compared to where they do not.

Nonetheless, a national law that was recently passed in Indonesia under the guidance of international aid donors introduced an exogenous source of variation in the creation of elected councils nationwide. This law was uniformly implemented across the country, but the legacy of a previous law created a situation where some villages adopted these councils after the law was passed and others did not. Specifically, whether villages were required to create an elected council was determined by when they had formed their governments 15 years prior. Figure 1.4 illustrates this assignment mechanism. Using this as the context of a natural experiment, I study the impact of elected councils on the core features of democratic governance discussed earlier. Since all other stipulations of the law were uniformly implement across the country, this scenario also allows for a focused investigation of the role and influence of elected councils while holding all other aspects of underlying development programs constant.

To perform this analysis, I draw upon a large pool of survey responses collected from a wide variety of village actors, including household members, village heads, and village council members in 112 villages across three provinces, namely, Jambi, Central Java, and East Nusa Tenggara. Specifically, I use survey responses from over 4,000 individuals to construct an original data set that allows for a close evaluation of the hypotheses above, taking into consideration the sequencing of when village councils are formed and when major political events happen within villages. This not only allows for an examination of the

Figure 1.5: Takatunga and Gunturharjo Villages



characteristics of village council members, the political participation of village residents, and the characteristics of these residents, but also an investigation into the mechanisms that drive the results.

1.4.2 Village Case Studies

The natural experiment helps to gain leverage on the issue of causal inference, but it provides limited insights into the experiences, opinions, and interactions of villagers who are involved in local politics. I therefore supplement this analysis using detailed case studies of four rural villages, namely, Gunturharjo and Baleharjo in Central Java and Takatunga and Dariwali in East Nusa Tenggara. These villages are selected based on similarities across a wide range of village-level characteristics but otherwise different in the creation of elected versus appointed village councils, with the first two falling into the “control” group and second two falling into the “treatment” group. Detailed qualitative data from these villages were collected during field visits, which involved partnering with ethnographic researchers to conduct structured and semi-structured interviews with 20 individuals on average in each of the four villages

and to engage in participant observations of a variety of village actors, including village heads, village cabinet members, village council members, and village residents during public deliberation meetings.

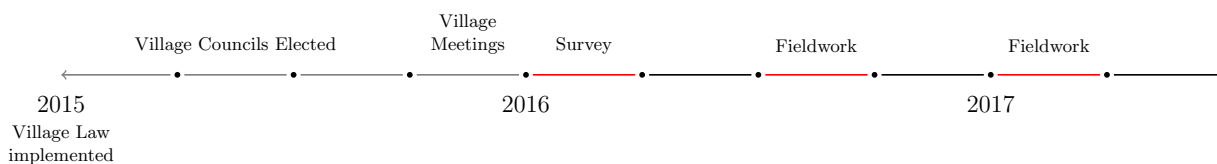
These data are used to compare the political dynamics of the two villages in Central Java with the two villages in East Nusa Tenggara to identify similarities and differences in the behavior, views, and experiences of village residents. This analysis aims to corroborate the results from the natural experiment and to contextualize them with real issues and first-hand evidence collected from people in the field. In addition, the analysis is supplemented with qualitative data collected from interviews and discussions with policymakers and development practitioners in Jakarta. The timeline of my research is summarized in Figure 1.6.

1.5 Main Findings

Based on this research, I uncover an unexpected set of findings. Unlike past studies, I find that the creation of an elected council has a profound effect on the dynamics of village governance. I find that it bolsters democratic governance in several important ways; however, it also leads to unanticipated consequences that are cause for concern. Overall, the findings can be summarized in three main points. First, the creation of an elected council works to reduce the role and influence of local elites in village politics. Second, it works to increase the political role and influence of local residents. Third, it does so by diminishing the role and influence of minorities, women, and the rich, while expanding the role and influence of poor, ethnic majorities who are predominantly men.

To describe this greater detail, I find that the creation of an elected council alters the characteristics of public officeholders, so they are more representative of village residents who are not established elites. I find that elected council members are much less likely to be politically prominent individuals or related by family to these individuals, and they are much more likely to be village residents who have no previous political experience but who show strong potential to enhance the welfare of the village. However, I also find that elected

Figure 1.6: Timeline of Research



councils members are no more likely to be women and much less likely to be ethnic minorities compared to public officeholders who are appointed by the village head. The creation of these elected councils therefore works to strengthen the political representation of the poor, male majority, but it does so at the expense of elites, minorities, and women.

I also find that the creation of these elected councils leads to notable increases in the political engagement of village residents. I find that residents are much more willing to become involved in the democratic process by voluntarily attending public deliberation meetings at the village and hamlet levels and by submitting complaints to local governments. They are also more willing to actively participate during these meetings by providing recommendations and asking questions about programs, targets, and budgets. When I investigate the possible mechanisms behind these relationships, I find that they primarily operate through the channel of trust in village governments. This is a finding that reveals a different mechanism compared to past studies. I find that the creation of these elected councils increases the perception among residents that local officeholders are trustworthy, which increases their willingness to politically engage. But, I find once again that these increases in political trust and participation are primarily among the poor, male majority.

Specifically, I find that the discrepancies in participation between men and women and ethnic majorities and minorities persist in most ways and become worse in others. While I find that political engagement rises among all these groups, it rises substantially among male majorities and only marginally among women and minorities. The end result is that the political process is dominated by the former even more than before. I also find that

the creation of these elected councils increases the perception that local officeholders are trustworthy on average, but it does not reduce the gaps in political trust that exist among minorities and women. I find no evidence that these relationships operate through the channels of political accountability, political mobilization, or social capital.

Qualitatively, the evidence I uncover in Central Java and East Nusa Tenggara agrees with these results. I find that the distribution of political power in Gunturharjo and Baleharjo villages, where village councils do not exist, is concentrated within the hands of the village head and a small group of local elites that include family members and politicians who support his authority. The political decision-making process is dominated by these actors, with the political engagement of village residents being low, mainly due to perceptions that village leaders are primarily interested in advancing their own interests or that they are not skilled and experienced enough to solve the most pressing issues facing the village. In Takatunga and Dariwali, where village councils are introduced, political power is more evenly distributed between elites and village residents who are elected to office. The political engagement of village residents is high in Takatunga, where residents believe in the competence and good intentions of village leaders, and village residents are strongly represented in the village government, including women and minorities. In Dariwali, however, the creation of an elected council leads to office holders who are more representative of village residents, but only among the male ethnic majority. Improvements in political engagement by residents are also shown almost exclusively among the male ethnic majority.

Put together, the results show promise but are cause for concern. The creation of an elected council shapes the character of local politics in a way that distributes power more broadly and is more participatory, but it also does so in a way that is less inclusive. It expands the role and influence of village residents who are more likely to politically participate and obtain positions in local government, and it does so at the expense of established political elites. However, it diminishes the role and influence of minorities and women within the village and pushes them out of office and the political decision-making process. Rather than fostering an inclusive and robust form of village democracy, I therefore find that the end

result is an exclusive one.

1.6 Reconciling Findings with Expectations

The results I uncover differ from my theoretical expectations in an important way. I hypothesized that efforts to strengthen local democracy through the creation of an elected council would broaden the distribution of political power, expand political engagement, and promote the political inclusion of marginalized groups within villages. In the results, however, I find that these efforts accomplish the first two but fall seriously short on the third, even producing the opposite of what I expect. This raises several questions that warrant attention. First, why do the results fail to meet my expectations? That is, why do villages proceed down a path of political exclusion and marginalization instead of political inclusion? Second, what are the consequences of this form of village governance? If the type of village governance I observe empowers the poor male majority and pushes out women and politically marginalized groups, then what are its impacts on the economic welfare among villagers? Third, if the creation of an elected council heightens political exclusion across villages in Indonesia, then will this happen in other places around the world? Addressing these questions is crucial to reconciling my findings with my hypotheses, and it is also important to advancing the broader discussion on whether international efforts to promote democracy at the local level succeed or fail. I therefore devote time to answering these questions in Chapter 9, and I provide an overview of my answers below.

The first question asks why efforts to strengthen local democracy in Indonesia do not produce the outcome I expect. On average, I find that the creation of an elected council fails to integrate politically disadvantaged groups into the democratic process, although it improves political representation and political engagement. This is a challenging question to answer because there are many factors that could be driving these results over time. Nevertheless, based on my discussions with village actors, I believe that the conditions that led villages to this outcome were in place well before elected councils were introduced to villages across Indonesia. Specifically, I believe that there were a set of conditions that made

it more likely for some villages to accept the transition to an inclusive form of democracy compared to others. Based on my observations, I put forward an explanation to account for this difference.

The explanation I advance is primarily a material one, and it is based on my view that variation in the quality of local democratic governance is rooted in important differences in the traditional systems of inheritance and land rights that exist between villages in Indonesia. During my research, I found that the basis of land ownership in villages like Takatunga was different in that land was not permitted to be bought or sold between individuals according to tradition. Instead, land, which is a primary source of wealth and the main factor used to generate income within the village, could only be transferred by inheritance. Furthermore, the inheritance system in Takatunga was designed so that the eldest daughter instead of the eldest son was first in line to acquire her family's land holdings. Under this system, I found that women came to exercise strong influence with considerable social standing within villages, whether they were rich or poor or from the majority or minority ethnic groups. I believe that this traditional system of land rights and inheritance created norms for the inclusion of women and minorities in local politics, and it paved the way for these groups to be better integrated in the political process following the creation of an elected council. In comparison, villages like Dariwali did not practice this system, which I find coincided with the creation and preservation of social barriers that kept women and minorities out of local politics, even after the creation of an elected council. I also find a similar pattern in several other villages in East Nusa Tenggara where elected councils failed to achieve their goal of promoting greater inclusion. I therefore believe that a critical factor that determined whether the creation of an elected council facilitated an inclusive form of democracy is whether the underlying structure of wealth distribution, namely the system of inheritance and land rights, was designed to socially empower politically disadvantaged groups. I elaborate on this view in Chapter 9.

The second question I address deals with the consequences of the form of village governance I observe in Indonesia. Following the creation of an elected council, I envisioned a

political process that would enlarge the role and influence of the poor to counterbalance the rich, and simultaneously strengthen the voice of the politically disadvantaged. My research failed to confirm this prediction, however. Instead, I found that the political role and influence of disadvantaged groups diminished overall. In response, I believe that the most likely consequence of this situation is that the creation of public goods projects will fail to enhance the welfare and address the needs of the most vulnerable groups within villages. In Indonesia, politically disadvantaged and marginalized groups at the local level commonly include ethnic minorities, recent migrants, and female-headed households, who are also often the most economically vulnerable within villages. The voices of these actors are often drowned out by other more influential groups, but when they are further dampened, I believe that it is even less likely that public funds will be spent in a way that meets their needs. This means that village infrastructure projects will not likely be tailored to support their livelihoods, and they will be situated far from where individuals from these groups reside. I also believe that excluding the rich, minorities, and women from the political process in favor of the poor male majority does little to help foster a healthy and robust democracy within villages. Based on my observations and discussions with village residents, I believe this will fail to cultivate an open dialogue and political cooperation between social groups within villages, which helps to improve efficiency and fairness in decision-making. Instead, I believe that this will amplify the political views and preferences of the poor male majority over other groups, which can lead villages to reinforce the populist tendencies that have swept across Indonesia in recent years. I discuss this further in Chapter 9.

A third question I seek to address deals with the issue of generalizability. I uncover a compelling set of findings through my research in Indonesia, but this raises the question of whether my findings are likely to apply elsewhere. I believe the answer to this question depends on several parameters that characterize the social and political landscape of where democracy aid is introduced. These include whether the intervention occurs in a post-conflict setting; the length of time local residents have been exposed to democratic politics; the resilience of existing political institutions; and the social and economic distance that exists

between politically advantaged and disadvantaged groups. These characteristics typically vary between countries, but I believe that being high on them makes it very difficult for localities to move toward an inclusive and robust democracy. I also elaborate on the issue of generalizability in Chapter 9.

1.7 Implications, Contributions, and Conclusions

Having addressed the questions that arise from my study, I now turn to the policy implications, contributions, and conclusions of my research. I opened this chapter with a discussion of the ongoing debate on whether efforts by aid donors and national governments succeed in fostering democracy at the local level. To address this debate, I focused on better understanding the consequences of one type of institution-building: the creation of an elected local council. Based on my research in Indonesia, I found that these efforts have a profound effect on the character and dynamics of village governance. They broadened the distribution of political power and increased the political engagement of village residents; however, they only did so in a limited fashion. Specifically, I found that they worked to reduce the role and influence of women and minorities in political decision-making. Overall, I must therefore conclude that the intervention failed to achieve its goal in an important way, and it is much more difficult to cultivate an inclusive and robust village democracy than I initially predicted. Furthermore, I must conclude that existing policy measures that aim to foster democracy at the village level in Indonesia are seriously flawed, and international efforts to foster local democracy through creation of an elected council are likely to be flawed in a similar way.

Rather than condemning these efforts altogether, however, I believe that my research reveals ways to tailor existing policies to support the goal of improving democratic governance. Another conclusion that arises from my research is that it is not especially useful to characterize the impact of external interventions as merely a success or a failure. As I have shown, there are important trade-offs that exist in the way that these interventions shape the character of democratic governance. I therefore believe that well-designed reforms

can accompany the creation of an elected council to mitigate its costs and amplify its benefits. In Indonesia, this can involve incorporating policy levers such as gender quotas and minority quotas; however, I strongly believe that it should also incorporate a geographic or hamlet-based form of representation on the village council. Currently, village council members are elected by a village-wide vote, which disadvantages minorities and recent migrants. A hamlet-based vote would help to level the playing field and improve representation since individuals from these groups often reside in clusters within villages. Based on my research, the primary mechanism by which villagers are motivated to politically engage is trust in their village governments. I therefore also believe that strengthening representation on the village council is the best starting point to enhancing the political engagement of politically marginalized groups.

For researchers, the findings of my study offer two main contributions. First, I provide a much needed empirical contribution to the literature based on a novel research design and methodology. Past studies have mainly evaluated the consequences of aid programs that bundle together a wide variety of design features, which makes it difficult or impossible to isolate the impact of specific institutional changes. In this study, I have overcome this problem by focusing on the sole impact of the creation of an elected council at the local level. To my knowledge, only one other paper has attempted to do so despite the growing popularity of this institutional feature around the world, and I uncover evidence that stands in stark contrast to its findings. In that study, the creation of an elected council was found to have little or no systematic impact on the character of local governance (Beath et al., 2013a), but I find that they can and do have a profound effect on political representation, engagement, and inclusion, albeit in mixed ways. Policy and academically oriented researchers should therefore reassess their conclusions about the role and influence of this intervention. Second, through my research, I draw attention to a governance outcome that warrants further study and attention. Existing research has extensively studied the consequences of elite capture at the local level in developing countries (Bardhan & Mookherjee, 2000; Fritzen, 2007; Reinikka & Svennson, 2004). It has also dedicated much attention to studying the marginalization

of women and minorities in local politics (Beath et al., 2013b; Chattopadhyay & Duflo, 2004). However, the character of village democracy I observe in Indonesia does not fit neatly into either of these frameworks, and the causes and consequences of the exclusive form of village democracy I describe are not well understood. I therefore believe that it is imperative to examine the dynamics and consequences of this outcome in greater detail to better understand the complexities of promoting democracy at the local level around the world. I discuss my research contributions in greater detail in Chapter 10.

1.8 Outline

I proceed in the rest of this study as follows. The next chapter discusses the related theoretical and empirical literature and gives an overview of the history of democracy-building efforts by the international community. Chapter 3 presents the theoretical framework and hypotheses. Chapter 4 describes the research background and setting in Indonesia. Chapter 5 outlines the research design, data, and methods. Chapter 6 presents the results of the natural experiment. Chapters 7 and 8 present the results of the field research in Central Java and East Nusa Tenggara, respectively. Chapter 9 builds on the theoretical framework of Chapter 3 to account for the discrepancies between my predictions and my findings. Chapter 10 discusses the policy implications and research contributions and concludes.

Chapter 2

LITERATURE REVIEW

This chapter places my study within the broader theoretical and empirical literature and provides background into the rise of international efforts to strengthen democracy at the local level. I first present an historical overview of the rise of bottom-up efforts to foster democracy around the world, and I then turn to a discussion of the scholarly debate on whether external aid brings about democracy. After, I survey the existing empirical research on the consequences of these bottom-up efforts, and I describe the main limitations of this research. Finally, I discuss how I seek to address these limitations in this study.

2.1 Rising Support for Bottom-Up Democratization

Recent attempts by the international community to foster democracy at the local level have been part of the broader rise of “community-driven development” programs across the developing world. These encapsulate the basic principle of expanding citizen involvement in achieving development goals, and they are more specifically characterized by a combination of giving citizens direct control over the allocation of development funds and enabling them to design and implement their own infrastructure projects (Mansuri & Rao, 2004). Currently, these programs account for 5-10% of the World Bank’s annual lending (around US\$2.5 billion), and an additional US\$13.4 billion is being provided by international donors to support 190 active projects in 79 countries (Wong & Guggenheim, 2018). Spending on these programs has rapidly expanded in recent years, and by conservative estimates, the World Bank’s annual lending for CDD programs rose more than six-fold from US\$325 million in 1996 to US\$2 billion in 2003 (Mansuri & Rao, 2004). Ten years later, the total amount of loans almost doubled to US\$3.9 billion in 2013 (The World Bank, 2014).

The roots of these programs can be traced back to the post-World War II era when the U.S. Agency for International Development (USAID) led the first wave of international development projects grounded on the principles of democratization and decentralization. These gained prominence in the 1950s as an important way to protect newly decolonized and independent states against the looming threat of communism (Arizpe, 2004). During this period, the principles of democratization and decentralization laid the groundwork for development projects in more than 60 countries in Africa, Asia, and Latin America (Mansuri & Rao, 2013). However, by the 1960s, their appeal began to diminish. The main reasons for this were that cooperation between citizens and local governments proved to be much more difficult to coordinate than expected, decentralization became exceedingly challenging to implement in weak and fragile states, and international donors were not convinced that local elites could form open and sustainable relationships with local residents (White, 1999). Around this time, policymakers also began to shift their attention toward development strategies that espoused large-scale infrastructure investments coupled with centralized housing, education, and health, motivated by the success of centralized planning in the Soviet Union (Mansuri & Rao, 2013).

This shift was also motivated by an influential group of theories that would cast doubt on the core premise of locally based citizen-led development. In the view of Olson (1965), relying on citizens to plan and implement local development projects would end in failure. This was because participation and cooperation among citizens would be low, as they would attempt to free-ride off each other without a source of coercion to make them act in the public interest. Another view by G. Hardin (1968) predicted that local development projects would be overexploited as citizens would choose to reap the benefits of these projects but fail to internalize the costs of using them. At this time, the concept of democracy was also popularized as a competitive struggle for people's votes rather than a platform for public deliberation, and by the late 1960s, the basic principles of democratization and decentralization in global development were largely abandoned.

Top-down approaches to development experienced a backlash in the early 1980s, however,

as government-initiated development programs in the Third World performed poorly and poverty remained largely unmitigated. These problems eventually led to a renewed interest in the principles of decentralization and democratization, especially among scholars such as Chambers (1983) and Ostrom (1990). Ostrom's (1990) view was that citizens could find unique solutions to development problems by reformulating the rules and procedures that dictate public decision-making and the use of public resources, rather than being destined to follow a path of free-riding and overexploitation. These principles also gained normative traction based on the view that empowering citizens with the capability to shape the paths of their own lives was an end worth pursuing in itself (Sen, 1985).

Policymakers responded by shifting their development strategies again in the 1990s. The fall of communism in the late 1980s opened up an opportunity for USAID to support political decentralization as a “means to empower citizens locally and to disperse power from the central government to localities” (USAID, 2000). By the early 1990s, the European Council and the British and French governments asserted their commitment to government accountability through political decentralization, and they would take this a step further to advocate on behalf of placing the responsibility of political decision-making on the beneficiaries themselves. Enabling citizens to identify their own priorities and manage development funds was expected to lead them to find solutions to context-specific problems and to address their greatest social and economic needs. This took the form of “social investment funds” in the 1990s, which involved aid money and technical support for the creation of democratic institutions at the local level, including elections for public officeholders, formalized channels for residents to contribute to political decision-making, and rules for monitoring and sanctioning public authorities (Mansuri & Rao, 2013). These funds were ambitiously expanded in the early 2000s by the World Bank.

The most recent push toward decentralization and democratization is observed in the proliferation of community-driven development programs across the developing world. These assert the principles of democratization and decentralization by introducing participatory forms of decision-making to the lowest administrative levels, mandating the creation of demo-

cratic institutions to facilitate this process, and the allocation of block grants directly into the hands of citizens (King & Samii, 2014). In Myanmar, for example, the National Community Driven Development Project has allocated block grants to more than 11,000 villages for citizens to decide on the creation of small-scale infrastructure projects including local schools and roads, and the Community Investment in Rural Areas project in Bolivia has transferred aid into the hands of more than 150,000 citizens in 656 rural villages to decide how to improve access to basic infrastructure such as sanitation and irrigation systems (The World Bank, 2017).

2.2 The Enduring Debate on Foreign Aid and Democracy

The global proliferation of CDD programs has given rise to a growing body of theoretical and empirical research that has sought to understand their many consequences. One branch of this research focuses on the political consequences of these programs and asks the question of whether they actually strengthen democracy at the local level. This question has in turn sparked a vibrant debate between two groups of scholars: one arguing that it helps to produce and strengthen democracy at the local level and another arguing that it does not.

The former contends that aid can make substantial and long-lasting impacts on the strengthening of democracy at the local level. They argue that aid used for the purpose of democracy promotion, also known as democracy aid or democracy assistance, can achieve this goal in three ways.¹ First, it can be used to support the creation of democratic institutions as discussed before (Beath et al., 2013a; Fearon et al., 2011; Grossman, 2014). Technical assistance and funds can be used to formulate legislative and judicial branches of local governments, introduce elected local leaders, and support the activities of political parties

¹This is the latest iteration of theoretical research on how foreign aid can foster democracy. Past arguments focused on the logic of modernization (Almond & Powell, 1965; Lipset, 1959; Rostow, 1959) and the logic of conditionality (Bräutigam & Knack, 2004; Goldsmith, 2001). The former played an influential role in the 1960s and 1970s but has since declined in importance largely due to criticisms based on its lack of empirical support (Acemoglu, Johnson, Robinson, & Yared, 2008; Przeworski & Limongi, 1997). The same can be said about arguments based on the logic of conditionality, which had their heyday in the 1980s and early 1990s (Easterly, 2005; Wright & Winters, 2010).

at the local level. Second, it can be used to support the activities of civil society (Arcand & Wagner, 2016; Gugerty & Kremer, 2008; Warren, 2001). It can be used to support the growth and creation of civil society organizations such as farmer's associations and women's community associations that strengthen the voice of the disadvantaged, relay citizen demands to local governments, and disseminate public information within society. Third, it can be used to support the planning and implementation of local elections (Carothers, 2015; Savun & Tirone, 2011). This builds on the first point but also involves support for voter education programs, local election observers, and the proper execution of electoral rules. Overall, these initiatives are meant to strengthen democracy by allowing for local residents to take control of political decision-making, curb the influence of elites, and better integrate disadvantaged and marginalized groups into the political process.

The latter group contends, however, that aid should not achieve these goals. Instead, it is more likely to have the opposite effect and inhibit the transition to and strengthening of democracy. This is for several reasons. First, proponents argue that there is a serious risk that political elites will merely capture the democratic process (Bardhan, 2002; Bardhan & Mookherjee, 2000). This means that local elites will either manipulate the democratic system so only they, their friends, or their close supporters are invited to contribute to public decisions or they will just ignore the views of local residents, whether deceitfully or because they genuinely believe their views to be more credible or worth pursuing (Sheely, 2015). This is reinforced by the argument that it is difficult to change the identity of de facto power holders, despite the creation of democratic institutions (Acemoglu, Reed, & Robinson, 2014; Acemoglu & Robinson, 2008). Proponents of this view also argue that even when the political influence of local elites are diminished, it is difficult to motivate local residents to contribute to political decision-making because they are incentivized to free-ride off the efforts of others (Björkman & Svensson, 2009; Grossman, 2014; Olken, 2007). This means that they will choose to rely on the political efforts of others to address issues of public concern rather than contribute to these efforts themselves. Finally, proponents argue that aid is not likely to produce meaningful improvements in democratic governance because

it is notoriously difficult to overturn long-standing social barriers and norms to political participation, especially among women and minorities (Duflo, 2005). Even though it may lead to the formation of certain democratic institutions, this is likely to result in nominal or surface-level changes that do not result in marginalized groups from having a voice in the making political decisions.

The debate on whether foreign aid promotes democratization at the local level is therefore two-sided, with one side arguing that it should and another arguing that it should not.² In response to these arguments, a growing body of empirical research that has sought to evaluate the impact of development aid on bottom-up democratization, which I discuss below.

2.3 Recent Findings on Bottom-Up Democratization

There has been an explosion of research recently that seeks to evaluate the impact of development aid channeled to local level. These studies acknowledge the potential of CDD programs to make an important impact on the lives of local residents, and they seek to uncover the causal impact of these programs, particularly through the use of field experiments. One important branch of this research focuses on the political consequences of these programs, and it assesses their impact on local democracy by looking at how they shape the political participation of local residents, especially in their willingness and ability to contribute to the allocation of public funds and formulation of local development projects. Table 2.1 summarizes the results of several important studies.

As shown, the results are largely mixed. Some of them suggest that aid programs fail to achieve their goal of strengthening local democracy and others do not. Casey et al. (2012) use a randomized field experiment in Sierra Leone covering over 2,800 households in 236 villages over a four-year period to find that local residents were no more likely to attend political decision-making meetings or voice their opinions at these meetings compared to

²Many scholars have also debated about whether foreign aid induces democratization at the country level from the top down, with some researchers arguing that it does (Bermeo, 2016; Savun & Tirone, 2011; Wright, 2009), and other researchers arguing that it does not (Bueno de Mesquita & Smith, 2010; Morrison, 2009; Smith, 2008).

Table 2.1: Empirical Evidence on Development Aid and Local Democracy

Authors	Year	Location	Design	Donor (Project)	Finding
Avdeenko, Gilligan	2015	Sudan	Lab and Field Experiment	World Bank (Community Development Fund)	Positive impact on political participation
Humphreys, Sanchez de la Sierra, Van der Windt	2014	Democratic Republic of Congo	Field Experiment	DFID, International Rescue Committee, CARE (RAPID)	No impact on political participation
Beath, Christia, Enikopolov	2013	Afghanistan	Field Experiment	World Bank (Afghanistan National Solidarity Program)	Positive impact on political participation
Casey, Glennerster, Miguel	2012	Sierra Leone	Field Experiment	World Bank (GoBiFo)	No impact on political participation
Fearon, Humphreys, Weinstein	2011	Liberia	Lab and Field Experiment	DFID, International Rescue Committee (CDR)	No impact on political participation
Labonne, Chase	2011	Philippines	Quasi-Experiment (DiD)	World Bank (KALAHI-CIDSS)	Positive impact on political participation

non-participants. Humphreys et al. (2014) conduct a field experiment with 1,250 villages in the Democratic Republic of Congo and find no evidence that a project called RAPID increased citizen participation in political decision-making, nor do they find any evidence that it improved the accountability of decisions, the efficient use of resources, or the equitable distribution of funds. Fearon et al. (2011) conduct a field experiment in post-conflict Liberia to find no evidence that a CDR project led to improvements in political engagement in the form of interacting with political leaders and local governments. Nevertheless, other studies find that these programs are more successful at achieving this goal. Avdeenko and Gilligan (2015) conduct a lab-in-the-field experiment in 24 communities in Sudan to find

that a project called the Community Development Fund program significantly increased political participation among citizens. Labonne and Chase (2011) find that the KALAHI-CIDSS project in the Philippines led to a large increase in citizen participation at village assemblies, and Beath, Christia, and Enikolopov (2013c) also find based on a field experiment of 500 villages that the Afghanistan National Solidarity Program raised citizen attendance at assembly meetings and citizen participation in local politics.

2.4 Existing Limitations

The current state of the literature can therefore be summarized as follows. Along with the rise of community-driven development programs across the developing world, a contentious and lively debate has emerged among scholars about whether foreign aid promotes local democracy. This is very much in line with the broader, long-standing debate on whether aid promotes democracy at the national level. In response to this debate, and the rapid proliferation of community-driven development programs across the developing world, empirical researchers have attempted to evaluate the political consequences of these programs. However, the evidence thus far has been inconclusive. This research is still in its infancy, but there are three main limitations facing the literature thus far.

First, existing studies that examine the political consequences of democracy aid evaluate the impact of interventions that bundle together a wide variety of design features. These include but are not limited to block grants for the creation of local public goods, training for local government officials, knowledge building programs for local residents, project facilitators, and gender quotas to improve female representation in government (Beath et al., 2013b; Casey et al., 2012). This makes it difficult or impossible to disentangle the effects of aid that is used to promote democracy, either via institution-building or the strengthening of civil society. This also makes it difficult to trace the process by which aid leads to subsequent political outcomes. Indeed, one major limitation of the empirical literature thus far is its inability to identify the impact of specific design features and the mechanisms by which these features influence subsequent political outcomes (King & Samii, 2014).

Second, although existing studies have been increasingly interested in the political consequences of this aid, they have been mainly focused on explaining social and economic outcomes, including whether these efforts build social capital (Avdeenko & Gilligan, 2015; Gugerty & Kremer, 2008), promote collective action (Fearon et al., 2015; Grossman & Baldassarri, 2012), and alter the types of public goods that are created (Beath et al., 2017; Olken, 2010). This means that the impact of this aid on local politics has been less studied. In addition, the political outcomes analyzed have been mainly limited to the political participation of local residents. This may be an important characteristic of democracy, but it is by no means comprehensive, and it ignores several other important features, such as the distribution of political power and the inclusiveness of political decision-making, so that different groups in society are involved in the political process. The political scope of this research is therefore still very limited.

Finally, although existing studies pay close attention to addressing the issue of experimental design, it is difficult to ascertain whether the findings uncovered in one context are applicable to another. Specifically, while this aid might influence democracy in a certain way in one context, such as in Liberia or Sierra Leone, it may not do so elsewhere due to the unique social and political context over which it is introduced. This issue is exacerbated by the fact that there is little evidence about the mechanisms by which this process should occur. Therefore, although existing studies may uncover findings to suggest that development aid enhances certain aspects of democracy, most notably the political participation of local residents, it is not clear whether these findings can be generalized beyond this context.

2.5 Taking the Literature Forward

Taking the literature forward therefore involves confronting these issues. New studies should conduct a focused investigation of how development aid is being used to promote democracy at the local level, with an acknowledgement of the institution or civil society organization that is being created, and a clear statement of the logic by which this promotes democracy. It should also include a detailed empirical analysis that evaluates this statement by evaluating

how aid influences the many facets of democratic governance and the specific mechanisms by which this occurs, while making sure that this investigation is not confounded by other programmatic features. Finally, it should take these findings and compare them with the results of past studies to better understand their generalizability to other countries and contexts. In this study, I seek to address the issues discussed above and take the literature forward as follows.

First, I focus on how development aid is used to support one specific form of institution-building. As discussed, CDD programs can include several design components that are meant to strengthen democracy, but one common feature among these programs is the creation of an elected local council (Mansuri & Rao, 2013). These councils take their inspiration from the *gram panchayat* system in India, which were introduced in 1992 as a part of a broader move to formalize the system of democratic governance in rural areas. *Gram panchayat* or village councils involved the creation of an elected branch of village government composed of local residents who would reduce the concentration of political power and fiscal authority of village elites. They would also be available to engage with village residents to discuss budgets, formulate development plans, and guide the selection of projects and beneficiaries, especially during public village meetings or a *gram sabha*. Based on the way these councils were designed to democratize local politics in India, elected local councils have been espoused by aid donors and development agencies to do the same in other countries, becoming a popular inclusion of CDD programs across the developing world.

Studying the role and influence of these councils is relevant not only because of their proliferation, but because their impact on local politics is not well understood. Beath et al. (2013a), for example, hypothesize that the creation of these councils in Afghanistan should raise citizen participation in local political decision-making; however, based on a field experiment of 500 villages, they uncover a puzzling set of findings: they find no general effect of these councils on democratic governance and find that they boost some forms of political engagement among villagers and not others. Similarly, Chattopadhyay and Duflo (2004) investigate how female leadership of village councils in India influence women's participation

in local politics. They find that a village council head being a woman significantly increases women's participation in West Bengal, but they find that it has no effect on women's participation in Rajasthan. These discrepancies have meant that logic by which these councils shape the democratic process is not clearly understood.

Second, I conduct an empirical investigation of the influence of these elected councils that takes a much deeper look at the characteristics of democracy at the local level. I do not limit the scope of my attention to political participation, and I look at other important features of democratic governance, including the characteristics of local government actors, the characteristics of the residents who politically participate, and the different forms of participation. I also address the issue of confounding by identifying the causal impact of the creation of village councils on these outcomes using a natural experiment. Unlike bundled empirical investigations of CDD programs, this allows for a focused investigation of the effects of this institutional change while keeping all other aspects of aid constant. It also facilitates a detailed analysis of the causal mechanisms by which councils should be influencing local governance.

Third, I consider in greater detail the social and political context over which these elected councils are created in order to assess whether the results can be expected to occur elsewhere. Understanding these key contextual features is crucial to making sense of the results thus far in the literature. Extant studies take place in localities with variation along such features as customary traditions, ethnic and religious fragmentation, and whether they occur in a post-conflict settings. In addition, in some of the cases, democratic institutions replace long-standing traditional political structures in such places as Afghanistan, while in other cases, such as the Philippines, they have been created to supplement existing democratic institutions. I compare the context under which this study takes place with that of previous studies to make sense of the existing findings and better understand the extent to which the results can be generalizable.

I therefore intend to make a contribution to the literature in these ways. In the next chapter, I elaborate on the theoretical framework, which explains the role and influence of

elected local councils. Afterward, I discuss the background and setting of the study in rural Indonesia and overarching research design.

Chapter 3

THEORETICAL FRAMEWORK

In this chapter, I explain how international efforts to support the creation of an elected council shape the dynamics of local governance. I begin with a discussion of how aid can be used for the purpose of democratic institution-building. I then identify the interests and decisions of the two main groups of political actors, namely, local residents and local elites. Based on these, I explain how different arrangements of political institutions can expand the political role and influence of one group over the other to shape the dynamics of local politics. Subsequently, I explain how the creation of an elected council promotes democracy via the distribution of political power, the engagement of local residents in political decision-making, and the inclusiveness of local politics. I conclude with a list of testable hypotheses that emerge from this theoretical framework.

3.1 Democracy Aid and Institution-Building

In the previous chapter, I discussed how funds and technical assistance can be used to support the creation of democratic political institutions. I begin this chapter by elaborating on how this aid is channeled to the local level across the developing world. As described, the recent surge of democracy aid flowing into development countries is rooted in the broader philosophy of “community-driven development”, which encapsulates the basic principle of expanding citizen involvement in achieving development goals. At the international level, there are several key actors who work to put this philosophy into practice. Perhaps the greatest champions of this approach are international and multilateral development agencies, who are the main architects of CDD programs and who actively push to expand citizen involvement in local political decision-making. The World Bank’s World Development Report in 2000,

for example, emphasized citizen empowerment as a key priority in the fight against global poverty, which precipitated international efforts to scale up community-based development across the developing world (Mansuri & Rao, 2013). Development agencies then work closely with aid donors, including both private and public donors, to mobilize funds to support their cause, and international non-governmental organizations partner with these actors to play a significant role in executing and advocating on behalf of these programs.

On the receiving end, national governments serve as the main gatekeepers of deciding whether international actors will channel aid and incite changes to local governance. They must ultimately sanction the creation or transformation of political institutions at the local level, but incumbent politicians can be motivated to accept these changes for several reasons. Conditionality played an important role in past, especially in the 1980s and 1990s, which involved aid being contingent on initiatives that promote democratization, but this has declined in importance since then (Wright, 2009). One important reason why politicians can choose to accept this aid is to use it as a way to gain valuable political support from poor voters in rural areas, which can shift the tide of support in their favor. In Indonesia, for example, presidential candidate Joko Widodo promised to give citizens direct authority to help allocate development funds in the country's more than 74,000 villages where around 50% of the population live during his early-2010s election campaign, which was also eventually adopted by his main political rival (Anggriani, 2017). Another reason why politicians choose to accept this aid is to assist national governments in developing countries that lack the funds, capacity, and expertise to implement desired governance reforms at the local level, especially in a post-conflict setting. In Sierra Leone, for example, the national government sought the help of the World Bank to launch an ambitious post-conflict reconstruction plan, which included the re-establishment of district-level governments following a protracted civil war, which ran from 1991 to 2002 (Casey et al., 2012). Once this aid is accepted by national governments, development agencies, aid donors, and NGOs work with them either multilaterally or unilaterally to engage in institution-building at the local level.

Aid in the form of grants, loans, policy advice, and technical assistance are disbursed to

governments at many levels to support the transition from autocratic to more democratic forms of local governance (Knack, 2004). Overarching strategies are often formulated at the national level, with civil servants partnering with development agencies to design institutional reforms, modeled after experiences from other countries. Assistance is then usually given to lower levels of government in both urban and rural areas, often at the village level, to help implement these plans.¹ A specific arrangement of these institutions will exist at any given time, but this can be largely transformed by the inflow of democracy aid. There are several institutional arrangements that can work toward strengthening democratic governance; however, to understand the impact of these institutional arrangements, it is first necessary to identify the relevant political actors.

3.2 Key Actors

Two main groups of actors that shape the dynamics local politics are local elites and local residents (or non-elites). Politicians in higher-level governments and development practitioners work to formulate and pass down changes in the rules of the political game, but day-to-day politics are almost exclusively shaped by these two groups of actors, which involves the making and implementation of decisions about the allocation of public funds. This is consistent with studies that identify the main cleavage of local politics as being between these two broad groups of actors (Acemoglu et al., 2014; Baldwin & Mvukiyehe, 2015; Bardhan, 2002; Bardhan & Mookherjee, 2000; Casey et al., 2012; Grossman, 2014; Sheely, 2015).

3.2.1 Local Residents

Local residents make up the large majority of these two groups of actors. They come from a wide range of demographic groups including ethnic, religious, and age groups, and they

¹The size of these localities varies within and between countries, but they usually range from several hundred to several thousand residents. In Sierra Leone, for example, the size of eligible villages ranged from 10 to 200 households under the GoBifo Project (Casey et al., 2012), and in East Congo, villages that were involved in the Tuungane program in East Congo had an average population of 479 residents (Humphreys et al., 2014).

typically earn their livelihoods as farmers or owners of small, informal businesses. The large majority of these individuals are also poor. This coincides with the fact that the majority of the poor living in developing countries also live in rural areas (Alkire, Chatterjee, Conconi, Seth, & Vaz, 2014).

To understand the impact of local political institutions, it is necessary to identify what local residents want from the political process and the decisions they face. First of all, they have strong reasons to want to see development aid enter into their communities. This is because they can directly benefit from the inflow of aid, especially through funds that support the creation of public goods. They can also benefit from these funds via supply chains that support their livelihoods, and they can see these benefits extend to friends and family members. Second, local residents have strong reasons to want their voices heard in the making and implementation of political decisions. This is because it enables them to influence the allocation of public funds in ways that benefit them most. Local residents therefore have reasons to support both the inflow of funds and a democratic form of local governance. However, this does not mean that they are necessarily willing to contribute to the political decision-making process. They face a mixed set of reasons to do so.

On the one hand, they are motivated to shape the allocation of public funds in ways that best suit their needs. This can, for example, involve attempts by local farmers to support the creation of irrigation systems and attempt by young families to support the construction of local schools. Some residents may even aspire to influence this process by gaining formal positions of authority as public officeholders. In practice, this will involve some combination of expressing their preferences on the way that public funds should be spent, sharing ideas and recommendations on public goods projects, and communicating grievances to the local government. On the other hand, however, residents may not be able or willing to contribute to these activities. Some may find it difficult or impossible to do so, especially due to economic circumstances. For example, farmers and fishermen working outside of villages in rural Indonesia find it exceedingly difficult to make time to participate in local politics (Wetterberg, Jellema, & Dharmawan, 2014). Social norms that bar politically

disadvantaged groups from contributing to local politics may restrict their involvement. For example, women have been almost completely excluded from local political decision-making in Afghanistan (Beath et al., 2017).

Residents may also be deterred from politically engaging even when the social and economic barriers of doing so are low. Simply put, they may not find it worthwhile to do so. Even if citizens have an interest in shaping the distribution of public funds, they will be unwilling to do so if they do not expect their efforts to translate into tangible benefits. Specifically, the time and the effort they put into the political process must be at least commensurate with the benefits they expect to gain. If residents believe the potential to make a difference is small, then they will be deterred from participating. This depends on a variety of factors such as their age, gender, ethnicity, and education, but it also depends on the characteristics of local officeholders; notably, whether they can be expected to effectively work toward the goal of local development. Residents must believe these actors will respect the decisions made by the community and work with them to put these decisions into practice. If they do not expect that officeholders will see these decisions implemented, they will be unlikely to see their efforts to shape the political process as being worthwhile.

A third reason why local residents may be deterred from contributing to the political process is the temptation to free-ride. Their engagement relies on a voluntary decision to gather together and shape the allocation of public funds toward the creation of public goods. The community as a whole would benefit if all or most people contribute to this process, since it would better help to inform the needs of the community, but the nature of the goods that are created by this process generates incentives among residents to free-ride. If they can expect other members of the community to contribute to this process, then they can reap the benefits without spending the time and energy to do so. Indeed, researchers have identified this as a major impediment to strengthening democratic politics at the local level across developing countries (Björkman & Svensson, 2009; Grossman, 2014; Mansuri & Rao, 2004; Olken, 2007). This reveals a major barrier that must be overcome for democracy to thrive. Residents must not only expect that engaging in the political process will be worthwhile,

but they must also overcome the temptation to free-ride. This suggests that it is especially difficult to strengthen the democratic process, and unless these two criteria are met, we should expect the political role and influence of local residents to be low.

3.2.2 Local Elites

Local elites are composed of a small group of individuals who control a disproportionate amount of wealth and power in their communities. They include residents who enjoy significant control over capital and land holdings in their communities, and they also typically come from powerful families that have accumulated long-standing political influence via formal positions of authority or strong political ties with such individuals. Local elites may be appointed to public office through a traditional process, by consensus among elites, or they may be elected to office in a process that is commonly shaped by political alliances or patronage (Baldwin & Mvukiyehe, 2015).

First, local elites have strong reasons to want to see development aid flow into their communities for the same reason as local residents. They want to see public funds disbursed in ways that enlarge their welfare. This can include investments of public funds on land or commerce that enriches their personal wealth or the wealth of their friends and family members. Second, like local residents, they have strong reasons to want their voices heard in the making and implementation of political decisions. This enables them to shape the allocation of public funds in ways that benefit them most. However, unlike other residents, local elites are better able and more willing to influence the political decision-making process. They do not face the same social barriers as politically marginalized or disadvantaged individuals, they can rely on their views and opinions to carry more weight, and they do not suffer from the same temptation to free-ride given their small group size. Third, local elites have strong reasons to oppose the political engagement of local residents, mainly because it dilutes their control over political decision-making.

This reflects the “elite capture” view of local governance (Bardhan, 2002; Bardhan & Mookherjee, 2000), which can occur both intentionally or unintentionally. In the former,

elites disregard the preferences and opinions expressed by residents and decide to adopt and implement some other public goods project (Fung & Wright, 2003; Gibson & Woolcock, 2008). In the latter, they try to crowd out the views of residents by attempting to fill planning meetings with their own supporters to exclude the broader community (Shah, 2007). These actions can be motivated by a drive for personal enrichment and political gain or a desire to introduce public goods projects that they genuinely believe are best for the community (Sheely, 2015). In either case, local elites would not be disappointed to see low levels of political engagement among local residents. In addition, elites who serve as political officeholders have reasons to eschew democratic forms of governance because have a vested interest to stay in office, especially among leaders or elders who are appointed to their positions by tradition or consensus. Elites therefore have reasons to want to stifle the political involvement of local residents, but whether they ultimately can is unclear. The arrangement of local political institutions sheds light on whether they can or cannot.

3.3 The Dynamics of Local Politics

Local residents and local elites have a distinct set of interests and decisions concerning their involvement of local politics. The arrangement of local political institutions then leads these groups of actors toward one decision over another, specifically in whether residents are motivated to engage in political decision-making and whether elites, especially those serving as political officeholders, are able to stop them from doing so. In this section, I identify the basic types of institutions that exist at the local level and discuss how they shape the political behavior of these actors. But, I first outline several important distinctions in the dynamics of local politics compared to those of national politics. I do this to set the context of why these institutions should play such an important role.

3.3.1 Key Distinctions

There are many similarities in the politics that occur at the local level and those that occur at the national level. Political tensions that exist between local elites and local residents are

largely reminiscent of those that exist between political elites and citizens at the national level, and the political interactions between these groups can also be described as a process that determines who gets what and how much. Nonetheless, there are several important features of local politics that distinguish them from national-level politics.

Traditional norms and authority play a much larger role in the conduct of local politics compared to those of national-level politics. This is often exercised by traditional leaders who wield substantial power in local governments or operate alongside local governments. This can also take the form of social barriers or restrictions against certain social groups from engaging in local politics. In rural areas, these factors can play a decisive role in how politics are decided and who are politically disadvantaged or marginalized.

Political and economic elites at the local level are also usually organized around prominent families or clans to a greater extent than they are at the national level. Wealth and power are often tightly held by these families who accumulate this over long periods of time. There may be several prominent families or clans that contend for power within localities as political rivals, and political alliances are often forged between these powerful families. Although kinship ties can be relevant on the national political stage, they are often more pronounced and play a greater role at the local level in developing countries.

Personal relationships between citizens and officeholders often matter a lot more at the local level than the national level. Given the small geographic size and population of these localities, it is not uncommon for residents to have a developed personal relationship with officeholders. There is also more opportunity for these residents to personally engage with each other and with public officeholders to address political issues given their close proximity. This means that trust and reputations are often rooted more in personal experiences compared to national politics where these interactions do not occur as easily.

Finally, the relatively small size of localities means that the outcomes of public spending is often more tangible, easily observed, and closely experienced, with information on the conduct of officeholders being easier to gain. Compared to when national budgets are opaquely formulated and funds are diffused across many functions and areas, political decisions and

outcomes are much easier to detect. This means that local residents are in a relatively good position to form opinions on and react to these outcomes.

3.3.2 The Variety of Political Institutions

Political institutions play a defining role in whether local residents are able and willing to contribute to political decision-making, and whether elites are able and willing to do so as well. They play a central role in structuring the incentives and constraining the behavior of these groups of actors. In practice, there are four main types of institutions that work to shape the incentives of these actors.

First, they can differ in the way that political leaders are selected to office. This can be characterized as an autocratic or democratic process. The former commonly involves a traditional method of selection whereby the head of local government is installed based on criteria such as family lineage, social status, the agreement of a small group of local elites, or some combination of the three. This is still common in many developing societies even when the national government is democratically selected. In Sierra Leone, for example, there has historically been a dual system of government whereby a traditional local chiefdom operates alongside the central government based in the capital (Casey et al., 2012). This dual system of government is also common in many other Sub Saharan African countries (Mamdani, 1996). In Afghanistan, villages also have a local leader called a *arbb*, *malik*, or *qarivadar* who is traditionally appointed and represents the village to higher levels of government (Kakar, 2005). Alternatively, the head of local government can be selected by a democratic process based on the popular support of local residents. In Indonesia, for example, village heads have been elected by a direct majority vote among villagers since 1979. Village leaders are also elected in such places as the Philippines (Labonne & Chase, 2011) and Columbia (Attanasio, Polania-Reyes, & Pellerano, 2015), although the specific voting rules and election thresholds differ across countries.

Second, they can differ in the way that local government actors are held to account by higher levels of government. Local officeholders rarely have free rein over local politics.

They are monitored and sanctioned if necessary by higher levels of government to make sure that funds are being used according to guidelines. In practice, this can happen in several ways. It can involve the work of government actors representing district or province level governments who visit and track the conduct of local politics, including leader selection and budgeting processes. The Local Authority Service Delivery Action Plan (LASDAP) in Kenya, for example, included a network of civil servants who monitored the operation of local governments (Sheely, 2015), and the Program Nasional Pemberdayaan Mandiri (PNPM) in Indonesia required that professional facilitators contracted by district-level governments to help monitor and oversee village politics (The World Bank, 2016). It can also involve periodic reporting requirements by local government actors to district or regional authorities who must approve of the budgeting process before development funds are released to villages.

Third, they can differ in the way that local government actors check the interests of one another. In addition to being monitored by higher levels of government, local government actors can be incentivized to monitor each other's behavior and to ensure that the rules and procedures are being implemented and enforced. One way this occurs is through the creation of different entities or branches of government with separate roles and responsibilities, such as executive and legislative activities. This can also be coupled with the democratic selection of local government actors so that the interests of some of these actors are aligned with those of local residents. There are many examples of such arrangements across developing countries. In the Philippines, for example, the political authority an elected village leader (Barangay Captain) is counterbalanced by a village legislative body (Sangguniang Barangay) composed of elected village officers (Labonne & Chase, 2011). Different variations on these arrangements can also be found in Afghanistan (Beath et al., 2013b), Sierra Leone (Casey et al., 2012), and Indonesia (Olken, 2010).

Finally, they can differ in the way that residents directly shape the political decision-making process. Residents can be given the chance to directly influence on how public funds will be spent in a way that reduces the role and influence of local elites. This can take the form of a direct democracy-based plebiscite or referendum where villagers cast

a vote to support their allocation preferences. An example of this can be found in rural Afghanistan where villagers have been given an opportunity to select local development projects via a secret-ballot referendum (Beath et al., 2017). Another example of this is the Conselho do Orçamento Participativo in Brazil where decisions about local public goods provisions are mainly debated among members of local assemblies. Other communities have introduced a mix between representative and direct channels of citizen participation. The Badan Permusyawaratan Desa (BPD) in Indonesia asks that residents participate in village deliberation meetings alongside members of local government, and aid allocation decisions can only be finalized and approved if residents have contributed to the decision-making process.

These four types of institutions therefore play a crucial role in constraining the behavior and structuring the incentives of local actors in how they influence the course of politics. Aid channeled to the local level for the purpose of strengthening democracy is primarily meant to reform or reshape these institutions. Below, I advance the argument that aid supporting the creation of elected councils should play a profound in supporting the process of democratization through the logic of these institutions.

3.4 The Role of Elected Councils

In this section, I argue that the creation of an elected council should have a profound impact on promoting democracy at the local level. I start by discussing how their creation influences the dynamics of local politics. Overall, I argue that they should redistribute political power toward local residents and motivate these residents to play a greater role in political decision-making, including previously disadvantaged groups. Put together, this should work to promote democracy by constraining the influence of local elites and strengthening the political voice of local residents.

3.4.1 The Distribution of Political Power

The creation of an elected council entails the formation of a new group of political officeholders who are chosen by the community at large. As such, they have the potential to alter the distribution of political power at the local level in an important way. Before their creation, political power is usually held by a small group of individuals, most notably a small group of elites or a single individual such as a traditional leader or chief. It can also be held by a small number of prominent families. The creation of an elected, however, dilutes the political power held by these individuals and allows a portion of it to be reassigned to a group of newly formed council members. It therefore has the potential to strengthen democracy by creating a new way to ensure that power is not concentrated in the hands of the few. This happens regardless of whether existing officeholders are elected by residents or appointed by a traditional process.

The creation of an elected council is also likely to redistribute political power to a group of individuals whose goals, interests, and values are aligned with local residents rather than local elites. This is because local residents make up the large majority of the population and also wield substantial voting power. Although the characteristics of council members should reflect the various social groups that exist within localities, the council as a whole should be broadly composed of individuals whose interests are aligned with non-elites versus elites. This means that elected council members should be incentivized to advance the interests of local residents because they can be held politically accountable in the future by the local residents who elected them to office. The creation of an elected council should therefore promote democracy by strengthening the political voice of local residents at the expense of incumbent elites.

It is worth noting that an elected council redistributes political power in a way that some of the other institutions described above do not. They perform the dual function of altering how political leaders are selected to office and redefining how local government actors check the interests of each other. This should be especially effective in diminishing the political

power elites compared to the two other types of political institutions that exist, namely in whether local government actors are held to account by higher levels of government and whether local residents shape the political process through direct democracy. The first does not formally redistribute power within localities and merely keeps existing officeholders in check. The second also does not divert power away from existing officeholders in the day-to-day operations of local governments and is often used only periodically for making important political decisions. Elected councils are therefore designed to more effectively achieve this goal.

3.4.2 Political Decision-Making

The creation of an elected council also has the potential to stimulate political activity, so that local residents become more involved in the political decision-making process. This involves the important task of deciding how public funds will be spent to meet the needs and demands of local residents. Elected councils should strengthen democracy by not only creating checks on the interests and ambitions of public officeholders, but also increasing the political role and influence of local residents over local elites.

Fundamentally, these councils have the potential to stimulate political participation by restructuring the incentives of residents to increase their engagement in local politics. This can happen in four main ways, via the logic of political accountability, political mobilization, social capital, and political trust.

Political Accountability

Elected councils can stimulate political engagement through the logic of political accountability. As discussed, elected councils entail the creation of a new group of officeholders whose interests, goals, and values are aligned with those of local residents. Political candidates gain office by appealing to local residents in this way. Elected council members are then expected to advance the interests of local residents and check the interests and ambitions of existing officeholders, notably the local head of government. However, local residents do not merely

leave these council members on their own after they are elected. They have an interest to see these actors work on their behalf, keep their promises, and avoid bad behavior.

One way they can achieve this goal is by having these officeholders anticipate that they will have to render accounts for their past actions. Local residents are incentivized to hold these actors accountable for their actions by investing the time and effort to observe the behavior of incumbents and gain information on their performance (Przeworski et al., 1999). This is so they can choose to reward or punish them when it is time for reelection. Put another way, elected councils introduce a new form of political accountability to the local level, where residents are made responsible for holding council members responsible for their actions. In practice, this means that local residents can be more likely to engage in local politics in various ways. They can be more willing to attend political gatherings and participate in these gatherings by asking questions and finding out information on the behavior and intentions of council members, that is, whether they are acting in their best interests and for good of the community. This is also made possible by the small size of localities. By extension, local residents can also be more willing to contribute to the process of democratic political decision-making while putting in the effort to hold elected council members to account.

Holding elected council members accountable in this way can also have an endogenous effect on whether local residents are willing to politically engage. When local residents find out they are successful in ensuring that council members fulfill their promises and check the interests of local elites, they should be more likely to expect that expressing their political views and opinions will be worthwhile, which should motivate them to participate more in the future.

Political Mobilization

Elected councils can also stimulate political participation through the logic of political mobilization. It was explained that local residents should be willing to engage in local politics because they want to monitor and gain information on the intentions and behavior of elected council members. Alternatively, local residents can be motivated to engage in local politics

due to the direct efforts by these council members.

In this view, whether local residents decide to politically engage depends on the role and influence of political leaders. Specifically, this focuses on the concept of “leadership capital” or the skills and experience of political leaders in motivating citizens to contribute to the welfare of their communities (Fearon et al., 2015; Humphreys, Sandhu, & Masters, 2007). Political engagement is a function of the extent to which these leaders are willing and able to convince citizens to contribute to local politics. This can happen in several ways, such as initiating contact with local residents to attend and participate in political gatherings, informing residents on political matters, and scheduling and conducting council meetings to plan and execute their duties.

The creation of an elected council has the potential to achieve this goal by introducing a new group of officeholders with the skills and experience to mobilize local residents to engage in political affairs, and there are compelling reasons why we should expect elected council members to exhibit this leadership capital. Local residents should not only elect to office political candidates whose interests align with their own, but who they also perceive to be talented leaders. This is because local residents should associate this leadership capital with the likelihood that political candidates will be successful in advancing their interests. If this is a criteria by which residents choose council members, then it can increase the likelihood that local residents decide to politically engage. In turn, elected council members can be motivated to exercise this leadership capital because they want to give a positive impression to residents and so they can be rewarded rather than punished in future elections.

Social Capital

A third way that the creation of an elected council can stimulate the political engagement of local residents involves the role of social capital. This can be understood as the “features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated action” (Putnam et al., 1993). In this view, citizen engagement in public affairs depends critically on social capital, especially the role of social

or interpersonal trust, because motivating citizens to politically engage suffers from the fundamental problem of free-riding. Local residents can be expected to contribute to the political decision-making process, but they face strong temptations to shirk and benefit from the efforts of others. Social capital helps to overcome this problem by generating the expectation among residents that they should be acting on behalf of the welfare of the community. It also generates a greater sense of stability and predictability in how others in the community will behave.

The creation of an elected council has the potential to stimulate political engagement among residents by creating new ways of fostering a closely knit community and building trust between these residents. One important way this can occur is when elected council members personally engage with local residents to raise awareness about their concerns of enhancing the welfare of the community and about others who are concerned with this as well. Engaging in this type of social activity can work to build networks, strengthen interpersonal trust, and create an expectation that others will become more involved in the democratic process. This again extends from the expectation that elected council members will be individuals whose interests, values, and goals are aligned with those of local residents. Elected councils can therefore also work to promote political engagement by enhancing social capital.

Political Trust

A final way that the creation of an elected council can stimulate political engagement among residents involves the role of political trust. This can be understood as a form of trust that exists among citizens that reflects their beliefs about the intentions and behavior of political officeholders. Specifically, it can be understood as the belief among citizens that officeholders are committed to acting in their best interests and will follow through with this commitment in their actions (Levi & Stoker, 2000a). Although theories that focus on the role of social capital place a great deal of emphasis on the trust that exists between citizens, they say very little about the trust that exists between citizens and government.

The creation of an elected council has the potential to stimulate participation by enhancing political trust. This is based on the expectation that local residents will elect to office candidates whose goals, interests, and values coincide with their own, especially compared to when these officeholders are traditionally appointed. This satisfies the first criterion of political trust, but the creation of an elected council can also satisfy the second criterion by populating local governments with individuals who are more competent in fulfilling their responsibilities. Compared to when political appointments are made based on such factors as kinship and political alliances, elected council members should be more likely to be selected based on whether they have the skills and experience to perform their duties. The creation of an elected council can therefore also enhance political trust by filling local governments with competent officeholders.

The basic logic by which this promotes political engagement is then similar to the logic of interpersonal trust. A more trustworthy government should strengthen the belief among residents that officeholders will be willing and able to meet their demands. It should also create a greater sense of stability and predictability in the behavior of officeholders, which should translate into a greater willingness among local residents to cooperate with government, and subsequently lead to greater engagement in the political decision-making process.

3.4.3 The Political Inclusion of Disadvantaged Groups

The creation of an elected council has the potential to stimulate the political engagement of local residents in these four ways, which should work to strengthen the voice of local residents over local elites. By extension, the creation of an elected council has the potential to enhance the political inclusion of disadvantaged and marginalized groups. This can happen because of both the demand- and supply-side reasons.

First, if elected council members themselves are a part of politically disadvantaged or marginalized groups, they should be personally invested in motivating individuals in these groups to contribute to the democratic process. It should happen because vibrant political engagement among these individuals and greater control over the democratic process

by these individuals should translate into benefits for these council members. Second, individuals who are politically disadvantaged within the community such as women, ethnic minorities, and religious minorities can be motivated to contribute to the political decision-making process on their own. If elected council members are from politically disadvantaged groups, then local residents should be incentivized to politically engage because they trust these actors more than other officeholders and they want to hold them accountable for their actions in the future. This is all based on the assumption that elected councils are likely to increase the proportion of individuals from politically disadvantaged who are working in local governments from selection on a popular vote by the community at large.

The creation of an elected councils therefore also has the potential to strengthen democracy by ensuring that the demands and needs of all residents, including those who are politically marginalized and disadvantaged groups, are better reflected and considered in the making of political decisions. It should work to break down social barriers to participation and reduce the large discrepancies that exist in who contributes to the democratic process, especially between men, ethnic majorities, and religious majorities vis-à-vis women, ethnic minorities, and religious minorities.

3.5 Evaluating the Mechanisms

To summarize the argument thus far, the creation of an elected council should promote democracy in the following way. It should redistribute power away from the hands of elites toward local residents, and it should also stimulate political participation among residents, including disadvantaged and marginalized groups. This builds on but differs from existing research. An earlier study by Beath et al. (2013a) argues that elected councils should improve political participation, but it does not offer a statement of how or why this occurs. It also does not discuss how these councils should work to determine whether politically disadvantaged groups are included in the democratic process or how they should redistribute political power within communities. Chattopadhyay and Duflo (2004) also argue that women's representation in locally elected councils should increase political participation among women in

India, but they do not explain the broader political consequences. The framework above fills in these gaps and provides a clearer statement of how the creation of these councils should shape the dynamics of local politics.

Nonetheless, the argument made thus far does not tell full story. It has not yet given an account of which of the four proposed mechanisms should matter most and why. In the following sections, I argue that elected councils should stimulate political participation mainly by enhancing local residents' trust in government. Although other mechanisms have potential to motivate political participation, they are unlikely to do so independently, at least in the short run. This is important because it also clarifies why the creation of an elected council should not merely end with the creation of a new set of rules, as some skeptics might predict, but instead should result in a more robust form of democratic governance. Furthermore, it helps to define the scope conditions under which these councils should strengthen democracy, which should then explain when they should matter most and when they should not. I discuss why each of the other three mechanisms should not be enough to stimulate democratic participation before explaining why political trust should fulfill this role.

First, it was suggested that elected councils have the potential to stimulate political participation through the logic of political accountability. In this view, residents are motivated to contribute to local politics as part of a broader move to monitor the behavior of elected incumbents. They should actively seek to gather information on officeholders and keep them in check. However, it should be difficult to see this happen for several reasons. Notably, this explanation runs into the ever-present problem of free-riding. It is unlikely that residents will voluntarily spend the time and effort to politically engage without a clear reason not rely on others to do so on their behalf. This is exactly what past findings have found about grassroots forms of political accountability (Grossman, 2014; Olken, 2007). At best, the rise in political engagement should be modest. Another factor is that it is often easy for residents to obtain information on the behavior and performance of local officeholders via word of mouth given their close proximity to family members and interactions with neighbors, which reduces the need to physically attend and contribute to political gatherings. It should then

be difficult for the logic of political accountability to facilitate major increases in political engagement.

It was also suggested that elected councils have the potential to stimulate participation through the logic of social capital. In this view, council members can play an important role in strengthening interpersonal trust as well as the norms and networks that facilitate civic engagement and social cooperation. Logically, this provides a working answer to the question of how the problem of free-riding might be overcome: an increase in social capital can motivate people to go beyond self-interest and work together toward the common good. Yet, there is a compelling reason why this is not likely to occur, at least in the short run. Social capital theorists argue that it is notoriously difficult to strengthen social capital, and large differences are the result of historically-contingent shocks that set communities on different self-reinforcing equilibria (Putnam et al., 1993). Empirical researchers also find that social capital is only built up over long periods of time, and it is especially difficult to construct through external interventions (Krishna, 2007; Ostrom, 2000). This means that council members may exert the time and effort to build up the norms, networks, and interpersonal trust that motivate civic participation, but it is not likely to make an immediate difference. Elected councils are therefore unlikely to stimulate participation by enhancing social capital in the short run.

Furthermore, it was suggested that elected councils can stimulate participation through the logic of political mobilization. In this view, it is the efforts of council members that make a large difference. They are capable of stimulating democratic engagement by mobilizing local residents to become politically involved. This is a very plausible scenario, and it is consistent with recent experimental evidence (Fearon et al., 2015). Nonetheless, it suffers from one major issue: it presumes that council members are deemed trustworthy by local residents. Local residents are unlikely to be receptive to the efforts of these officeholders unless they perceive them to be willing and able to advance their best interests. In other words, the logic of political mobilization depends on the trustworthiness of council members, since residents are unlikely to comply and cooperate with officeholders who are incompetent or perceived to

be interested in advancing their own interests at the expense of the community's. Therefore, while political mobilization can play an important role in promoting participation, it is contingent on political trust, and mobilization efforts should not make much of a difference unless officeholders are deemed trustworthy.

3.6 The Role and Importance of Political Trust

This leads to the view that the creation of an elected council should stimulate political engagement primarily by enhancing political trust. In this section, I give further details on why it should enhance trust in local governments and why this should produce higher levels of political engagement. To recap, political trust refers to the belief among local residents that public officeholders are committed to acting in their best interests and will follow through with this commitment in their actions. Like other forms of trust, it is both relational and conditional. It is relational in that local residents subject themselves to officeholders who have the choice of deceiving or betraying them, and it is conditional in that trust is given specifically to them over the domain of spending and managing public funds. In turn, this trust is based on whether residents evaluate and perceive officeholders to be trustworthy, which stems from the knowledge that they have accumulated from their personal experiences and past interactions with these actors.

The creation of an elected council strengthens political trust in two main ways. It populates local governments with officeholders who local residents believe are competent and committed members of the community. This carries particular weight in localities where residents are likely to have accumulated a lot of knowledge about others based on past interactions. Residents assess the skills, knowledge, and ambitions of political candidates, and they make their selections for office accordingly, filling these councils with individuals who are perceived to be more trustworthy especially compared to when political appointments are made based on kinship or elite alliances. It also creates a new way for council members whose goals, interests, and values coincide with local residents to check the interests of other officeholders. The creation of an elected council embodies this logic of checks and balances,

and it gives local residents added certainty that local governments will follow through with its commitment to the community.

Not all of the institutional arrangements discussed earlier strengthen political trust. Some work to reduce uncertainties about whether political decisions will be followed through, but they do not necessarily enhance trust in government. Specifically, they may not convince citizens that officeholders are working in their best interests or capable effectively carrying out their duties. R. Hardin (1998) makes the point that governments may exhibit the features of trustworthiness, but it does not necessarily mean that citizens will believe that any particular government actor will be acting in their best interests. To be more specific, plebiscites and referenda that give citizens a chance to directly influence how public funds will be spent while minimizing the role of officeholders. Yet, they should do little to improve political trust. These arrangements attempt to deal with the problem of political distrust by eliminating the role and influence of officeholders completely. They allow for citizens to decide whether to contribute to the making of political decisions without having to deal with potentially untrustworthy political actors.

In a similar vein, political institutions that make lower levels of government answerable to higher levels of government help to ensure that local government actors are deterred from law-breaking and follow through with procedures, but this does not necessarily mean that citizens are more likely to believe they are trustworthy. It is very possible that local officeholders who are perceived to be self-serving or incompetent are being held accountable by higher levels of government. Creating a new branch of government with appointed leaders suffers from a similar limitation. It is more than possible for a group of untrustworthy officeholders to be separated into different branches of local government and given the responsibility of holding each other accountable. Although it may more likely that these individuals will follow through with their commitments, it does not mean they are perceived to be more competent or concerned with working toward the best interests of residents.

Enabling residents to select the local head of government perhaps shows the greatest potential to strengthen political trust. This is because they place the onus on citizens to

identify who they believe to be the most capable and committed to working toward their interests, and they give citizens a chance to put into office those who they deem to be trustworthy. However, one important limitation is that it is likely to enhance trust among only a small subset of residents. In a local election for the head of government, residents should support the individual whom they perceive to be most capable and committed to advancing their interests. Trust should therefore increase primarily among the residents who support the winning candidate. Baldwin and Mvukiyehe (2015) point out that elected village chiefs can actually divide small communities and result in the selection of leaders supported by only a small plurality rather than creating a sense of collective fate among citizens. They find that democratically elected political leaders alone do not significantly improve civic participation, which is a finding that is also uncovered by Grossman (2014).

This provides insight into what arrangement of institutions is most likely to build political trust. Democratic rules of leader selection should increase political trust among some residents, specifically among those who vote the winner into office. Enlarging the number of democratically elected leaders then helps to ensure that most if not all citizens in the community believe that someone in the body of local government is trustworthy. The local head of government should be perceived to be trustworthy among their supporters, and for others, the members of another elected branch of government should be perceived to be competent and working on their behalf. In addition, creating a new branch of government that enables officeholders to hold each other accountable should help to build trust among other groups of citizens when these government actors are also elected to office. The creation of an elected council embodies this combination, and it can be contrasted to when only one or neither of these institutions are in place.

If the creation of an elected council plays an important role in enhancing political trust, this raises the question of how exactly it stimulates political engagement. As touched on earlier, if residents perceive local government actors to be trustworthy, they are more likely to believe that their efforts to shape the allocation of public funds will be worthwhile. This means that they are faced with a stronger set of incentives to participate in local political

decision-making. To be clear, this is based on an incentive-based logic where residents take into consideration the potential benefits of participation, and they are likely to do so when these benefits exceed the costs. Residents then make the choice of cooperating with these actors by participating in local political decision-making. In addition, and perhaps more importantly, residents are more likely to go beyond self-interest considerations to comply with the expectations placed on them by officeholders when they believe these actors are trustworthy (Cook, Hardin, & Levi, 2005). It is therefore a key ingredient that can lead citizens to cooperate with governments even when faced with the temptation to free-ride. This is a logic that is not based on material self-interest or moral considerations. Rather it is based on the willingness of individuals to wish to contribute to the common good, which can facilitate cooperation with government even when an individual's costs slightly exceed the expected benefits of doing so. This draws on work by researchers who find that political trust can be a powerful force that inspires courses of action among citizens, including Tyler (1998) who finds that trustworthy government makes it more likely that citizens will voluntarily accept and consent to the demands of courts and other government authorities; Levi and Sacks (2009) who find that it supports citizen cooperation with government demands in the areas of taxation; and Brehm and Rahn (1997) who find that political trust can motivate civic behavior. This is relevant to the present context since the costs of gathering together and contributing to the political decision-making process are likely to be relatively low for most local residents. Local residents should then be incentivized to politically engage, and the gains in political trust are also likely to help overcome the problem of free-riding.

The benefits of trustworthy government via the creation of an elected council are not likely to end there. As discussed, the logic of political mobilization should be contingent on political trustworthiness. This means that while improvements in political trust should directly effect political engagement, it should also have an indirect effect via the mobilizing efforts of political leaders. It is also likely to generate positive externalities within the community. There is evidence to suggest that political institutions that help to create a trustworthy government also build interpersonal trust (Fukuyama, 1995; Weingast, 1998),

which promotes cooperation between citizens. This is supplemented by survey research among scholars who find that interpersonal trust stems from trust in government rather than the reverse (Brehm & Rahn, 1997; Yamagishi & Yamagishi, 1994). Elected councils should then have a direct and immediate impact on the political engagement of residents, but it should also have an indirect effect via improvements in interpersonal trust over the long run.

The implications of this argument extends to politically disadvantaged and marginalized groups. Like others, these groups of residents face the decision of whether or not to politically engage, but they are faced with stronger reasons not to do so. They are less likely to believe that their voice will be heard in the decision-making process, and they are likely to be deterred by social norms and barriers. Nevertheless, when they perceive local government actors to be trustworthy, they should also be more willing to partake in local politics. As discussed, this is based on the expectation that the creation of an elected council will strengthen the representation of individuals from disadvantaged or marginalized groups. Improvements in trust in local governments should then be the driving force that promotes political engagement and the subsequent distribution of resources according to the demands of local residents.

3.7 Hypotheses

This completes the theoretical framework that I set out to build at the beginning of this chapter. I presented a logic by which aid in the form of funds and technical assistance can be used for the purpose of institution-building, and I argued that the creation of an elected council should have a profound impact on the strengthening of democracy at the local level. The theoretical framework is summarized in Figure 3.1. Based on this framework, it is possible to construct a set of hypotheses that will be used to evaluate the validity of the theory. These hypotheses are detailed in Table 3.1.

First, I hypothesize that the creation of an elected council will redistribute political power at the local level. It will lead to the selection of a group of officeholders who closely

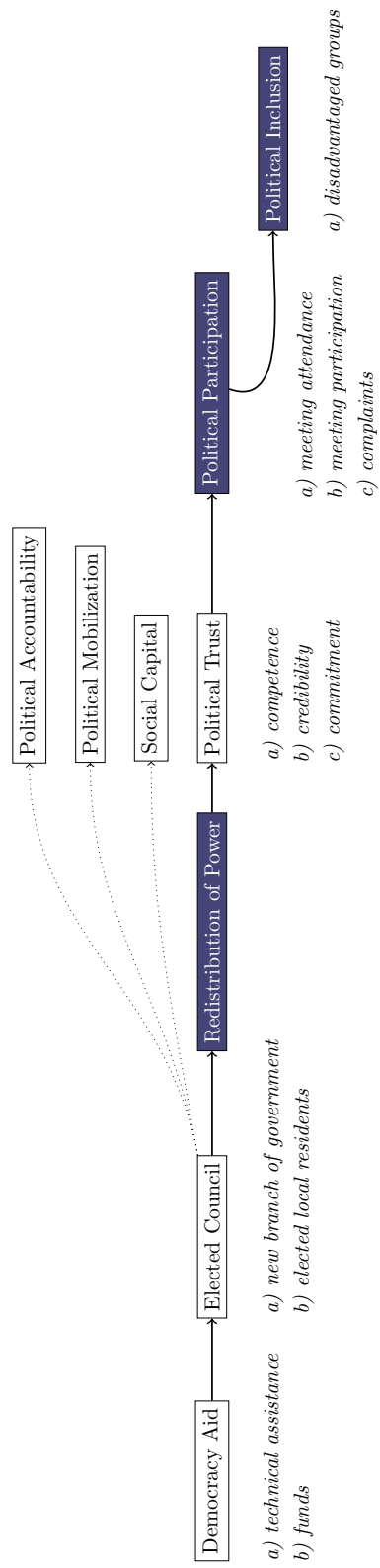
Table 3.1: Testable Hypotheses

1.	Elected councils broaden the distribution political power.
1a.	They lead to officeholders who better reflect social and economic demographics.
1b.	They disentangle kinship ties and elite alliances within local government.
1c.	They lead to better educated and more experienced political officeholders.
2.	Elected councils stimulate political participation.
2a.	They increase attendance at political gatherings.
2b.	They increase participation during political gatherings.
2c.	They increase interactions with local governments outside political gatherings.
3.	Elected councils stimulate political participation via improvements in political trust.
3a.	They increase political trust within communities.
3b.	They do not stimulate political participation through alternative mechanisms.
4.	Elected councils enhance the political inclusion of disadvantaged groups.
4a.	They increase the political participation of disadvantaged and marginalized groups.
4b.	They reduce the gaps in political participation with mainstream groups.

reflect the characteristics of social and economic groups that exist within the community, including previously underrepresented groups such as women, minorities, and the poor. It will lead to a group of better educated and more experienced officeholders. It will also disentangle the kinship ties and political alliances that exist within local government. Second, I hypothesize that the creation of an elected council will stimulate the political engagement of local residents. Specifically, it will increase their attendance at political gatherings, input during these gatherings, and the submission of suggestions and complaints to their local government outside of these gatherings. Third, I hypothesize that the creation of an elected

council will stimulate the political engagement of politically disadvantaged and marginalized groups. It will increase the forms of political engagement listed above, and it will reduce the gaps in engagement that exist between these groups and others. Finally, I hypothesize that the creation of an elected council will enhance the trust that local residents have toward their local government. The remainder of this study evaluates these hypotheses empirically, and the next chapter discusses the background and context of the study in Indonesia.

Figure 3.1: Theoretical Framework



Chapter 4

RESEARCH SETTING AND BACKGROUND

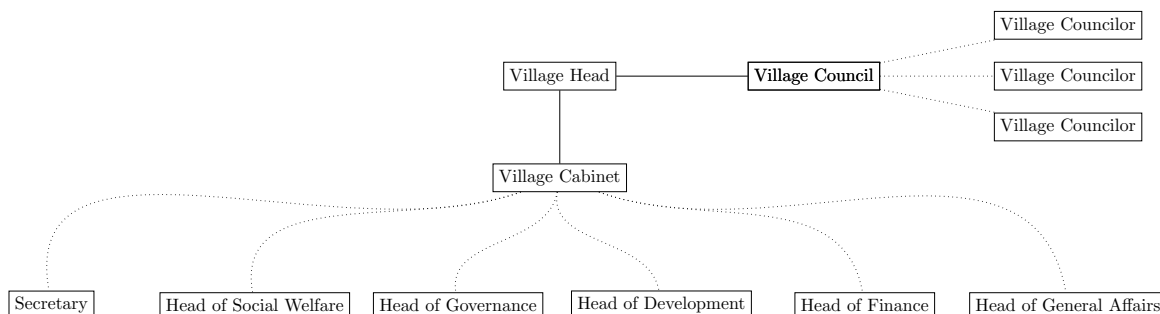
The previous chapter ended with a set of hypotheses based on the theoretical framework. In this chapter, I describe the background and setting of where I intend to test these hypotheses, specifically in Indonesia. I do this to help contextualize the theory, applying it to a concrete place, and to offer a backdrop of the empirical results in the following chapters. I also do so to facilitate a comparison of the results with previous findings later on. I begin with an overview of the current state of local governance in Indonesia, and I supplement this with a brief history of institution-building at the sub-national level in Indonesia.

4.1 Setting: Local Governance in Indonesia

The dynamics of local governance in Indonesia have gone through sweeping changes in recent history, coinciding with the country's transition from having one of the most centralized to one of the most decentralized governments in the world. During the last 20 years, deep and widespread decentralization has gone hand-in-hand with the transformation of political institutions at the local level in a way that has altered the capabilities of citizens to shape the course of political decisions. This has also been accompanied by the massive inflow of aid from foreign donors and development agencies to support the cause of bottom-up democratization.

International and multilateral development agencies have been actively engaged in efforts to strengthen democracy at the local level in Indonesia, with this support having rapidly expanded in recent years. These efforts have mainly been targeted at the village level, which is the lowest administrative division in the country. Villages (*Desa*) in Indonesia range from several hundred to several thousand residents, and the country's over 75,000 villages

Figure 4.1: The Structure of Village Government in Indonesia



are divided further into hamlets or sub-villages (*dusun*), which are made up of informal, naturally occurring clusters of households. Villages are nested in over 6,500 sub-districts (*kecamatan*) within 416 districts (*kabupaten*) in 34 provinces (*provinsi*) across the country.

Sub-national governments exist at the province, district, sub-district, and village levels, but village governments have almost complete autonomy over the formulation of their own budgets, laws, and public goods, including the creation of local elementary and junior high schools, health clinics, and irrigation facilities. Notably, The World Bank, the Asian Development Bank, and the Islamic Development Bank have been funding one of the world's largest CDD programs in Indonesia since 2007, and they have been coordinating with the Government of Indonesia to reform village-level political institutions with the technical assistance of a multi-donor support facility funded by Australia, Denmark, the European Union, the Netherlands, the United Kingdom, and the United States. One of these reforms involves the creation of an elected village council, which makes it possible to investigate the impact of this institutional change on village politics.

Currently, village governments in Indonesia consist of a village head, a village cabinet, and a village council. Village heads are elected by village residents, village cabinets are appointed by the village head to serve functional roles, and village councils are also elected by village residents. Although not officially a part of village governments, hamlet heads serve an important role in village politics, and they are selected by hamlet residents, either

democratically or by consensus, to represent their interests to village governments.

Until recently, village heads exercised almost complete control over village politics. A seminal law passed in the mid-1970s gave them almost unilateral authority to formulate budgets, draft laws, create plans for public goods, and although village heads were elected by village residents, this meant that political power was highly concentrated within their hands, and their plans and decisions almost always went unchallenged. This is was reinforced by the fact that village heads were also given the authority to appoint village residents to all other positions within the village government, which was often based on political alliances with hamlet heads in a way that was meant to consolidate their authority (Wetterberg et al., 2014). Rather than working to check the interests and ambitions of the village head, village officeholders were therefore incentivized to merely conform to their wishes, and they also had no formal authority to challenge the village head. This also meant once village heads were elected, local residents were largely excluded from the political decision-making process. Few formal channels existed for residents to have their preferences expressed to village heads, and village heads did little to try to integrate them into local politics. Political participation has been notorious been low within Indonesian villages, particularly among women.

Recent democratic reforms have created space to alter these dynamics, however. The introduction of elected councils, formally known as *Badan Perwakilan Desa* (BPD) or Village Representative Body, to villages across the country has created new opportunities for village politics to become less concentrated, more participatory, and more inclusive. The BPD is specifically meant to serve as a de facto legislative branch of village government, and their creation was heavily pushed by development agencies to facilitate the democratic process by creating new opportunities for the demands of residents to be reflected in formulation of budgets and the creation of public goods. The BPD, whose members are elected by the village population, rather than appointed by the village head, also creates an opportunity for village governments to be composed of individuals whose interests are better aligned with those of the community and who are better qualified to perform their jobs. This means that there is an opportunity to distribute political power more broadly within villages. It also

means that there is strong potential to stimulate political participation among local residents, including disenfranchised groups, in the ways discussed earlier. This should notably happen at the *musyawarah desa* (*musdes*), a village-wide meeting organized once a year for all residents to voluntarily come together and debate on plans and budgets for the upcoming fiscal year. Although the creation of elected councils holds this potential, their impact on village governance in Indonesia has yet to be formally evaluated.

This gives an overview of the current dynamics of village governance in Indonesia. Details on village actors and their political interactions in specific villages will be covered later on in the case studies. The next section of this chapter goes on to provide more information on the historical transformation of village governance in Indonesia.

4.2 Background: The History of Local Governance in Indonesia

Recent years have seen a push toward democratization at the village level in Indonesia under the active support of foreign donors and development agencies, involving the formation of new institutions and almost complete autonomy over political affairs. But this has not always been the case. The path to decentralized, village-level democracy has been a long road paved with many successes and failures, extending back to Indonesia's colonial era. This section traces the history of these changes in light of the growing influence of international actors to set a backdrop for the current state of village politics.

4.2.1 The Roots of Village Governance: 1900-1965

The first evidence of decentralization can be traced back to the early 20th century when the first municipalities were created in the Dutch colonial administration in 1905, which were followed by the creation of the first five districts or *gewesten* in 1910 (De Jong, 2002). Ten years later, Java was designated as the first province in 1920. Although these administrative divisions were formally created by the Dutch, there was little power taken away from the colonial government in practice (Vickers, 2005). This arrangement continued until the end of the post-war era, when the prospect of local autonomy re-emerged following independence.

The 1945 Constitution (Law No. 1/1945) on Regional Authorities established Indonesia as a unitary state but also outlined the country's new administrative divisions and the authorities given to each these divisions. Specifically, it divided the country into provinces (*provinsi*), which would be further divided into rural and urban districts, also known as regencies (*kabupaten*) and municipalities (*kota*), respectively, each of which would have their own regional governments. These regional governments were composed of an elected legislative body or Regional People's House of Representatives (DPRD) led by a governor, regent, or mayor elected by the legislative body. In practice, regional governments were given authority by the central government to administer and manage their own affairs. Article 18 also recognized traditional communities along with customary rights, although the village or *desa* itself was not yet recognized as an administrative division.

Regional autonomy was welcomed by the Dutch who were reluctant to relinquish their colonial territories, and they used this as a basis to argue that the newly formed Republic of Indonesia was only one voice among many on the issue of independence (Drakeley, 2005). In response, the arrangement quickly fell apart, and the revised 1950 Constitution reverted the country back to a highly centralized unitary state. Coincidentally, this was also around the same time that Indonesia had its first experience with foreign aid. In 1947, shortly after its formation, the World Bank granted a loan to the Netherlands, the second loan in its history, which was granted to assist with the post-war reconstruction of its colonies. The timing of the loan garnered criticism as it was seen as being used to assist the Dutch in its fight against the Indonesian nationalists (Rich, 2013). In 1948, the United States reacted by pressuring the Netherlands to grant independence to Indonesia under the Marshall Plan.

The issue of local autonomy surfaced in the 1950s when Law No. 1/1957 on Local Governance reintroduced provinces and districts as administrative divisions along with the village as a third division in attempt to strengthen regional autonomy. However, this once again failed after an outbreak of regional unrest by the Permesta and PRRI rebel movements on Sumatra, Sulawesi, and West Java during the late 1950s. In 1959, Presidential Decision No. 6/1959 reinstated the 1945 Constitution in Indonesia but abolished Law no. 1/1957 on Local

Governance to strengthen the central government at the expense of regional governments. This was widely seen as being unconstitutional (Pompe, 1992), but the decision was passed with Law no. 18/1965 by Sukarno, and it would not be until the mid-1970s that the issue of regional autonomy would be revisited. In the same year, Indonesia relinquished its membership in the World Bank under Sukarno, and political consolidation under his unitary state coincided with a rejection of development assistance from abroad.

4.2.2 The Slow March Forward: 1966-1998

Sukarno's rejection of foreign development assistance turned out to be short-lived, however, as Indonesia quickly rejoined the World Bank in 1966 after he was ousted from office by Suharto. At this time, the World Bank's president, Robert McNamara, worked to ambitiously improve its role and influence in Indonesia. McNamara observed that Indonesia was one of the only highly populated countries in the world other than China with which the World Bank did not have a strong relationship, and he made his first foreign visit there as World Bank President in 1968 (Kapur, Lewis, & Webb, 2011). Suharto and McNamara came to admire each other, and the World Bank actively began to support Indonesia's development under the Suharto regime. The earliest aid projects began in the late 1960s in the form of large-scale infrastructure projects including irrigation, highway, water supply, and power projects. These included an irrigation rehabilitation project funded by a US\$5 million development loan to increase rice production and help ease domestic food shortage in Sumatra, which accompanied a major investment in Indonesia's road systems by UNDP and a major gas exploration project by the International Finance Corporation (IFC). Another project involved a US\$28 million loan to rehabilitate 3,000 km of roads in five provinces and facilitate road maintenance across another 15 provinces. Large-scale infrastructure projects such as these continued throughout the 1970s and 1980s and expanded into other sectors including sanitation, national ports, and telecommunications projects in the 1990s.

After almost ten years of having a strong unitary state, the issue of regional autonomy was revisited with Law no. 5/1974. Although international aid donors and development agencies

had a strong hand in shaping Indonesia's development during this period, they were not the main proponents of decentralization and democracy. Instead, these were fueled by strong demands across the country's diverse regions. This law formally reinstated provinces and districts as administrative divisions and also introduced the sub-district or *kecamatan* as another division under the district level. Elected regional legislatures were also reinstated at the province level (*Daerah Tingkat I*) and the district level (*Daerah Tingkat II*), and regional heads were elected once again by these legislative bodies as initially envisioned in the 1945 Constitution. The law reinstated the village as an administrative division under the sub-district, but the governing structure and authorities of the village were left unspecified as it would merely stipulate that "governing of the Desa Administration is to be determined by law." Shortly after, Law no. 5/1979 on Village Administration was passed to fill this void. Under this law, the village or *desa* and the urban neighborhood or *kelurahan* became the lowest administrative division in rural and urban areas, respectively. The former was a self-governing unit, but the latter was an administrative organization only. Another one of the aims of this law was to standardize the village administrative structure. Previous iterations of the law on local governance made considerable room for village governments to be sensitive to *adat* or local customs and traditions; for example, the 1965 law allowed room for the title of village head to be given to individuals according to local customs, but the 1974 law stressed this title would be made as uniform as much as possible across the country.

For the first time, this law also specified the structure, functions, and authorities of the village government. It would be composed of a village head (*kepala desa*) elected by the villagers and a Village Consultative Body (*Lembaga Musyawarah Desa*), composed of elders and other influential people from the village who would be appointed by the village head (Ramstedt, 2009). Political decisions would be reached by the village head and the Village Deliberation Council through a deliberative process or *musyawarah* that would lead to a consensus or *mufakat*. In practice, this meant that the Village Deliberation Council could have a voice in deliberation but had no right of co-determination (Galizia, 1996). The village head would also be assisted by a village administrative body called the *Lembaga Ketahanan*

Masyarakat Desa (LKMD) that would consist of appointed members who would serve as a village cabinet to carry out the village government's plans in such areas as education, health, and housing. Finally, hamlets or *dusun* were created as sub-administrative units under the village, which would play an informal role in village administration.

Although Law no. 5/1979 outlined ambitious changes to Indonesia's governing structure, its execution was much more subdued. Implementation took place in early 1980 when the Ministry of Home Affairs sent instructions to all provincial governors to brief district heads on properly understanding the law. However, roll out was gradual and the law was never fully implemented (Kato, 1989). This was largely due to the sheer number of villages in the country, which stood at almost 69,000; the geographic size of the country; the lack of local capacity; and the amount of administrative work involved (Kato, 1989). The law was therefore passed by the national government, but stood largely unimplemented in practice. Attempts were made about a decade later in the early 1990s to apply the law more fully, but they were once again unsuccessful. In 1992, the central government experimented with the idea of having regions prove they were ready to be given new functions and responsibilities, and in 1996, the law was tried, but it experienced difficulties because the central government would not hand over the necessary resources and facilities for regions to adequately fulfill their new responsibilities (Hofman, Kaiser, Goga, & Chakeri, 2003).

These were accompanied by the rise of society-centered development projects beginning in the early 1990s, which corresponded with the broad turn and interest toward the philosophy of community-driven development by international development agencies. Early prototypes of these were a Small Credit Project in 1990 aimed at extending micro loans to fund small-scale enterprises among creditworthy borrowers in villages, and an Informal Education Project aimed at increasing basic education and income generating skills among the poor via scholarships, apprenticeship programs, and training classes in 1991. These led up to the first community-driven development project in 1995 called the Village Infrastructure Project for Java, which provided development funds for public infrastructure and employment in 1,200 villages with the express mandate of promoting decentralization, transparency,

and village-level participation to support the bottom 20% of the poorest households and 6% of all rural villages in Java. As an early CDD project, it empowered villagers to decide priority uses of village grants, focus on creating jobs for poor individuals, and equip them with development skills for constructing small public works projects worth a total of US\$83 million. Eventually, this was expanded to a larger scale with the creation of the Kecamatan Development Project (KDP) in 1998 to apply the tenets of community-driven development across the whole country.

The abrupt end of the New Order era in 1998 gave way to landmark changes in the existing system of government that characterized 32 years of highly centralized autocratic rule. The post-Suharto era marked the beginning of the “Big Bang” of decentralization, giving way to fiscal, administrative, and political decentralization alongside wide-ranging social and economic reforms or *reformasi*. This was embodied in the launch of two new laws on regional autonomy: Law no. 22 and Law no. 25 in 1999.

4.2.3 Post New Order Decentralization and Democracy: 1999-2013

Law no. 22 on Regional Governance marked the beginning of a new and exciting period of political decentralization, and Law no. 25/1999 on Fiscal Balance made important progress on fiscal decentralization in Indonesia. The impact of these laws were felt especially at the district and village levels. First, Law no. 22 explicitly stated that there would be no hierarchical relationship between provinces and districts, where previously urban and rural district heads fell under the authority of provincial governors. Under the new law, urban and rural districts became answerable directly to the Ministry of Home Affairs. Second, the law assigned new responsibilities or *kewenangan* to the different levels of government. While the central government remained in charge of defense, foreign affairs, justice, security, religion, and monetary and fiscal policy, and district governments were given many new roles, including involvement in the day-to-day affairs of public works, health, education, and agriculture. This was done with the expectation that districts would not be able to immediately perform all their new responsibilities, and provinces were therefore put in charge

of supporting functions that they could not adequately perform. To a lesser extent, Law no. 5/1999 introduced new measures of fiscal decentralization. There were also stipulations that there would be an increased reliance of own-source revenues by sub-national governments, but these measures were very loosely defined, and these attempts were fraught with many issues. Notably, the law decentralized fiscal responsibilities without referring to the specific government entities that would be in charge of fulfilling these responsibilities. Regional governments were given responsibility over a list of sectors vis-à-vis the central government, but the law was not clear on how regional governments would fulfill these responsibilities. This made it so that many local governments believed they were responsible for all tasks in those sectors, including legislation, planning, and implementation (Hofman et al., 2003).

These landmark changes once again turned out to be short-lived, however, and Law no. 22/1999 was quickly replaced with Law no. 32/2004 on Regional Governance. As it turned out, local autonomy was a necessity of the times: as McCarthy and Warren (2008) observe, “given the political context in which the legislation was introduced, regional autonomy had to be understood primarily as a policy instrument directed towards national preservation, with questionable commitment from Indonesia’s national elite.” Law no. 32/2004 then reversed most of the achievements of the 1999 law and provincial oversight of districts was reasserted. One important feature of village governments that remained unchanged was the Village Consultative Body or *Lembaga Musyawarah Desa*. This was renamed to *Badan Permusyawaratan Desa* or BPD, but it remained a group of individuals appointed by consensus among village elites and subordinate to the village head (Wetterberg et al., 2014). A major reason for this was that village heads argued that an elected BPD would be a source of internal conflicts and paralyze village governments (Antlov & Eko, 2012). Therefore, although attempts were made to strengthen and bolster the autonomy of village governments, they would fall short. This continued for the next decade after which the issue of regional governance was revisited and the powers and authorities of village governments was be renewed.

Although Indonesia’s move toward decentralization was largely obstructed, local political empowerment came in other forms, specifically with the efforts of aid donors and international

development agencies. The Village Infrastructure Project for Java in 1995 was followed by the Kecamatan Development Program (KDP), a large community-driven development project. The KDP was initiated by the Government of Indonesia in partnership with the World Bank during the final years of the Suharto regime, and it was subsequently scaled up after the end of the New Order era during the East Asian Crisis. This was partly justified by the dire need of the newly formed national government and the World Bank to respond quickly to the crisis and demonstrate a clear departure from past policies (Guggenheim, 2006). Beginning in 1998, the KDP allowed for participating sub-districts composed of 10-20 villages to receive an annual block grant with which village residents could make proposals for small-scale infrastructure projects. Villagers would become active participants rather than passive observers in the making of infrastructure proposals, and they would receive help from trained facilitators to present these proposals to village- and sub-district-level meetings where community members would decide on the projects that would best fit the needs of the community. Some proposals would be accepted and others rejected in a competitive bidding process. Although government actors at the village level and higher levels of government would facilitate this process, they would not determine the needs or final decisions of budget allocations. During its implementation, the KDP financed projects in about 15,000 villages each year. Due to the early successes of the KDP, the Indonesian government eventually decided to implement the program in every village across the country and allocate a substantial portion of its own resources into the program. The KDP eventually merged with the Urban Poverty Program (UPP), a similar CDD project focusing on urban areas, and it was rebranded as *Program Nasional Pemberdayaan Masyarakat* (PNPM) or the National Community Empowerment Program in 2006.

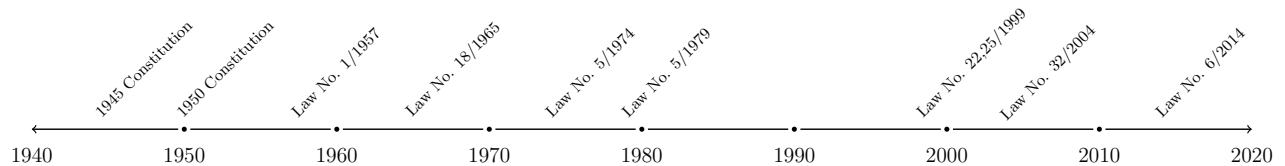
4.2.4 The Current State of Village Governance: 2014-Present

The most recent attempt to strengthen local autonomy would come ten years later with the passing of Village Law no. 6/2014. This embodied the most sweeping changes to local governance to date. The original draft of the law by the Ministry of Home Affairs did

little more than codify the implementing regulations of Law no. 32/2004. However, aid donors, development agencies, and reform-minded politicians took interest in the law, and they would push harder for villages to become autonomous, self-governing communities in response to the demands of constituency groups (Antlov, Wetterberg, & Dharmawan, 2016). After several years of debate, a compromise arose between political factions, and the village was formally recognized as a legal community unit. There would be strong political support for the new village law leading up to the 2014 elections, and most parties endorsed the law before it was passed by parliament and signed into law by President Yudhoyono in January 2014. The law expanded village autonomy, enlarged village budgets, revitalized checks on village governments, and created new opportunities for citizens to participate in local politics.

Village Law no. 6/2014 is distinct in that it seeks to revitalize several features initially envisioned in the 1945 Constitution. First, it reformed the BPD as a legislative body rather than a consultative body and expanded its powers considerably. The BPD was given three main functions: first, to discuss and agree to draft regulations on the village along with the village head; second, to share the aspirations of the village community; and third, to supervise the performance of the village head. The BPD would also be reformed as a democratically elected body of government composed of five to nine members of the village that must include women, which, together with the village head, would form the village government. This meant that the BPD would be given the authority to work in partnership with the village head with equal authority to draft village laws including the village budget, and they would also be required to approve any village-related legislation before it is passed. Second, the law introduced for the first time an official channel for village residents to directly contribute to the political decision-making process. This would come in the form of a village assembly called *musyawarah desa* (*musdes*) organized once a year for the full village population to agree on important village governance issues including village development plans and village investments. The village assembly would then become the highest decision-making body of the village, and it would be required to approve crucial government decisions including the village plan and expenditure report, with the village population being given the opportunity

Figure 4.2: Timeline



to plan and manage these decisions through the village assembly. The law would also state that the village population would have the right to access information about village affairs. Furthermore, the village law required that village governments report their operations to higher levels of government on a regular basis. The village head would be required to provide their annual accountability reports to the district heads who would also be required to review village budgets.

4.3 Conclusion

The history of local governance in Indonesia has therefore been a long and journeyed process marked by ebb and flow. Decentralization was envisioned when the country was born in 1945, but it has been fully expressed only with the passing of the 2014 Village Law. At the same time, PNPM has channeled development aid into the country's nearly 74,000 villages to support the tenets of community-driven development. This creates unprecedented opportunities for village residents to influence political decision-making. Specifically, the creation and reform of the BPD has the potential to shape the course of village politics in the ways previously discussed. In the following chapters, I formally evaluate the impact of these councils on democratic governance among villages.

Chapter 5

RESEARCH DESIGN, DATA, AND METHODS

In this chapter, I outline the strategy to evaluate the hypotheses proposed in Chapter 3. The research design involves a multifaceted approach that rigorously addresses the issue of causal identification while unpacking the black box of causal mechanisms. First, I use a natural experiment to analyze an original data set that captures finely grained survey data on the perceptions and behavior of villagers. Second, I look deeper into the context of village politics in Indonesia with field research that involves interviews, discussions, and participant observations to assess the causal mechanisms that may be driving the results of the natural experiment. Using these approaches, I triangulate on the underlying relationships and uncover evidence to evaluate the theory and hypotheses.

5.1 *Natural Experiment*

The passing of Village Law no. 6/2014 creates a novel opportunity to assess how the creation of an elected village council influences the dynamics of village politics. But, it also comes with several challenges. The village law was uniformly implemented across the country in 2015, so it is not possible to capture variation in whether villages were exposed to the law and whether they were not. Moreover, even if this variation were observed, villages more willing to adopt an elected village council may be more likely to exhibit active and robust forms of political engagement. This highlights the problem of selection bias that confronts most empirical studies of the effect of institutions. Nonetheless, a stipulation of Law no. 22/1999 on Regional Governance creates a chance to deal with this problem by introducing an exogenous source of institutional variation.

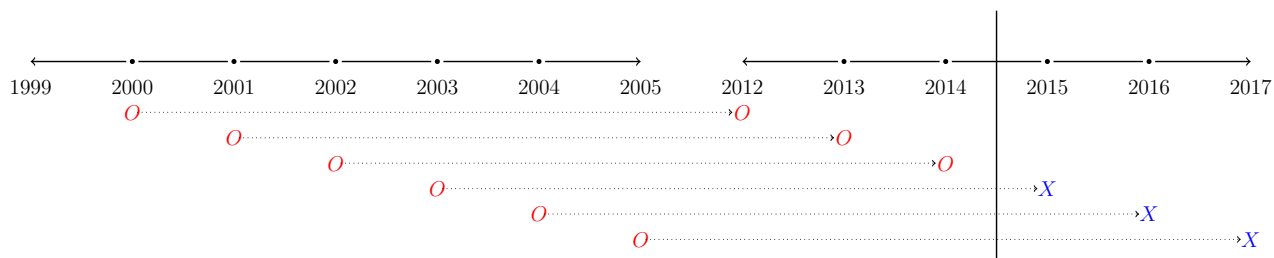
Law no. 22/1999 required that each village council (BPD) serve a mandatory six-year

term, which would be carried forward in Law no.32/2004 on Regional Governance and Village Law no.6/2014. When this happened, each BPD was set on a path by which it would be required to reconstitute itself after every six years. Initially, this meant that BPD members would be appointed by the village head after six years in a staggered way. However, this would change with the passing of Village Law no.6/2014. Villages began to elect their BPD members according to the new law, which would lead to some villages to have their BPDs formed under the old rules of appointment and other villages to have their BPDs formed under the new rules of election. Villages were therefore assigned into one of these two groups based on whether their BPD was re-formed after the implementation of the new village law or before its implementation, with the assignment variable being the year at which each BPD began its six-year term following the 1999 law. This is illustrated in Figure 5.1. This makes it possible to exploit a discontinuity in whether villages were required to create an elected village council or an appointed village council.¹

For the assignment mechanism to be considered valid, villages must not have been able to precisely manipulate their assignment into the treatment group versus the control group. In the present context, there are several reasons why this is believable. First, although village actors could exercise discretion in when their BPD began its six-year term following the passing of the 1999 law, they could not foresee or anticipate the changes in the law fifteen years later. This makes it unrealistic that villages could have precisely sorted around the treatment threshold. Second, once the six-year term was created in 1999, sub-district and district governments were required by law to enforce the term, which restricted village actors from changing or manipulating the length of the term. Again, this makes it highly unlikely that village actors could have manipulated the year at which the BPD would be re-formed. If villages were unable to precisely manipulate their assignment into electing versus appointing BPD members, then a consequence of this is that the variation in the treatment variable near the threshold may be considered “as good as randomized”, with subjects just above the

¹A similar version of this regression discontinuity design is used by Dunning and Nilekani (2013).

Figure 5.1: Assignment Mechanism



cutoff being good comparisons with those just below the cutoff (Lee & Lemieux, 2010).

This relatively mild set of assumptions makes the regression discontinuity design especially appealing compared to other quasi-experimental approaches. It is also appropriate for the current setting, since all other features of Village Law no.6/2014 were uniformly implemented across villages and thus may be considered to be held constant. These include elected village heads, the village deliberation forum, and mechanisms by which higher levels of government monitor and oversee the actions of village governments. Nonetheless, I conduct several diagnostics to assess the validity of the design. First, I start by observing the distribution of the assignment variable across all villages and within each province using histograms to assess whether villages could have manipulated the formation of their village councils following Lee and Lemieux (2010). The discreteness of the assignment variable excludes the possibility of using a density test such as one recommended by McCrary (2008). I therefore turn to a conventional set of balance tests by fitting a series of regressions at the village- and individual-level with baseline covariates as the outcome variables to assess any systematic differences between the treatment and control groups. These results of these tests are displayed later in this chapter.

5.1.1 Data and Methods

Data for this analysis were collected from surveys given to 4,082 individuals living in 112 villages across three provinces in Indonesia during the first quarter of 2016. The three

provinces—Jambi, Central Java, and East Nusa Tenggara—were purposively sampled to exploit variation in population density, access to social services, and economic development. Jambi is located in the western part of country on the island of Sumatra, and it is characterized by low population density and social and economic development around the national average. Central Java is located in the central part of the country, and it is characterized by high levels of social and economic development and high population density. East Nusa Tenggara is found in the eastern part of the country, and it is the least developed and urbanized. Districts and villages were sampled within each province using the same criteria. In each village, survey questionnaires were distributed to a wide variety of actors, including household members, village heads, village council members, and hamlet heads. Household member survey questionnaires collected data on their participation in local politics; their knowledge of village programs and finances; their trust in the local government; and a set of background characteristics, with 36 household respondents being randomly sampled on average in each village. Village head, hamlet head, and village council member survey questionnaires collected data on the personal characteristics of these actors and their relationships with each other. Data on village and village government characteristics were obtained from official village records. Survey data was primarily collected by the SMERU Research Institute, an independent, non-profit public policy institute in Indonesia, in partnership with the World Bank and the Government of Indonesia. Survey responses were used to construct an original data set.

Outcome Variables

The data set includes two main groups of outcome variables: one on the characteristics of village council members and another on the political participation of village residents. The first group is meant to observe the distribution of political power within villages. One way to do this is to see who gains political office. As discussed earlier, village heads commonly made political appointments based on whether individuals were related by family to village elites, especially the hamlet heads. This was done to consolidate political support (Wetter-

Figure 5.2: Research Sites in Indonesia



berg et al., 2014). Such appointments were made to ensure that political power remained concentrated within the hands of a small group of local elites. However, the creation of an elected village council should mean that these methods of appointment are overturned, and residents from diverse social and economic backgrounds gain political office instead. To measure this, I construct dichotomous variables on the family relationships between village councilors and other influential residents in the village. This includes dichotomous variables for whether any village council member is related by family to a hamlet head or a hamlet officer. I hypothesize that these kinship ties and elite alliances are dismantled by the creation of an elected council.

Another way to observe the distribution of political power is to observe the demographic characteristics of political officeholders. Earlier, I hypothesized that the creation of an elected council will lead to officeholders who better reflect the social and economic groups within the village. I therefore construct two dummy variables that indicate whether a village council member was previously a hamlet head in the village and whether a village council member was previously just a village resident. I also construct three dummy variables that indicate whether a village council member is an ethnic minority in the village, a religious minority in the village, and a women. I hypothesize that the creation of an elected council increases

the likelihood that officeholders are village residents rather than hamlet heads, and they are also more likely to be individuals from politically disadvantaged groups in the village.

In addition, I create variables to observe several other characteristics of village council members. These include variables on the education levels of village council members and their previous experience with community-driven development projects. Specifically, it includes dichotomous variables for whether the head of the village council has a high school education, a college education, and previous experience with the PNPM community-driven development program. These variables are meant to broadly measure the competence of village council members, and I hypothesize that elected council members will be better educated and more experienced than appointed ones.

The second group of outcome variables is meant to observe the political participation of village residents. The first variable in this group is a dummy variable for whether a village resident attended the last village-wide deliberation meeting. Village deliberation meetings or *musdes* were introduced as a crucial part of Village Law no.6/2014 to offer a direct opportunity for residents to provide their input on political decision-making. By law, these meetings are open to all members of the village, and they are the main gathering where resident input is received in planning and budgeting for the upcoming fiscal year. Village meetings are scheduled for the last quarter of the calendar year, so this variable captures whether respondents attended a village meeting in late 2015.

The second variable is a dummy variable for whether a village resident attended a hamlet-level deliberation meeting. While village meetings are open to all village residents, they are often attended by only a small subset of the village, especially by residents who are personally invited by the village government. Hamlet meetings typically occur before village meetings to allow for residents to discuss and share their views in a more familiar environment. Villagers identify and interact more directly with others in their hamlet, and hamlet meetings are more accessible to them in proximity, with few barriers to attendance.

Village and hamlet meeting attendance reflects a broad effort by residents to become involved in village politics, but how residents behave during these meetings is just as important.

Four additional outcome variables are therefore constructed to observe this. They include dummy variables for whether a resident gave a recommendation, asked about a project's targets, asked about a project, and asked about the village budget during a hamlet-level meeting. I specifically look at hamlet meetings because they are where residents have more of fluid opportunities to converse and deliberate, since village meetings are more formalized and structured, but also because of limitations in the availability of data from village meetings. Put together, these variables give a deeper look into whether villagers were willing to engage in local politics. One more dummy variable is constructed for whether a village resident reported or submitted a complaint to the village government in the past year. This captures whether villagers were willing to express their requests or concerns to the village government outside hamlet and village meetings. I hypothesize that the creation of an elected council will increase all of these forms of political participation.

Mechanism Variables

The outcome variables above are constructed to test the first two sets of hypotheses. To assess the mechanisms by which the creation of an elected council influences political participation, I construct another group of variables. This includes two variables on political trust. The first is an ordinal measure of whether a village resident believes the village council is trustworthy in planning for village development. The second is also an ordinal measure of whether a village resident believes the village council is trustworthy in implementing village development. Both measured are on a 1-5 scale from less trustworthy to more trustworthy.

This also includes four variables on social capital. The first of these is the simple sum of three dummy variables on whether a village resident would trust their neighbor with their home, their children, and for a loan. The second is the first principle component of these three dummy variables. The third is the number of social organizations a villager is involved in, including religious groups, farmer's groups, youth organizations, and sports groups. The fourth is a dummy variable for whether village council members visited residents at their homes or attended any of these social organizations.

It includes four variables on collective action. One dummy variable is created for whether a village resident participated in the construction or repair of an infrastructure project funded by the village government. Three dummy variables are created for whether a village resident contributed their labor, money, and land to the project.

Finally, it includes five variables on political mobilization. These include the following: a dummy variable for whether the village government invited all village residents to a village deliberation meeting; a dummy variable for whether the village government invited residents who are involved in village activities to a village deliberation meeting; a dummy variable whether the village council invited residents to a special meeting to gain information on the needs of the community; a dummy variable for whether a village resident self reported to have attended the last village deliberation meeting because they were invited to the meeting; and a dummy variable for whether a village resident self reported to have attended the last hamlet meeting because they were invited.

Explanatory Variables

The data from village records are used to construct the main treatment variable, which is a dichotomous variable for whether the members of a village council were selected in 2015 or later. This distinguishes between the village councils that were formed under the rules of election by the community versus the rules of appointment by the village head. The assignment variable therefore measures the specific year at which a village council was created. All village councils that were selected in 2015 occurred in the first half of the year, except for one in September, which ensures that the 2015-2016 village deliberation meetings took place after the village council was elected.

Estimating the treatment effect within the framework discussed above requires several important considerations. The data is structured hierarchically, with the treatment being applied at the village level and community members being nested within villages. The outcome variables are almost all dichotomous, and the assignment variable is discrete. This makes it not feasible to compare average outcomes within small thresholds just above and

below the cutoff point. Indeed, non-parametric estimators that do not assume any functional form are therefore not appropriate for estimating the treatment effect. The treatment effect is not identified in such cases. Moreover, while the treatment may be considered “as good as randomized”, individuals within some villages may be more likely than individuals in others to participate in local politics at baseline, since villages were not sampled randomly. I therefore take a parametric approach and use logistic regression to estimate the treatment effect of the following:

$$y_i \sim \text{Bernoulli}(\pi_i)$$

$$\pi_i = \text{logit}^{-1}(\tau d_t + \beta x_r + \gamma \mathbf{z}_i + \alpha_j)$$

where τ is the estimate of the treatment effect, x_r is the assignment variable that varies by BPD formation year, \mathbf{z}_i are pretreatment covariates at the individual level for the individual-level regressions and the village level for the village-level regressions, and α_j are a set of dummy variables at the village level for the former and at the district level for the latter. The pretreatment variables are not required for causal identification, but the analysis is performed with and without these variables since they can produce more efficient estimates. For the individual-level regressions, these include dummy variables for whether an individual is female, whether an individual is above the average respondent age of 45, whether an individual is college educated, whether an individual participates in a local religious groups, and whether an individual is active in a political party. These are included because education level is often the single most important predictor of civic participation (Campbell, 2013), religious attendance is an important predictor of almost every form of civic and political participation (Putnam & Campbell, 2010), and partisanship is likely to motivate political participation (Verba, Scholzman, & Brady, 1995). For the village-level regressions, village population is included based on the results of the balance tests. Fixed effects are included in the regressions to control for village- or district-specific unobservables, which may be

the source of a higher or lower probability of the outcome at baseline, which results in a within-village or -district estimate of the treatment effect. I present the estimates with cluster-robust standard errors following Lee and Card (2007), who recommend this over conventional heteroskedasticity-robust standard errors in RD designs when the assignment variable is discrete. Their approach models the deviation between the expected value of the outcome and predicted value of the functional form as a random specification error by clustering on the distinct values of x_r , rather than assuming the functional form of the underlying regression function is correct, which generally leads to wider confidence intervals that reflect the imperfect fit of the regression function away from the discontinuity. For the respondent-level regressions, I also estimate the model with standard errors clustered at the village level as a robustness check. All models with a continuous outcome variable are estimated using least squares with a second-order polynomial term of the assignment variable included. Any of the models that suffer from convergence issues are fit using least squares as an alternative.

5.1.2 Balance Tests

As pointed out earlier, the discreteness of the assignment variable negates the possibility of a formal density test. I therefore follow Lee and Lemieux (2010) and begin by observing the distribution of the assignment variable in each province and then across the full sample using histograms as a preliminary tool to investigate whether villages were able to precisely sort into the treatment or control group. Following, I examine the results of a formal balance test using a collection of pretreatment variables.

The full sample histogram shown in Figure 5.4 reveals that village councils were most commonly formed in 2013 and 2014, with almost an equal number being formed between these two years (37 and 40 respectively). This is not surprising since 2013 is at the beginning of the six-year staggered term for village councils that were created on the year they were first introduced. Apart from these two years, the number of councils formed in 2012 and 2015 are the same at 13. If villages sorted their village councils into the treatment group, then we

Table 5.1: Balance Tests and Summary Statistics

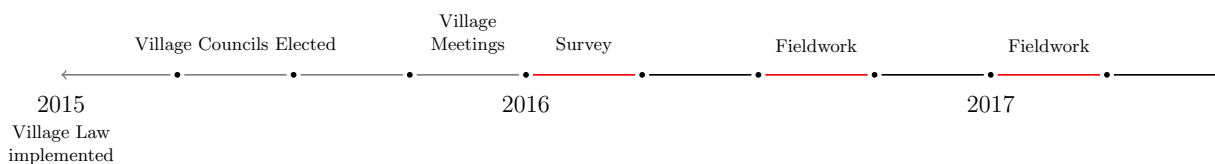
Village Characteristics	Mean of Control Group	Difference in Means	<i>N</i>	Village Government Characteristics	Mean of Control Group	Difference in Means	<i>N</i>
Population	3.224 [2.289]	-0.110 (0.959)	112	Vote Margin	25.726 [20.972]	-0.820 (4.937)	96
Net Migration	0.106 [23.729]	-6.003 (3.585)	106	Years Since Election	4.404 [2.061]	-0.206 (0.970)	112
Ethnic Concentration	0.864 [0.229]	-0.026 (0.055)	111	Executive Branch Size	4.334 [0.837]	0.180 (0.152)	112
Religious Houses	7.957 [8.824]	-4.335 (3.189)	110	Total Revenues	7.15 [3.158]	-0.052 (1.316)	102
Health Clinics	0.013 [0.015]	0.004 (0.003)	112	Total Transfers	3.177 [1.498]	0.124 (0.598)	102
Public Schools	0.005 [0.005]	0.002 (0.001)	112	Dev. Expenditures	1.138 [1.270]	-0.060 (0.360)	100
Respondent Characteristics							
Female	0.519 [0.500]	0.009* (0.005)	4082	College Educated	0.049 [0.215]	-0.024 (0.016)	4082
Married	0.904 [0.294]	-0.017 (0.013)	4082	Party Affiliated	0.045 [0.206]	0.011 (0.011)	4082
Born in Village	0.648 [0.478]	0.010 (0.031)	4082	Religiously Active	0.528 [0.499]	-0.017 (0.071)	4082
Age 45+	0.493 [0.500]	-0.087 (0.053)	4082	Minority	0.181 [0.385]	-0.106* (0.053)	4082

Notes: Village population is in thousands. Ethnic concentration is a Herfindahl Index of ethnic homogeneity. Religious houses are the number of religious facilities per household. Health clinics is the number of health clinics per household. Schools is the number of public schools per household. Vote margin is from the previous village election. Total revenues is the total amount of village revenues from all sources. Total transfers is the total amount of development aid received by the village. Total revenues, total transfers, and development expenditures are pretreatment from 2014. Least squares estimates are presented with a second order polynomial of the assignment variable included in the regression. Sample standard deviations are presented in square brackets. Cluster-robust standard errors are presented in round brackets. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

should have likely observed a relative decrease in the number formed in 2014 and increase in 2015, but this is not the case. Instead, we see a rise in the creation of village councils when they were first rolled out, followed by a general decline. The province-level histograms in Figures 5.5 to 5.7 show a consistent pattern: village councils were most commonly formed in 2013 or 2014 with a relative decrease in the years before and after.

An alternative scenario could have been that village heads sorted their villages into the control group in an attempt have their village councils formed under the old rules of appointment rather than election. However, this is highly unlikely since the decision of when to reconstitute a village council is restricted by national law and closely monitored by

Figure 5.3: Timeline



sub-district and district-level governments. Nonetheless, the baseline regressions show this likely did not happen. Table 5.1 reveals that the treatment and control groups are generally balanced across village characteristics and village government characteristics. Villages with elected councils do not appear statistically different on compared to those with appointed councils across these variables. The results of the respondent-level regressions also show that individuals sampled from villages in the treatment group are comparable to those sampled from villages in the control group, with the exception of whether they were female and whether they were an ethnic minority, which is significant at the 10% level. I include these variables as controls in the respondent-level models. Table 5.2 reports the difference in means of the full sample, which includes all villages. I also perform the same analysis within different thresholds of the assignment variable as an additional check by limiting the sample to observe villages with councils formed within three years and one year of the discontinuity point. This is shown in Table 5.2. The pretreatment variables once again appear balanced between the treatment and control groups, with only one variable—village population—showing statistical significance at the 10% level within the three-year and four-year threshold, which I included as a control variable in the village-level analysis. In summary, the natural experiment appears to valid, and it is therefore possible to assess the impact of elected versus appointed village councils on the outcome variables of interest.

5.2 Village Case Studies

The natural experiment described above helps to gain leverage on the problem of causal inference, but it provides limited insight into the views, opinions, and interactions of village residents, specifically on the creation of an elected council. Understanding these is crucial to knowing whether the quantitative results are consistent with the first-hand experiences of village residents. It is also crucial to gaining a clearer understanding the causal mechanisms at play, to ascertain the nuances and scope conditions of the results, and to perform a rigorous test of the proposed hypotheses overall. I therefore supplement the natural experiment with detailed case studies of four rural villages: two in Central Java and two in East Nusa Tenggara.

The two villages in Central Java are Gunturharjo and Baleharjo, and the two villages in East Nusa Tenggara are Takatunga and Dariwali. These villages are selected based on similarities across a range of village-level characteristics but otherwise different in the creation of elected versus appointed village councils, with the first two falling into the “control” group and second two falling into the “treatment” group. They are similar in size and population; they are similar in distance to the district capital; they are populated with residents who mainly live as farmers; they are religiously homogenous; and they offer a similar quantity and quality of public goods. They also exhibit large variation in the political participation of local residents.

Detailed qualitative data were collected from these villages during field visits in February-March 2017, which involved partnering with ethnographic researchers to conduct interviews and discussions with village residents and to engage in participant observations during village meetings with a variety of actors including village heads, village council members, and village residents. Interviews involved asking villagers questions about the general characteristics of the village, the dynamics of village politics, the salient political issues within the village, and the ways that these issues are addressed from a variety of perspectives. Structured and semi-structured interviews were conducted with 20 individuals on average in each of the four

villages. Close attention was paid to whether the views, opinions, and experiences of villagers

The cases are then used to perform a systematic comparison of the role and influence of elected versus appointed village councils in the conduct of village governance in East Nusa Tenggara and Central Java, respectively. The case selection is meant to facilitate an analysis that holds many important factors constant between the treatment and control villages. The analysis aims to not only corroborate the results of the natural experiment but also contextualize them with first-hand evidence collected from people in the field. Qualitative data collected from villages are supplemented with data collected from interviews and discussions with policymakers and development practitioners in Jakarta in July 2016. The timeline of my research is summarized in Figure 5.3.

5.3 Conclusion

This chapter outlined the data, methods, and research design used to test the theory and hypotheses proposed in Chapter 3. The two-pronged research design that deepens and contextualizes the natural experiment with case studies based on qualitative evidence from the field is meant to produce a well-rounded and detailed set of results. I proceed in the next chapter to present the results of the natural experiment before turning to the case studies in Central Java and East Nusa Tenggara.

Figure 5.4: Distribution of Villages by Council Formation Year

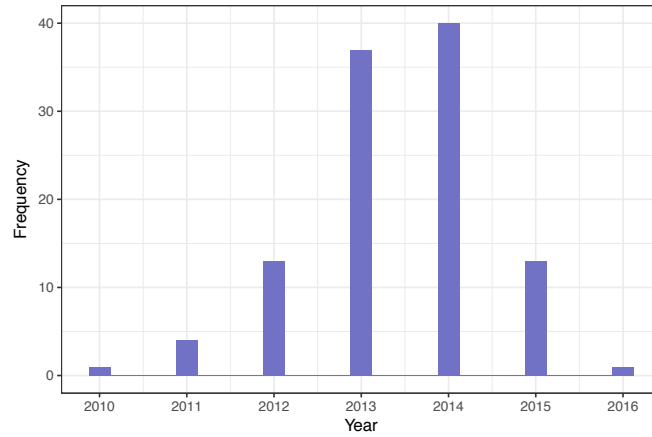


Figure 5.5: Distribution of Villages by Council Formation Year in Jambi

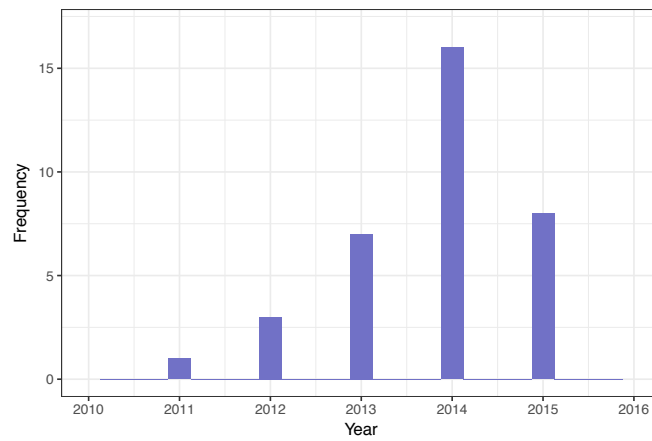


Figure 5.6: Distribution of Villages by Council Formation Year in Central Java

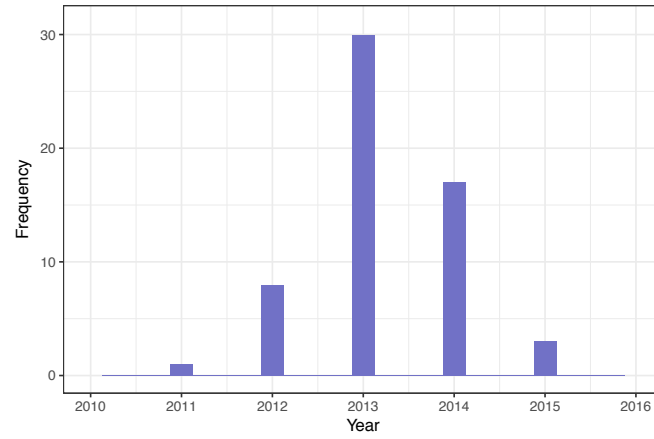


Figure 5.7: Distribution of Villages by Council Formation Year in East Nusa Tenggara

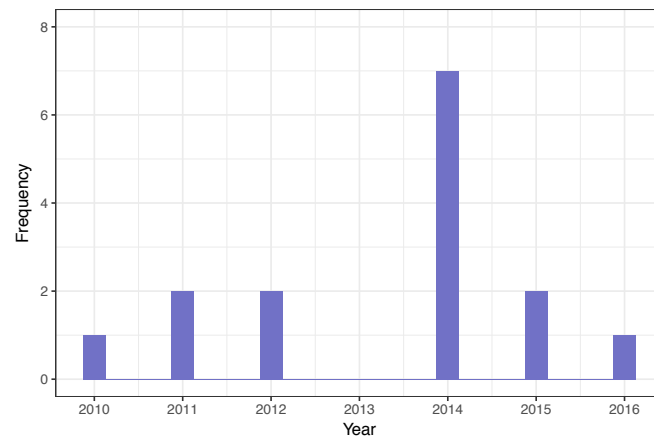


Table 5.2: Balance on Village Characteristics

Within	Population			Net Migration			Ethnic Concentration		
	3 Years (1)	4 Years (2)	All Years (3)	3 Years (4)	4 Years (5)	All Years (6)	3 Years (7)	4 Years (8)	All Years (9)
Elected Council	2.584* (1.063)	2.531** (0.758)	-0.110 (0.959)	3.661 (5.287)	-2.219 (4.272)	-6.003 (3.585)	0.106 (0.094)	0.056 (0.066)	-0.026 (0.055)
<i>N</i>	104	108	112	100	104	106	103	107	111
Mean	3.200	3.139	3.107	0.140	0.077	0.019	0.864	0.863	0.862
Within	Religious Houses			Health Clinics			Public Schools		
	3 Years (10)	4 Years (11)	All Years (12)	3 Years (13)	4 Years (14)	All Years (15)	3 Years (16)	4 Years (17)	All Years (18)
Elected Council	-4.374 (4.861)	2.940 (3.298)	-4.335 (3.189)	0.002 (0.008)	-0.001 (0.006)	0.004 (0.003)	0.003 (0.002)	0.001 (0.002)	0.002 (0.394)
<i>N</i>	103	107	110	104	108	112	104	108	112
Mean	7.584	7.412	7.324	0.012	0.013	0.013	0.005	0.005	0.005
Within	Vote Margin			Years Since Election			Size of Executive Branch		
	3 Years (19)	4 Years (20)	All Years (21)	3 Years (22)	4 Years (23)	All Years (24)	3 Years (25)	4 Years (26)	All Years (27)
Elected Council	-8.308 (10.411)	-4.798 (7.286)	-0.820 (4.937)	-0.959 (1.785)	-1.406 (1.381)	-0.206 (0.970)	0.197 (0.332)	0.328 (0.273)	0.180 (0.152)
<i>N</i>	89	92	96	104	108	112	104	1048	112
Mean	27.079	26.978	26.062	4.375	4.370	4.402	4.250	4.259	4.268
Within	Revenues			Transfers			Development Expenditures		
	3 Years (28)	4 Years (29)	All Years (30)	3 Years (31)	4 Years (32)	All Years (33)	3 Years (34)	4 Years (35)	All Years (36)
Elected Council	1.157 (1.417)	2.479 (1.452)	-0.052 (1.316)	0.606 (0.601)	1.247 (0.642)	0.124 (0.598)	-0.032 (0.169)	0.624 (0.352)	-0.060 (0.360)
<i>N</i>	94	98	102	94	98	102	92	96	100
Mean	6.803	6.873	6.796	3.028	3.021	3.032	1.079	1.058	1.077

Notes: Treatment variable is whether a village council is elected versus appointed. All models estimated using least squares with a second order polynomial of the assignment variable included. Village population is in thousands. Ethnic concentration is a Herfindahl Index of ethnic homogeneity. Religious houses are the number of religious facilities per household. Health clinics is the number of health clinics per household. Schools is the number of public schools per household. Vote margin is from the previous village election. Total revenues is the total amount of village revenues from all sources. Total transfers is the total amount of development aid received by the village. Total revenues, total transfers, and development expenditures are pretreatment from 2014. Cluster-robust standard errors in brackets. *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.

Table 5.3: Summary Statistics

Variable	Mean	Std Dev	Min	Max	<i>N</i>
Village Resident Characteristics					
Female	0.521	0.500	0	1	4082
Age 45+	0.477	0.500	0	1	4082
College	0.047	0.211	0	1	4082
Religiously Active	0.522	0.500	0	1	4082
Party Affiliated	0.048	0.213	0	1	4082
Ethnic Minority	0.178	0.382	0	1	4082
Hamlet Meeting Attendance	0.312	0.463	0	1	4082
Village Meeting Attendance	0.243	0.429	0	1	4082
Submit Complaint	0.106	0.308	0	1	4082
Participate, Infrastructure Construction	0.613	0.487	0	1	3366
Participate, Labor	0.870	0.337	0	1	2065
Participate, Money	0.309	0.462	0	1	2065
Participate, Land	0.026	0.158	0	1	2065
Hamlet Meeting, Express	0.367	0.482	0	1	1274
Hamlet Meeting, Recommend	0.356	0.479	0	1	1274
Hamlet Meeting, Ask Project	0.244	0.430	0	1	1274
Hamlet Meeting, Ask Project Goal	0.181	0.385	0	1	1274
Hamlet Meeting, Ask Budget	0.198	0.398	0	1	1274
Social Trust, Sum	1.065	1.055	0	3	4082
Social Trust, PC	0.000	1.317	-1.316	2.413	4082
Political Trust, Planning	0.923	0.267	0	1	3313
Political Trust, Implementation	0.927	0.261	0	1	3314
Reason for Village Meeting Attendance, Invitation	0.632	0.483	0	1	994
Reason for Hamlet Meeting Attendance, Invitation	0.415	0.493	0	1	1274
Village Council Characteristics					
High School	0.773	0.419	0	1	871
College	0.247	0.431	0	1	871
Graduate	0.014	0.117	0	1	871
Female	0.137	0.344	0	1	884
Ethnic Minority	0.110	0.313	0	1	884
Religious Minority	0.015	0.120	0	1	884
Previous Position, Village Resident	0.395	0.489	0	1	884
Previous Position, Hamlet Head	0.114	0.318	0	1	884
Community Development Experience	0.382	0.486	0	1	884
PNPM Experience, General	0.321	0.469	0	1	112
PNPM Experience, Facilitator	0.179	0.385	0	1	112
Village Council-Hamlet Head Connection	0.214	0.412	0	1	112
Village Council-Hamlet Officer Connection	0.179	0.385	0	1	112
Village Characteristics					
Population (000)	3.107	2.257	0.333	10.003	112
Ngada	0.143	0.351	0	1	112
Invite, All Residents	0.080	0.273	0	1	112
Invite, Involved Residents	0.107	0.311	0	1	112
Invite, Special Meeting	0.277	0.449	0	1	112
Elected Council	0.125	0.332	0	1	112

Table 5.4: Villages Observed in Jambi Province

District	Village	District	Village
Merangin	Tanjung Dalam	Batang Hari	Aur Gading
	Pasar Masurai		Terentang Baru
	Muara Kelukup		Bulian Baru
	Durian Mukut		Simpang Jelutih
	Pematang Kancil		Singkawang
	Keroya		Napal Sisik
	Jelatang		Olak
	Pelakar Jaya		Muara Singoan
	Sungai Kapas		Terusan
	Langling		Danau Embat
	Kungkai		Bulian Jaya
	Dusun Mudo		Kehidupan Baru
	Titian Teras		
	Kederasan Panjang		
	Pelangki		
	Nibung		
	Baru Pangkalan Jambu		
	Tigo Alur Pangkalan Jambu		
	Sungai Jering		
	Kampung Limo		
Seling			
Kandang			
Koto Rayo			
Lubuk Napal			

Table 5.5: Villages Observed in Central Java

District	Village	District	Village
Banyumas	Tangeran	Wonogiri	Jeblogan
	Klinting		Karangtengah
	Kemawi		Gunturharjo
	Kanding		Temboro
	Kedungurang		Dlepih
	Gumelar		Wiroko
	Samudra		Sendangmulyo
	Samudra Kulon		Tanjungsari
	Petahunan		Bulurejo
	Semedo		Wonoharjo
	Pekuncen		Baleharjo
	Pasiraman Kidul		Pondoksari
	Panusupan		Pucung
	Pejogol		Sindukarta
	Pernasidi		Eromoko
	Kalisari		Pasekan
	Karanglewas Kidul		Sendang
	Karangkemiri		Purwosari
	Pasir Wetan		Sonoharjo
	Pasir Lor		Wonokerto
	Sumbang		Bangsri
	Datar		Biting
	Banteran		Joho
	Kotayasa		Kenteng
	Purwodadi		Kopen
	Karangtengah		Jatipurwo
	Karangsoka		Slogoretno
	Linggasari		Kembang
	Sokaraja Kidul		
	Klahang		
	Banjaranyar		
	Karangraou		

Table 5.6: Villages Observed in East Nusa Tenggara

District	Village
Ngada	Dariwali
	Naruwolo II
	Wangka
	Nio Lewa
	Sebowuli
	Warupele I
	Takatunga
	Waebela
	Beja
	Bomari
	Langagedha
	Bowali
	Kelitei
	Latung
	Sambinasi
	Wangka Selatan

Chapter 6

EVIDENCE: NATURAL EXPERIMENT

In this chapter, I present the results of the natural experiment, and I evaluate the hypotheses listed at the end of Chapter 3 one by one. I first investigate the question of how the creation of an elected council alters the distribution of political power within villages. I then look at how it influences the various forms of political participation among villagers and continue by considering the four possible mechanisms that could be driving these results and evaluating the merits of each of them. Finally, I consider possible heterogeneity in the findings across social groups and investigate differences in participation among women and minority groups. The chapter concludes with a summary of the results and some key observations.

6.1 The Distribution of Political Power

The first set of hypotheses focuses on how the creation of an elected council broadens the distribution of political power within villages. It predicts that village councils will lead to political officeholders who better reflect the social and economic demographics of the village, so that residents are better represented in village governments compared to when these officeholders are appointed. It also predicts that they will dismantle the kinship ties and elite alliances that exist from these appointments. Finally, it predicts that officeholders will be better educated and more experienced, that is, more competent to perform their duties. I examine these relationships more closely in the section below.

Table 6.1: Village Councils and Elite Status

	Panel A: Previous Position, Village Resident			
	(1)	(2)	(3)	(4)
Elected Council	0.354** (0.141)	0.347** (0.140)	0.532*** (0.110)	0.527*** (0.150)
Village Population		0.018 (0.097)		0.005 (0.123)
Sample Observations	All years 884	All years 884	2013-2016 716	2013-2016 716
	Panel B: Previous Position, Hamlet Head			
	(5)	(6)	(7)	(8)
Elected Council	-1.672*** (0.092)	-1.714*** (0.097)	-1.609*** (0.076)	-1.662*** (0.092)
Village Population		0.063*** (0.023)		0.052* (0.026)
Sample Observations	All years 884	All years 884	2013-2016 716	2013-2016 716

Notes: The outcome variables of Panels A to D are as follows: whether a village council member's previous position in the village was an ordinary resident and whether a village council member's previous position in the village was a hamlet head. Logit estimates are presented. Cluster-robust standard errors in brackets. District fixed effects and assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

6.1.1 Elite Status

The results in Table 6.1 reveal how elected village councils differ from appointed ones in whether they are composed with local elites¹. The outcome variable in Panel A is whether a village council member's previous status in the village was being a village resident, and the outcome variable in Panel B is whether a village council member's previous position in the village was being a hamlet head. Hamlet heads are influential members of the village often with high economic standing, and they are commonly in contention for the position of village head. They are not a part of the formal structure of village governments, but they acquire their position from support of hamlet residents. In practice, hamlet heads make up the political elite with whom the village head must compete and gain political support. The first two columns include the full sample of villages, and the last two columns limit the

¹Treatment effects for all logit models are summarized in probabilities in Tables 6.20 and 6.21

sample to villages two years before and after the discontinuity point.

The results in Panel A show that village councils are more likely to be composed of ordinary residents in the village when they are elected compared to when they are appointed by the village head. They are more likely to be a village resident compared to being a hamlet head, a religious leader, or some other public figure in the village. These results are consistent across samples and model specifications. The results in Panel B show that elected village council members are also much less likely to have been a hamlet head. The results are once again consistent across models and samples. Overall, the results imply that elected councils are effective at elevating non-elites to positions of political authority within the village, and it gives them a chance to play a greater role in influencing political decision-making.

Table 6.2 tells a similar story. The outcome variable in Panel A is whether a village council member is related by family to a hamlet head, and the outcome variable in Panel B is whether a village council member is related by family to a hamlet officer, who is another member of the informal structure of hamlet leadership. Village heads who seek to gain the political support local elites like hamlet heads may be prone to appointing these individuals directly to the village council, and they may also attempt to gain their support by appointing their family members to the village council. Panels A and B of Table 6.2 therefore seek to assess whether elected village councils are more likely to disentangle these family connections and alliances between local elites in government. The results suggest that they do. Elected village council members are less likely to be related by family to hamlet heads, and they are also less likely to be related by family to hamlet officers. Overall, the results once again imply that elected councils work to undermine the prevailing structures of political power within villages by giving citizens a chance to select to office other members of the village who they perceive to be qualified and well suited to enhancing local economic development.

6.1.2 Social and Economic Characteristics

The results above suggest that elected councils work to eliminate the kinship ties and elite alliances that exist within village governments. This gives evidence to support hypothesis 1b.

Table 6.2: Village Councils and Elite Status

	Panel A: Village Council Member-Hamlet Head Connection			
	(9)	(10)	(11)	(12)
Elected Council	-1.130*** (0.258)	-1.210*** (0.289)	-2.380*** (0.335)	-2.757*** (0.204)
Village Population		0.161 (0.106)		0.249 (0.135)
Sample Observations	All years 112	All years 112	2013-2016 91	2013-2016 91
	Panel B: Village Council Member-Hamlet Officer Connection			
	(13)	(14)	(15)	(16)
Elected Council	-0.676** (0.274)	-0.759*** (0.241)	-0.996*** (0.087)	-1.251*** (0.235)
Village Population		0.163 (0.148)		0.195 (0.185)
Sample Observations	All years 112	All years 112	2013-2016 81	2013-2016 81

Notes: The outcome variables of Panels A and B are as follows: whether a village council member is related by family to a hamlet head and whether a village council member is related by family to a hamlet officer. Logit estimates are presented. Cluster-robust standard errors in brackets. District fixed effects and assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

This section investigates whether there is evidence to corroborate hypothesis 1a: whether officeholders better reflect the social and economic demographics of the village. I attempt to observe this in three ways: whether village council members are more likely to be women, whether they are more likely to be ethnic minorities, and whether they are more likely to be religious minorities. If villagers decide who will be on their village councils, then the members of these councils should better represent these groups. The results in Table 6.3 reveal whether this is true.

Overall, the results paint a different picture. Panel A shows that village councils are no more likely to be composed of women when they are elected compared to when they are not. The estimates are close to zero and they are statistically insignificant. The results in Panel B show that elected councils are also no more likely to be composed of ethnic minorities within the village. The estimates are in fact negative, suggesting that elections actually push out the minorities who are appointed to the village council by the village head. These results are

particularly striking since around 52% of villagers in the sample are women and around 18% are ethnic minorities. The results in Panel C reveal that elected councils are also no more likely than appointed to ones to be composed of religious minorities within the village. Once again, the estimates are close to zero and most are statistically insignificant, suggesting that elected and appointed village councils are similar on average in whether they are composed of religious minorities. Put together, the results suggest that while poorer, non-elites are more likely to be elected to office, these individuals are no more likely to be women and religious minorities and even less likely to be ethnic minorities. In other words, elected village council members are more likely to be poor village residents who are also men and from the ethnic and religious minority.

6.1.3 Educational Attainment

The creation of an elected council has an impact on the characteristics of political officeholders. Next, I examine whether it produces officeholders who are more capable of carrying out their duties as a part of the village government.

One way this can happen is when residents elect to office candidates who are relatively well educated within the village. Table 6.4 shows whether elected councils improve the educational attainment of village council members. In Panel A, the outcome variable is whether a village council member has a high school education. The results in Panel A show that elected councils are more likely to be composed of members with a high school education overall, but the estimates in the first two columns are quite different from the last two columns. In the full sample analysis, the estimates appear to be very small and close to zero. In the restricted sample, they are much larger and more precise. In Panel B, the outcome variable is whether a village council member has a college education. In contrast to the results in Panel A, the results in Panel B show that elected village councils are more likely to be composed of college-educated members in both the full sample and restricted sample analysis. The magnitudes of the estimates appear to be quite similar as well. In Panel C, the outcome variable is whether a village council member has a graduate-level education.

Table 6.3: Village Councils and Member Demographics

Panel A: Women				
	(1)	(2)	(3)	(4)
Elected Council	-0.029 (0.020)	-0.027 (0.021)	-0.024 (0.013)	-0.017 (0.016)
Village Population		-0.006 (0.003)		-0.006 (0.003)
Sample Observations	All years 884	All years 884	2013-2016 716	2013-2016 716
Panel B: Ethnic Minorities				
	(5)	(6)	(7)	(8)
Elected Council	-0.158*** (0.022)	-0.167*** (0.020)	-0.206** (0.043)	-0.224** (0.057)
Village Population		0.013 (0.013)		0.015 (0.015)
Sample Observations	All years 884	All years 884	2013-2016 716	2013-2016 716
Panel C: Religious Minorities				
	(9)	(10)	(11)	(12)
Elected Council	0.008 (0.008)	0.010 (0.008)	0.000 (0.002)	0.006* (0.002)
Village Population		-0.003 (0.003)		-0.005 (0.003)
Sample Observations	All years 884	All years 884	2013-2016 716	2013-2016 716

Notes: The outcome variable of Panel A is whether a village council member is a woman. The outcome variable of Panel B is whether a village council member is an ethnic minority in the village. The outcome variable of Panel C is whether the village council member is a religious minority in the village. Least squares estimates are presented. Cluster-robust standard errors in brackets. District fixed effects, assignment variable, and second order polynomial of the assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

Unlike the results in Panels A and B, elected councils are not more likely to be composed of members who have a graduate education. In fact, the estimates are negative, but they are also highly variable and imprecise. The results show that elected councils are more likely to be composed of better educated members compared to when these councils are appointed, specifically with individuals who have a college education which is consistent across samples and specifications. This suggests that elected councils work to improve the competence of political officeholders.

Table 6.4: Village Councils and Educational Attainment

Panel A: High School Education				
	(1)	(2)	(3)	(4)
Elected Council	0.091 (0.321)	0.085 (0.324)	0.776*** (0.210)	0.785*** (0.211)
Village Population		0.012 (0.020)		-0.008 (0.027)
Sample Observations	All years 871	All years 871	2013-2016 703	2013-2016 703
Panel B: College Education				
	(5)	(6)	(7)	(8)
Elected Council	0.384** (0.151)	0.371** (0.153)	0.574*** (0.068)	0.543*** (0.068)
Village Population		0.040 (0.062)		0.029 (0.070)
Sample Observations	All years 871	All years 871	2013-2016 703	2013-2016 703
Panel C: Graduate Education				
	(9)	(10)	(11)	(12)
Elected Council	-0.728* (0.414)	-0.854* (0.513)	-0.100 (0.222)	-0.331 (0.469)
Village Population		0.226 (0.174)		0.204 (0.190)
Sample Observations	All years 637	All years 637	2013-2016 502	2013-2016 502

Notes: The outcome variables in Panels A to C as follows: whether a village council member has a high school education, whether a village council member has a college education, and whether a village council member has a graduate level education. Logit estimates are presented. Cluster-robust standard errors in brackets. District fixed effects and assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

6.1.4 Professional Experience

The next set of results reveals whether elected councils improve the relevant professional experience of political officeholders. Based on the same reasoning as before, if villagers have the chance to elect the members of their village council, then it enables them to choose candidates who they perceive to be better qualified at carrying out their duties. This can be reflected in whether candidates have professional experience that is related to promoting local development. Table 6.5 shows the relationship between elected councils and the CDD related experience of village council members. The outcome variable in Panel A is whether

Table 6.5: Village Councils and Professional Experience

Panel A: Economic Development Experience				
	(1)	(2)	(3)	(4)
Elected Council	0.440** (0.190)	0.406** (0.194)	0.888*** (0.107)	0.807*** (0.0743)
Village Population		0.088 (0.082)		0.074 (0.094)
Sample Observations	All years 884	All years 884	2013-2016 716	2013-2016 716
Panel B: PNPM Experience, General				
	(5)	(6)	(7)	(8)
Elected Council	0.122 (0.262)	0.134 (0.288)	0.211 (0.157)	0.245 (0.304)
Village Population		-0.028 (0.127)		-0.0318 (0.144)
Sample Observations	All years 112	All years 112	2013-2016 91	2013-2016 91
Panel C: PNPM Experience, Facilitator				
	(9)	(10)	(11)	(12)
Elected Council	0.547** (0.263)	0.516* (0.297)	0.138** (0.062)	0.029 (0.216)
Village Population		0.09 (0.135)		0.098 (0.160)
Sample Observations	All years 96	All years 96	2013-2016 81	2013-2016 81

Notes: The outcome variable of Panel A is whether a village council member's occupation is related to promoting economic development. The outcome variable of Panel B is whether the head of the village council has past experience with the PNPM CDD project in any way. The outcome variable of Panel C is whether the head of the village council has past experience with the PNPM CDD project as a village facilitator. Logit estimates are presented. Cluster-robust standard errors in brackets. District fixed effects and assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

a village council member's full time occupation is a job related to promoting economic development. The outcome variable in Panel B is whether the head of the village council has past experience with the PNPM CDD project in any way. The outcome variable in Panel C is whether the head of the village council has past experience with PNPM as a village facilitator.

The results in Panel A show evidence to suggest that elected village councils are more likely to be composed of individuals whose professional occupation is related to promoting economic development. This appears to be consistent with the view that villagers identify

candidates who are well qualified to sit on the village council, and they actively make an effort to elect these individuals to office. However, it does not appear that villagers require candidates to have past experience working directly with CDD-related projects. The results in Panel B show no evidence that village councils are more likely to be composed of members with general CDD experience under PNPM, but the results in Panel C show some evidence that individuals with past experience specifically as CDD facilitators are more likely to sit on village councils. Overall, the estimates in all panels are in the hypothesized direction, but the results in Panel A are comparatively the largest and most precise. The results thus far suggest that elected village councils are more likely to result in better educated and more experienced members compared to when these councils are appointed by the village head. In turn, this also suggests that village heads prioritize a different set of characteristics in who they choose to appoint to village governments.

To recap, the results give insight into the impact of elected councils on the distribution of political power within village governments. There is strong evidence to suggest that elected councils work to redistribute power away from village elites toward village residents. Specifically, elected councils are more likely to be composed of ordinary residents instead of village elites or individuals related by family to these elites. There is also evidence to showing that elected councils lead to improvements in the competence of political officeholders, as reflected in their education and professional experience. However, the most striking finding is that elected councils do not lead to greater representation of women and minorities in village governments. In contrast to the hypothesis that elections will enable the the composition of village government to better reflect the social and economic demographics of the village, women and religious minorities are no more likely to serve as officeholders, and ethnic minorities are in fact less likely to do so.

This highlights an important trend: while the creation of an elected council elevates ordinary residents to positions of authority, this only applies to men who are ethnic and religious minorities, and it seems to leave out or push out individuals who are political disadvantaged within villages. The next set of results examines the extent to which these

changes are reflected in the political participation of village residents.

6.2 *Political Decision-Making*

This section investigates whether elected councils improve the willingness and ability of village residents to contribute to local politics. This can take on many forms, and I investigate whether villagers get involved in three ways: whether they attend political gatherings, whether they participate during these gatherings, and whether they engage with village governments outside of these gatherings.

Table 6.6: Village Councils and Political Participation

Panel A: Village Meeting Attendance				
	(1)	(2)	(3)	(4)
Elected Council	2.213*** (0.398)	2.036*** (0.531)	2.477*** (0.000)	2.204*** (0.092)
Female		-0.741*** (0.151)		-0.878*** (0.176)
Minority		-0.275*** (0.093)		-0.345*** (0.094)
College Educated		0.917*** (0.059)		0.922*** (0.064)
Age 45+		-0.134* (0.079)		-0.050 (0.047)
Religiously Active		0.634*** (0.105)		0.562*** (0.110)
Party Affiliated		0.941*** (0.117)		0.911*** (0.125)
Sample Observations	All years 4006	All years 4006	2013-2016 3241	2013-2016 3241
Panel B: Hamlet Meeting Attendance				
	(5)	(6)	(7)	(8)
Elected Council	3.712*** (0.206)	3.250*** (0.237)	3.431*** (0.000)	3.017*** (0.124)
Female		-0.814*** (0.075)		-0.854*** (0.045)
Minority		-0.277*** (0.057)		-0.271*** (0.066)
College		0.394** (0.180)		0.460** (0.231)
Age 45+		0.141*** (0.039)		0.120** (0.048)
Religiously Active		0.653*** (0.195)		0.716*** (0.231)
Party Affiliated		0.201* (0.107)		0.243** (0.113)
Sample Observations	All years 3936	All years 3936	2013-2016 3207	2013-2016 3207

Notes: The outcome variables in Panels A and B are whether a village resident attended the last village deliberation meeting and whether a village resident attended the last hamlet deliberation meeting. Logit estimates are presented. Cluster-robust standard errors in brackets. Village fixed effects and assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

The main way that villagers can shape the course of local politics is by attending public meetings where they shape the allocation of village budgets and the design of public goods. At the village level, the gathering is the *musyawarah desa*, where villagers engage with the village head, village cabinet, and village council to gain information on the budget, express their opinions on proposed projects, and give recommendations to the village government, which has a direct impact on how development aid is to be allocated. In addition, villagers can attend hamlet-level meetings to engage with each other and share their views on the same issues before the main village meeting occurs. As pointed out, the key difference between hamlet- and village-level meetings is that hamlet meetings are more accessible to villagers because they are conducted among neighbors, are closer in proximity, and do not suffer from the same social barriers as the main village meeting, especially for women. Another way that villagers can contribute to the political decision-making process is by formally submitting or reporting complaints to the village government outside of these hamlet- or village-level meetings. This provides another way for villagers to express their views and attempt to shape the allocation of resources.

The results in Table 6.6 reveal that villagers are more likely to attend both hamlet- and village-level meetings with the creation of elected village councils. This runs counter to past findings, which suggest that on average village councils have little or no impact on whether villagers become involved in the political decision-making process and the number of people involved in this process. The results also run counter to previous findings, which suggest that elected village councils do not lead to any meaningful changes in local political participation. Overall, the size of the effects are quite large, although elected councils appear have a larger impact on whether villagers attend hamlet rather than village meetings. This is likely because there are fewer social and geographic barriers to attending the latter than the former.

The estimates on the other variables also reveal insights into the main predictors of meeting attendance. They show that women are less likely than men to attend these meetings on average, which is consistent with the view that women in particular are faced with social

Table 6.7: Village Councils and Political Participation

	Submit Complaint			
	(1)	(2)	(3)	(4)
Elected Council	2.149*** (0.000)	2.040*** (0.096)	2.149*** (0.000)	2.050*** (0.111)
Female		-1.099*** (0.076)		-1.176*** (0.046)
Minority		-0.216** (0.091)		-0.233** (0.111)
College Educated		0.307** (0.132)		0.411*** (0.147)
Age 45+		-0.406*** (0.064)		-0.414*** (0.071)
Religiously Active		0.452* (0.238)		0.481* (0.278)
Party Affiliated		1.022*** (0.256)		1.092*** (0.278)
Sample Observations	All years 3868	All years 3868	2013-2016 3103	2013-2016 3103

Notes: The outcome variables in whether a village resident complained or reported a problem to the village government in the past year. Logit estimates are presented. Cluster-robust standard errors in brackets. Village fixed effects and assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

obstacles to getting involved in local politics. They show that college educated individuals who are religiously active and affiliated with a political party are also more likely to attend, which agrees with past empirical research on the most salient predictors of political participation (Campbell, 2013). Substantively, the results are quite similar between the full sample analysis and the analysis around the treatment threshold.

The next set of results in Table 6.7 reveal how elected councils influence the willingness of villagers to submit or report complaints to the village government. This is another form of political engagement that reflects whether villagers are willing to become active outside the context of village meetings. The estimates on the treatment variable are large and positive, which is consistent with the results above. This once again diverges from past findings on the impact of elected councils. The coefficients on the predictor variables are substantively consistent with those of Table 6.6: women and older individuals are less likely to submit complaints, but college educated, religiously active, and political party affiliated individuals are more likely to do so. Once again, the results suggest that elected councils play an

important role in whether villagers are willing to politically participate.

Finally, I explore whether the creation of an elected council increases the willingness and ability of village residents to participate *during* political gatherings. Table 6.8 shows these results. Each column corresponds to a different way that village residents could have participated in hamlet meetings. These include expressing an opinion, giving a recommendation, asking about a project, asking about a project's goals, and asking about the village budget. I present the estimates of Heckman two-stage selection models because hamlet meeting attendance is voluntary, and individuals who are more willing to attend these meetings may also be more willing to participate. These models assume that the outcome equation differs from the selection equation, and religious activity is therefore removed from the former as it was only a weak predictor of meeting participation.

Panel B shows the results of the selection equation, and Panel A shows the results of the outcome equation. The results in Panel B coincide with the results in Panel A in Table 6.6. They show the impact of elected councils on whether villagers choose to attend a hamlet-level meeting. Once again, the results show that residents are more likely to attend these meetings when elected councils are introduced to villages. The results in Panel A provide a deeper look at differences in political participation. They show that villagers are also more likely to give a recommendation, ask questions about development projects, and ask questions about the village budget. This is consistent with the finding thus far that elected councils exert a positive influence on political participation. The sizes of these effects appear to be largest when asking questions about project goals and the village budget. The estimates of the predictor variables are also largely consistent with those in Panel A in Table 6.6. Women are generally less likely to contribute during meetings and college educated and political party affiliated are more likely to contribute.

The results from this section give evidence to support the second set of hypotheses. Elected councils stimulate political participation. They increase attendance at political gatherings, they increase participation during these gatherings, and they increase interactions with village governments outside these gatherings. But, the effect of these councils reflects

the average among village residents. It does not reveal the variation in these effects. This will be addressed later to formally test the fourth set of hypotheses.

6.3 *Evaluating the Mechanisms*

In the theoretical framework, I discussed four mechanisms by which the creation of an elected council can influence political participation among village residents. These involve the role of political accountability, social capital, political trust, and political mobilization. In this section I investigate the merits of each of these.

6.3.1 Political Accountability

In this view, elected councils should motivate village residents to become more active and involved in local politics because they generate an interest among residents to monitor the behavior of village council members. Unlike when political officeholders are appointed by the village head, villagers are given a chance to sanction elected village council members in future elections based on bad behavior or whether they go back on their promises. Participation in local politics is then a reflection of village residents being motivated to obtain information on the behavior of village council members in order to hold them to account in future votes.

This does not appear to adequately explain the results thus far. According to the results in Panel A in Table 6.6, villagers could more willing to attend village level meetings to monitor the performance of elected village council members. This is not inconsistent with the political accountability explanation. Panel B in Table 6.6, however, reveals that villagers are also more willing to attend hamlet meetings, and the impact of elected councils on hamlet meeting attendance is even greater than village meeting attendance. Village council members do not attend these hamlet meetings, and it therefore does not represent a chance for villagers to monitor the behavior of these actors. Furthermore, the results in Tables 6.9-6.11 show that villagers are not only more likely to attend deliberation meetings, but they are also more willing to invest their time and effort to go beyond the goal of political accountability.

Table 6.9 shows that villagers are more willing to help with the construction or repair of village infrastructure projects. The majority of these projects are roads and bridges, but they also include water purification projects, worship houses, healthcare facilities, schools, and security offices. The outcome variable in Panel A reflects whether villagers are willing to voluntarily work with others to maintain or help construct one of these projects, and the results show that they are indeed more willing to do so when elected councils are created in villages. The treatment effects are large and positive regardless of whether the full sample or the restricted sample is analyzed. The estimates on the predictor variables are in the same direction as before except that older and college educated individuals are both less likely to contribute to these projects. Village council members do not oversee the construction and maintenance of these projects. It is therefore unlikely that a greater willingness to monitor and sanction the behavior of village council members is accounting for these differences.

If elected councils motivate village residents to go beyond the goal of political accountability, I investigate how exactly villagers are more likely to contribute to the creation of village infrastructure projects. This can happen in three main ways. Villagers can choose to volunteer their labor, money, or land toward supporting these projects. Table 6.10 and Table 6.11 show the results of this analysis. They show that villagers are more likely to offer their labor to support the construction of these projects, but they are no more likely to offer their money or land. The estimates are close to zero when the outcome variables are the latter two, and the estimates are precisely zero for the third. It therefore appears that villagers are more likely to offer their time and labor to help support the construction of publicly-funded infrastructure projects when elected councils are introduced to villages.

Put together, the results tell an interesting story. The results earlier show that elected councils are likely to increase the willingness of villagers to politically participate, but political accountability does not appear to be enough to explain the underlying mechanism linking these results together. This may help to explain some of the improvements in political participation shown in Tables 6.6-6.8, but it does not explain why villagers would be more willing to attend hamlet meetings, and it does not explain why villagers would be

more willing to work toward the construction of village infrastructure projects that enhance the welfare of the community. Theoretically, the logic of political accountability does not explain why village residents would be more willing to overcome the problem of free-riding to engage in this way. I therefore consider the other three mechanisms that could be driving the results.

Table 6.8: Village Councils and Political Participation

Panel A: Hamlet Meeting Participation - Outcome Equation				
	(1)	(2)	(3)	(4)
	Recommend	Ask Project	Ask Project Target	Ask Budget
Elected Council	0.561*** (0.165)	0.747*** (0.126)	0.955*** (0.351)	0.858*** (0.224)
Female	-0.581*** (0.148)	-0.452*** (0.116)	-0.175 (0.200)	-0.400*** (0.137)
Minority	-0.080 (0.202)	0.118* (0.065)	0.150 (0.143)	0.051 (0.206)
College Educated	0.759*** (0.126)	0.496*** (0.146)	0.389*** (0.136)	0.808*** (0.240)
Age 45+	0.081* (0.044)	0.046 (0.09)	-0.022 (0.064)	-0.044 (0.062)
Party Affiliated	1.052*** (0.142)	0.807*** (0.171)	0.778*** (0.145)	0.835*** (0.181)
Panel B: Hamlet Meeting Participation - Selection Equation				
Elected Council	0.860*** (0.124)	0.826*** (0.119)	0.801*** (0.112)	0.852*** (0.118)
Female	-0.473*** (0.045)	-0.472*** (0.044)	-0.471*** (0.044)	-0.473*** (0.043)
Minority	-0.159*** (0.036)	-0.161*** (0.036)	-0.163*** (0.036)	-0.159*** (0.036)
College Educated	0.224** (0.110)	0.232** (0.106)	0.225** (0.109)	0.219** (0.103)
Age 45+	0.089*** (0.020)	0.090*** (0.020)	0.086*** (0.021)	0.090*** (0.019)
Religiously Active	0.380*** (0.110)	0.387*** (0.111)	0.402*** (0.109)	0.380*** (0.104)
Party Affiliated	0.114* (0.065)	0.102 (0.063)	0.089 (0.061)	0.111* (0.068)
Sample Observations	All years 4082	All years 4082	All years 4082	All years 4082

Notes: The outcome variables are as follows: whether a village resident gave a recommendation, asked about a project, asked about a project's target, and asked about the village fund or budget during a hamlet-level deliberation meeting. Heckman probit estimates are presented. Cluster-robust standard errors in brackets. Village fixed effects and assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

Table 6.9: Village Councils and Collective Action

	Participate, Infrastructure Construction			
	(1)	(2)	(3)	(4)
Elected Council	3.320*** (0.000)	3.474*** (0.099)	3.320*** (0.000)	3.499*** (0.102)
Female		-1.145*** (0.147)		-1.083*** (0.153)
Minority		0.178 (0.155)		0.253* (0.136)
College Educated		-0.482*** (0.125)		-0.405*** (0.096)
Age 45+		-0.160* (0.086)		-0.071 (0.063)
Religiously Active		0.581*** (0.102)		0.593*** (0.128)
Party Affiliated		0.569*** (0.191)		0.648*** (0.193)
Sample	All years	All years	2013-2016	2013-2016
Observations	3323	3323	2701	2701

Notes: The outcome variable is whether a village resident participated in infrastructure construction or repair funded by the village. Logit estimates are presented. Cluster-robust standard errors in brackets. Village fixed effects and assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

Table 6.10: Village Councils and Collective Action

	Participate, Labor			
	(1)	(2)	(3)	(4)
Elected Council	0.975*** (0.000)	0.790*** (0.061)	0.686*** (0.066)	0.545*** (0.037)
Female		-0.187*** (0.024)		-0.215*** (0.005)
Minority		-0.104** (0.037)		-0.121* (0.040)
College Educated		-0.053 (0.045)		-0.013 (0.044)
Age 45+		-0.026** (0.010)		-0.021 (0.012)
Religiously Active		0.015 (0.013)		0.027 (0.013)
Party Affiliated		0.003 (0.016)		-0.002 (0.018)
Sample	All years	All years	2013-2016	2013-2016
Observations	2065	2065	1612	1612

Notes: The outcome variable is whether a village resident contributed their labor toward this project. Least squares estimates presented. Cluster-robust standard errors in brackets. Village fixed effects, assignment variable, and a second order polynomial of the assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

Table 6.11: Village Councils and Collective Action

	Panel A: Participate, Money			
	(1)	(2)	(3)	(4)
Elected Council	-0.080*** (0.000)	-0.019 (0.065)	0.031 (0.341)	0.108 (0.269)
Female		0.190*** (0.033)		0.211** (0.038)
Minority		0.027 (0.043)		0.064 (0.0490)
College Educated		0.183*** (0.048)		0.135*** (0.006)
Age 45+		0.036*** (0.010)		0.0390** (0.011)
Religiously Active		0.005 (0.021)		-0.011 (0.025)
Party Affiliated		0.128*** (0.037)		0.144** (0.040)
Sample Observations	All years 2065	All years 2065	2013-2016 1612	2013-2016 1612
	Panel B: Participate, Land			
	(5)	(6)	(7)	(8)
Elected Council	0.000 (0.000)	0.093 (0.053)	0.000 (0.001)	0.070 (0.031)
Female		0.000 (0.003)		0.000 (0.003)
Minority		0.058 (0.035)		0.075 (0.034)
College Educated		-0.022** (0.007)		-0.019* (0.007)
Age 45+		0.011 (0.008)		0.0121 (0.009)
Religiously Active		0.026** (0.010)		0.024 (0.0124)
Party Affiliated		0.024** (0.009)		0.031** (0.009)
Sample Observations	All years 2065	All years 2065	2013-2016 1612	2013-2016 1612

Notes: The outcome variable in Panels A and B are whether a village resident contributed their money and land toward infrastructure construction or repair funded by the village, respectively. Least squares estimate are presented. Cluster-robust standard errors in brackets. Village fixed effects, assignment variable, and a second order polynomial of the assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

Table 6.12: Village Councils and Social Trust

	Panel A: Social Trust, Sum			
	(1)	(2)	(3)	(4)
Elected Council	0.142*** (0.000)	0.050 (0.073)	-0.108 (0.520)	-0.180 (0.587)
Female		-0.036* (0.019)		-0.058** (0.015)
Minority		-0.020 (0.066)		0.030 (0.045)
College Educated		0.011 (0.157)		0.043 (0.189)
Age 45+		0.119*** (0.027)		0.099*** (0.017)
Religiously Active		0.053 (0.033)		0.055 (0.038)
Party Affiliated		0.026 (0.081)		0.028 (0.089)
Sample Observations	All years 4082	All years 4082	2013-2016 3317	2013-2016 3317
	Panel B: Social Trust, PC			
	(5)	(6)	(7)	(8)
Elected Council	0.126*** (0.000)	0.016 (0.089)	-0.175 (0.560)	-0.259 (0.641)
Female		-0.045* (0.024)		-0.073** (0.017)
Minority		-0.018 (0.080)		0.050 (0.051)
College Educated		0.021 (0.192)		0.058 (0.231)
Age 45+		0.154*** (0.035)		0.128*** (0.020)
Religiously Active		0.060 (0.041)		0.061 (0.048)
Party Affiliated		0.040 (0.103)		0.042 (0.114)
Sample Observations	All years 4082	All years 4082	2013-2016 3317	2013-2016 3317

Notes: The outcome variable in Panel A is the simple sum of whether a village resident would trust their neighbor with their home, their children, and for a loan. The outcome variable in Panel B is the first principal component of these three questions. Least squares estimates are presented. Cluster-robust standard errors in brackets. Village fixed effects, assignment variable, and second order polynomial of the assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

6.3.2 *Social Capital*

A second possible mechanism could be that village councils are motivating political participation by strengthening social capital. The social capital view argues that political participation is rooted in pro-social norms and networks and interpersonal trust. This presents a compelling story that has been one of the mainstream views on how CDD projects can help to overcome collective action problems. In this case, elected councils could strengthen interpersonal trust by increasing whether village residents are involved in social activities and organizations and becoming more involved in these activities and organizations themselves.

Table 6.12 examines whether this is happening. The outcome variable Panel A is the simple sum of three indicators of interpersonal trust among villagers: whether individuals are willing to entrust their home to their neighbor if they have to leave their village; whether individuals are willing to trust their neighbor with their children if they need to leave their home; and whether individuals are willing to ask their neighbor for a loan if they urgently need a loan. The outcome variable in Panel B takes the first principal component of three indicators of interpersonal trust. This is meant to capture the common underlying variation between these three variables. The results in Panel A show mixed evidence on whether elected councils strengthen the level of interpersonal trust between citizens. In the full sample analysis, the effects are positive and significant, which provides some support for the social capital explanation. However, the magnitudes are close to zero after controlling for the other variables, and in the analysis around the treatment threshold, the coefficients are negative. The results are therefore inconsistent. The substantive findings of Panel B are similar to those of Panel A: the effects are inconsistent, and they are positive in the first two columns but negative in the last two columns. The results suggest that elected councils do little to improve interpersonal trust among villagers, which runs counter to past studies on how CDD projects impact interpersonal trust more generally. Yet, the results are consistent with the view among social capital theorists who argue that interpersonal trust is difficult to construct over short periods of time.

Table 6.13: Village Councils and Social Trust

	Panel A: Social Engagement, Villagers			
	(1)	(2)	(3)	(4)
Elected Council	1.594** (0.000)	1.512** (0.028)	1.287 (0.623)	0.940 (0.524)
Female		-0.024 (0.010)		-0.022 (0.009)
Minority		0.048 (0.027)		0.047 (0.026)
College Educated		-0.035 (0.037)		0.004 (0.005)
Age 45+		-0.020 (0.022)		-0.033 (0.027)
Religiously Active		1.158** (0.028)		1.171** (0.026)
Party Affiliated		0.199** (0.038)		0.180** (0.030)
Sample Observations	All years 4082	All years 4082	2013-2016 3317	2013-2016 3317
	Panel B: Social Engagement, Village Councils			
	(5)	(6)	(7)	(8)
Elected Council	0.067 (0.074)	0.091 (0.080)	-0.181* (0.069)	-0.138 (0.068)
Village Population		-0.038 (0.028)		-0.038 (0.033)
Sample Observations	All years 112	All years 112	2013-2016 91	2013-2016 91

Notes: The outcome variable in Panel A is the number of social organizations a village resident is involved with. The outcome variable in Panel B is whether the village council visited village residents at their homes or attended community group meetings. Least squares estimates are presented. Cluster-robust standard errors in brackets. Village fixed effects, assignment variable, and second order polynomial of the assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

To delve deeper into this relationship, I examine two other bases of social capital. In Table 6.13, the outcome variable in Panel A is the number of social groups or activities a village resident is involved in, which include religious, sports, neighborhood, youth, and occupation-related groups. The outcome variable in Panel B is whether village councils visit villagers' homes or attend community group meetings as part of their duty to understand the needs of the community. The first variable is a proxy for how socially active villagers are, and the second is meant to capture whether village councils also contribute to being socially active in the village. The results in Table 6.13 are again mixed. In the full sample analysis, there is evidence to suggest that elected councils are positively associated with how active

villagers are in community-based social organizations, but the results become less certain in the restricted sample analysis. The findings in Panel B are also mixed, and there is very little that can be learned from the results. Overall, there is some evidence to support the view that elected councils stimulate political participation by strengthening interpersonal trust among villagers, but the results are sensitive to changes in the sample size, and the size of the effects appears to be small. The main results therefore do not appear to be rooted in changes in interpersonal trust or social capital, although these features may play a much larger role over the long run.

6.3.3 Political Trust

Next, I consider whether elected councils promote political participation by improving political trust. Elected councils alter the way that a core group of political officeholders are selected to village governments. It is therefore understandable that there should be differences in how villagers perceive these members of government. As discussed, the creation of an elected council should lead to political officeholders who are perceived to be more trustworthy by village residents based on their competence and their commitment to advancing the demands of residents. The results in Tables 6.1 to 6.5 indeed suggest that they do. From this, it follows that residents should perceive elected council members to be more trustworthy than appointed ones. In turn, this should motivate residents to politically engage.

Table 6.14: Village Councils and Political Trust

Panel A: Trust Village Council, Development Planning				
	(1)	(2)	(3)	(4)
Elected Council	0.154*** (0.000)	0.130*** (0.016)	0.179*** (0.000)	0.149*** (0.005)
Female		0.029*** (0.009)		0.033** (0.007)
Minority		-0.027 (0.015)		-0.03** (0.006)
College Educated		0.037*** (0.009)		0.034*** (0.005)
Age 45+		-0.001 (0.008)		-0.005 (0.00800)
Religiously Active		0.005 (0.005)		0.002 (0.006)
Party Affiliated		-0.080* (0.042)		-0.057 (0.042)
Sample Observations	All years 3313	All years 3313	2013-2016 2690	2013-2016 2690
Panel B: Trust Village Council, Development Implementation				
	(5)	(6)	(7)	(8)
Elected Council	0.154*** (0.000)	0.143*** (0.025)	0.179*** (0.000)	0.155** (0.028)
Female		0.033** (0.013)		0.034 (0.016)
Minority		-0.015 (0.024)		-0.018 (0.024)
College Educated		0.036* (0.018)		0.036 (0.020)
Age 45+		-0.004 (0.009)		-0.008 (0.009)
Religiously Active		0.001 (0.010)		-0.001 (0.012)
Party Affiliated		-0.113** (0.046)		-0.087 (0.045)
Sample Observations	All years 3314	All years 3314	2013-2016 2692	2013-2016 2692

Notes: The outcome variable in Panel A is whether a village resident perceives the village council to be trustworthy in planning for village development. The outcome variable in Panel B is whether a village resident perceives the village council to be trustworthy in implementing village development. Least squares estimates are presented. Cluster-robust standard errors in brackets. Village fixed effects, assignment variable, and second order polynomial of the assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

The outcome variables in Tables 6.14 are whether village residents believe village council members are trustworthy in planning for village development and whether they are trustworthy in implementing village development. The results reveal that elected councils are likely to enhance both. The estimates on the treatment variable are large and positive. They are also consistent across both samples and specifications. This suggests that an elected village council plays a fundamental role in changing how residents perceive its members. It also suggests that residents believe that village council members are more competent in fulfilling their duty to work with the village head in identifying and addressing the needs of the community, and they are more likely to also work in the best interests of the village. Likewise, the results in Panel B reveal that elected councils have a positive influence on whether village residents believe that the village council is trustworthy in implementing the plans that are made by the village to support local development. Once again, the estimates on the treatment variable are large and positive, and they are consistent across samples and specifications.

These results are overall consistent with the view that political trust can be an influential force that motivates citizens to engage civically and to cooperate with governments and with each another. The results are especially telling since the control group of villages also includes arrangements of political institutions that are meant to hold the village head accountable. It includes all of the same institutions as the treatment group except for elected village councils, namely, elected village heads, public deliberation forums, and procedures for district-level government to oversee and monitor the behavior of village-level governments. The results indicate that even with these arrangements in place, elected councils play a large role in strengthening political trust.

6.3.4 Political Mobilization

A final explanation that I explore involves the role of political mobilization. In this view, village councils raise political participation because elected village council members are more likely to encourage villagers to gather together and work with one another in village politics.

Specifically, elected council members are more likely to be composed of individuals who are motivated to improve turnout and who are disposed to exercise leadership in the village. One way to explore this possibility is to investigate whether elected councils lead to a greater effort among local government actors to invite citizens to attend village deliberation meetings. There is ample evidence both qualitative and quantitative to suggest that invitations are one of the best ways to motivate citizens to attend village-based meetings in rural Indonesia. It is the primary way that village governments can attempt to control who participates in the political decision-making process. The next set of tables therefore investigates whether elected councils are more likely to send out meeting invitations to villagers. If the results are being driven by greater efforts among elected council members to mobilize villagers, then we should expect to see a more active dissemination of invitations.

Table 6.15 assesses whether this is true. The outcome variable of Panel A is whether the village government invited all residents to attend a village deliberation meeting. The results in columns 3 and 4 show that elected councils are indeed more likely to invite all residents to attend village meetings. This provides some support for the political mobilization hypothesis. Yet, the results are sensitive to changes in the sample size. The results disappear when the whole sample of villages are included, and the impact becomes negative and close to zero. To further investigate this hypothesis, the outcome variable in Panel B is whether the village government invited residents who are actively involved in village activities to attend a village deliberation meeting. This narrows the scope of residents who the village government may have invited to meetings to include those who are involved in public life. The results show that village governments are actually less likely to invite such individuals to meetings when the village council is elected. Finally, the outcome variable in Panel C is whether the village council set up and invited residents to a special meeting to capture the needs of the community. It is possible that rather than inviting villagers to the main village-level meeting, elected council members set up a separate meeting to engage and consult with villagers. The results in this panel show no evidence that this is happening. Although there is some evidence that elected councils are more likely to try to politically mobilize

Table 6.15: Village Councils and Political Mobilization

	Panel A: Invite, All Residents			
	(1)	(2)	(3)	(4)
Elected Council	-0.064 (0.064)	-0.059 (0.064)	0.131* (0.029)	0.143* (0.025)
Village Population		-0.009 (0.009)		-0.012 (0.010)
Sample Observations	All years 112	All years 112	2013-2016 91	2013-2016 91
	Panel B: Invite, Involved Residents			
	(5)	(6)	(7)	(8)
Elected Council	-0.186** (0.050)	-0.178** (0.049)	-0.183** (0.014)	-0.169** (0.006)
Village Population		-0.013 (0.016)		-0.013 (0.018)
Sample Observations	All years 112	All years 112	2013-2016 91	2013-2016 91
	Panel B: Invite, Special Meeting			
	(9)	(10)	(11)	(12)
Elected Council	-0.057 (0.059)	-0.072 (0.053)	-0.056 (0.032)	0.070 (0.053)
Village Population		0.025 (0.021)		0.020 (0.025)
Sample Observations	All years 112	All years 112	2013-2016 91	2013-2016 91

Notes: The outcome variables of Panels A to C are whether the village government invited all residents to a village deliberation meeting, whether the village government invited residents who are involved in village activities to a village deliberation meeting, and whether the village council invited village residents to a special meeting to capture the needs of the community. Least squares estimates are presented. Cluster-robust standard errors in brackets. District fixed effects, assignment variable, and second order polynomial of the assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

village residents, the evidence appears to be limited and sensitive to changes in the model specification and sample size.

Table 6.16: Village Councils and Political Mobilization

Panel A: Reason for Village Meeting Attendance, Invitation				
	(1)	(2)	(3)	(4)
Elected Council	-0.164*** (0.001)	-0.241*** (0.052)	-0.364*** (0.054)	-0.426*** (0.068)
Female		-0.021 (0.035)		-0.039 (0.030)
Minority		0.000 (0.031)		0.009 (0.029)
College Educated		0.133*** (0.033)		0.121*** (0.020)
Age 45+		0.078* (0.037)		0.062 (0.039)
Religiously Active		0.011 (0.035)		0.028 (0.035)
Party Affiliated		-0.105** (0.045)		-0.084 (0.043)
Sample Observations	All years 994	All years 994	2013-2016 764	2013-2016 764
Panel B: Reason for Hamlet Meeting Attendance, Invitation				
	(5)	(6)	(7)	(8)
Elected Council	-0.726*** (0.000)	-0.742*** (0.083)	-0.261*** (0.000)	-0.303** (0.076)
Female		-0.048 (0.038)		-0.039 (0.051)
Minority		0.025 (0.076)		0.032 (0.078)
College Educated		0.072 (0.078)		0.008 (0.066)
Age 45+		0.012 (0.029)		0.011 (0.040)
Religiously Active		0.036 (0.044)		0.049 (0.050)
Party Affiliated		-0.191*** (0.038)		-0.226*** (0.025)
Sample Observations	All years 1274	All years 1274	2013-2016 973	2013-2016 973

Notes: The outcome variable in Panel A is whether a village resident who attended the last village deliberation meeting did so because they were invited. The outcome variable in Panel B is whether a village resident who attended the last hamlet deliberation meeting did so because they were invited. Least squares estimates are presented in Panel A. Cluster-robust standard errors in brackets. Village fixed effects, assignment variable, and a second order polynomial of the assignment variable are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

The next set of results investigates the political mobilization hypothesis from the standpoint of village residents. The outcome variables in Table 6.16 are whether village residents attended the last village meeting and whether they attended the last hamlet meeting because they were invited to these meetings. The results in Panels A and B show that villagers were consistently less likely to say so when village councils were elected. Overall, the results of this analysis reveals limited evidence that elected councils were more likely to invite villagers to meetings, and villagers who attended these meetings were less likely to say that they had attended because of an invitation. Put together, the main results do not appear to be driven by greater efforts at mobilization among political officeholders.

The results thus far paint an interesting picture. They reveal that individuals are more likely to politically participate when elected councils are introduced to villages in a variety of ways. After an investigation of the underlying mechanisms, it appears that individuals do so because of important differences in their trust of village governments. The political accountability explanation does not sufficiently explain why residents would attend and participate in hamlet meetings, nor does it explain why they would help with the construction of village infrastructure projects. There is little evidence to suggest that elected councils lead to meaningful changes in interpersonal trust and social engagement. There is also limited, inconsistent evidence that they support political mobilization within villages. Political trust therefore appears to play an important role in defining the impact of elected councils. I have thus far investigated the first three groups of hypotheses listed in Table 3.1. I now turn to the last set of hypotheses on whether elected councils enhance the inclusiveness of village politics.

6.4 *The Political Inclusion of Disadvantaged Groups*

One important question that arises from the results thus far is whether all village residents respond to the creation of elected councils in the same way. On average, the results show that village residents increase their attendance at political gatherings, engage themselves during these gatherings, and interact with village governments outside of these gatherings.

But, this may not be the case for all residents. Women and ethnic minorities may be less responsive to this change. Women are often curbed of influence in public life especially in rural villages, and they may find it more difficult to politically participate due to social constraints. Ethnic minorities may be less likely to believe that village governments composed of ethnic majorities are working on behalf of their best interests, and they may therefore be less likely to politically participate. These are the social dynamics that define village politics in Indonesia (Wetterberg et al., 2014).

The results in Tables 6.1 to 6.5 reveal that women and ethnic minorities are either left out of pushed out of being placed on village governments, although poor, non-elites are more likely to gain these positions. If political trust is the mechanism by which village residents are more willing to politically engage, then these results suggest that women and minorities are less likely to do so. To assess whether the impact of elected councils varies between different types of village residents, I estimate a series of models that include interaction terms between the treatment variable and dummy variables for whether a resident is a women and whether a resident is an ethnic minority in the village. The main outcome variables of these models are whether a resident attended a hamlet meeting, whether they attended a village meeting, and whether they submitted or reported a complaint to village government. I then look deeper into whether women and minorities are just as willing to participate during hamlet meetings.

The results in Table 6.17 show that there are several important differences in the impact of elected councils between men and women and ethnic majorities and ethnic minorities. First, the estimates of the treatment effect are very similar to the previous results. Elected village councils increase the likelihood that village residents attend hamlet meetings, attend village meetings, and submit or report complaints to village governments. But, column 2 of Panel A shows the effect among women is considerably smaller than men in whether they attend these meetings. This is important because women are already less likely than men to attend, and although the impact of elected councils among women is overall positive, the gaps in attendance between men and women appear to get larger. To illustrate, around

Table 6.17: Village Councils and Political Inclusion

	Panel A: Women		
	(1) Attend Hamlet	(2) Attend Village	(3) Complaint
Elected Council	3.122*** (0.299)	2.340*** (0.578)	2.105*** (0.114)
Female	-0.821*** (0.083)	-0.670*** (0.174)	-1.075*** (0.093)
Elected Council × Female	0.060 (0.080)	-0.540*** (0.194)	-0.162 (0.143)
Sample	All years	All years	All years
Observations	3936	4006	3868
	Panel B: Ethnic Minorities		
	(4) Attend Hamlet	(5) Attend Village	(6) Complaint
Elected Council	3.373*** (0.146)	1.376*** (0.101)	2.081*** (0.086)
Minority	-0.237*** (0.034)	-0.295*** (0.071)	-0.160** (0.072)
Elected Council × Minority	-0.172 (0.142)	0.000 (0.348)	-0.264* (0.154)
Sample	All years	All years	All years
Observations	3936	4006	3868

Notes: Outcome variables are from Tables 6.6 and 6.7. Logit estimates are presented. Cluster-robust standard errors in brackets. Village fixed effects, assignment variable, and all control variables from Tables 6.6 and 6.7 are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

60 percent of attendees are men prior to the creation of an elected council and around 40 percent are women. Although the number of both men and women attendees increases, the discrepancy between men and women also increases. Hence, there is evidence to support hypothesis 4a, but there is no evidence to support 4b. In fact, the finding is reversed.

The results in Panel A also show that the size of the impact is smaller among women in whether they submit complaints to government, and it is close to zero in whether they attend hamlet meetings. Although the estimates are highly variable, this is consistent with expectations, since there should be fewer reasons why women are deterred from attending hamlet meetings compared to men. Yet, the results once again suggest that the gaps in participation between men and women remain. Women are less likely than men to attend hamlet meetings at 40 percent versus 60 percent, and they are also less likely to submit

Table 6.18: Village Councils and Political Inclusion

Panel A: Women				
	(1)	(2)	(3)	(4)
	Recommend	Ask Project	Ask Project Target	Ask Budget
Elected Council	0.583*** (0.143)	0.812*** (0.122)	1.123*** (0.374)	0.841*** (0.268)
Female	-0.575*** (0.162)	-0.419*** (0.133)	-0.123 (0.203)	-0.405*** (0.148)
Elected Council × Female	-0.051 (0.142)	-0.210* (0.115)	-0.468** (0.204)	0.041 (0.472)
Sample Observations	All years 4082	All years 4082	All years 4082	All years 4082
Panel B: Ethnic Minorities				
	(5)	(6)	(7)	(8)
	Recommend	Ask Project	Ask Project Target	Ask Budget
Elected Council	0.553*** (0.166)	0.748*** (0.126)	0.961*** (0.342)	0.852*** (0.227)
Minority	-0.248*** (0.080)	0.147** (0.067)	0.181 (0.111)	-0.065 (0.080)
Elected Council × Minority	0.675 (0.427)	-0.112* (0.058)	-0.150 (0.463)	0.538 (0.496)
Sample Observations	All years 4082	All years 4082	All years 4082	All years 4082

Notes: Outcome variables are from Table 6.8. Heckman probit estimates from outcome equation are presented. Cluster-robust standard errors in brackets. Village fixed effects, assignment variable, and all control variables from Table 6.8 are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

complaints to government at 30 percent and 70 percent. But, the evidence suggests that these gaps are not likely to be reduced. In fact, it appears that are likely to either stay the same or increase.

The results in Panel B tell a similar story. The average effect of village councils is positive, but they show that the impact of village councils is either no different or smaller among ethnic minorities than ethnic majorities. Specifically, the effect of elected councils is smaller among ethnic minorities in whether they submit complaints to village governments, and it is either smaller or zero in whether they attend village meetings or hamlet meetings. The gaps in participation between ethnic minorities and ethnic majorities appear to either stay the same or widen. The former make up only 13 percent of complaints, 17 of village

meeting attendees, and 8 percent of hamlet meeting attendees before the introduction of elected councils.

Next, I investigate what happens *during* political gatherings, and I see if there are any differences in the effects on participation between men and women. Table 6.18 shows the results. The same pattern emerges. The effect is either the same or smaller for women compared to men. Women are less likely than men to be motivated to ask about development projects and their targets, and they are no more likely than men to submit recommendations or ask about the village budget. Ethnic minorities are also less likely than men to be motivated to ask about development projects, and although there is some evidence that they are more willing to ask about budgets and give recommendations, the estimates are very imprecise. The results once again show that the discrepancies in participation between men and women and ethnic majorities and minorities either stay the same or increase, although the effect of village councils is on average positive.

To probe a little deeper into these findings, I examine whether the observed differences are also reflected in the mechanism by which elected councils motivate political participation. I examine whether they are observed in the effect on political trust. If the effects on political participation are either no different or smaller among women and minorities, then this should also be observed in the effects on political trust. Table 6.19 shows the results. Panel A suggests that the impact of elected councils on political trust is no different among men and women. The estimates are very close to zero and they are also imprecise. A similar pattern can be observed in Panel B. The effect sizes are all very close to zero, with two of the estimates being relatively precise. On average, the creation of an elected council appears to strengthen political trust relatively evenly among all residents. But, trust among women and ethnic minorities is much lower than men at baseline, and these improvements do not seem to be enough to motivate a reduction in the gaps in participation between these groups and men and ethnic majorities.

Table 6.19: Village Councils and Political Inclusion

Panel A: Women				
	(1) Trust, Planning	(2) Trust, Planning	(3) Trust, Imple- mentation	(4) Trust, Imple- mentation
Elected Council	0.126*** (0.022)	0.147*** (0.013)	0.156*** (0.024)	0.167*** (0.021)
Female	0.028** (0.009)	0.032** (0.008)	0.036** (0.014)	0.038 (0.017)
Elected Council × Female	0.006 (0.023)	0.004 (0.024)	-0.023 (0.022)	-0.022 (0.026)
Sample Observations	All years 3313	2013-2016 2690	All years 3314	2013-2016 2692
Panel B: Ethnic Minorities				
	(5) Trust, Planning	(6) Trust, Planning	(7) Trust, Imple- mentation	(8) Trust, Imple- mentation
Elected Council	0.124*** (0.019)	0.146*** (0.000)	0.126*** (0.021)	0.145*** (0.016)
Minority	-0.032 (0.018)	-0.033** (0.006)	-0.032 (0.021)	-0.040** (0.008)
Elected Council × Minority	0.030 (0.026)	0.031 (0.022)	0.084*** (0.023)	0.093*** (0.012)
Sample Observations	All years 3313	2013-2016 2690	All years 3314	2013-2016 2692

Notes: Outcome variables are from Table 6.14. Least squares estimates are presented. Cluster-robust standard errors in brackets. All control variables from Table 6.14 are estimated but not reported. *** p<0.01; ** p<0.05; * p<0.1.

6.5 Robustness

Before concluding this analysis, I make note of several robustness checks to examine the sensitivity of the results. First, I proceed to remove each village from the sample one by one and run each of the models once again. This is meant to determine whether the results are being driven by a single village that may be unduly influencing the results. After running these models, I find that the results are both substantively and statistically consistent. Next, I proceed to remove each district from the sample to see if any single district may be driving the results. This is a possibility since Ngada in East Nusa Tenggara is a place where villagers have been known to be especially receptive to democratic reforms in the past (Wetterberg et al., 2014). It could be that the results overall are contingent on its inclusion in the

sample. However, after running these models, I find that the results are substantively and statistically unchanged. Third, I re-run the logit models using least squares as an estimation alternative strategy and compare the results. I perform this analysis because some of the logit models were prone to having convergence issues, and I addressed this issue by adjusting the optimization method. Some of the models were also prone to dropping observations. I therefore check to see if these issues produced any meaningful difference in the results, and I find that they did not. I also re-estimate the models using an alternative formula for the standard errors, and I cluster the standard errors by village instead of clustering them along the running variable as discussed earlier. This did not lead to any meaningful differences in precision. Finally, where relevant, I estimate the models using different thresholds of the sample years to see if the results are sensitive to these changes. Once again, I find that they are not.

6.6 Summary and Conclusion

The results of the natural experiment reveal a compelling set of findings. By exploiting exogenous variation in the creation of elected village councils in Indonesia, I evaluate the hypotheses derived from the theoretical framework in Chapter 3. First, I find evidence to support the hypothesis that elected councils broaden the distribution of political power within villages. I find that the creation of these councils leads to an increase in village residents becoming political officeholders vis-à-vis local elites. I also find that it improves the competence of local officeholders as measured by their education and relevant experience. This lends support for hypotheses 1a and 1b. However, I find limited evidence to support hypothesis 1c. The creation of this institution does not appear to enhance social and economic representation in village governments; instead, it remains the same or becomes worse. In practice, this means that non-elites are more likely to gain political office, but these individuals are more likely to be men and from the ethnic and religious majority. Put another way, village governments change from being largely composed of the rich male majority to the poor male majority.

Second, I find evidence to support the hypothesis that elected councils stimulate political participation among village residents. The results indicate that attendance at village and hamlet meetings increases, engagement during these meetings increases, and interactions with village governments outside these meetings also increases. Third, when I investigate the mechanism by which this occurs, I find evidence to support the view that participation rises via increases in political trust. Residents believe political officeholders are more trustworthy in villages where elected councils are created. However, I find little or no evidence that elected councils strengthen social capital and promote political mobilization. I also find that the logic of political accountability is not enough to explain the results. I therefore uncover evidence to corroborate the second and third group of hypotheses.

Finally, I evaluate the fourth set of hypotheses and investigate whether elected councils enhance the political inclusion of disadvantaged and marginalized groups. The first set of results suggest that they elevate the poor at the expense of the rich within village governments, but they do little to support the position of women and minorities. I investigate whether this is also true among village residents. The results uncover a striking pattern. Although women and minorities are more likely to politically participate, the gaps in participation that exist between men and women and majorities and minorities remain the same or get worse. In other words, more residents are attending meetings, participating during meetings, and interacting with village governments outside these meetings, but these individuals are just as likely or even more likely to be male ethnic majorities than before.

Overall, the results tell an important story. Although the results give evidence to support most of the hypotheses, they are slightly different from what was expected. In many ways, the creation of an elected council promotes democratization at the village level. It redistributes power toward poorer non-elites, and it increases the political engagement of village residents. It therefore takes political power away from the hands of elites and enables village residents to play a bigger role in political decision-making. However, at the same time, it produces some unexpected results. Women and minorities do not appear to be better represented within village governments, and this translates into larger gaps in participation between

these groups and men and majorities. Rather than producing an inclusive form of village democracy, the end result appears to be an exclusive one, with poor, non-elites gaining power over the rich elites, but individuals outside the mainstream majority getting pushed out of the democratic process. External efforts to foster democracy therefore appear to be a double-edged sword, with the potential for serious ramifications on local governance. I discuss these ramifications later in Chapter 9, but I first explore whether the results of the natural experiment are consistent with the firsthand experiences of villagers in Central Java and East Nusa Tenggara.

Table 6.20: Summary of Treatment Effects in Probabilities

Table 6.1A	Treatment	Effect	SE	p-value	Table 6.1B	Treatment	Effect	SE	p-value
	Model 1	0.086	0.035	0.015		Model 1	-0.069	0.003	0.000
	Model 2	0.084	0.035	0.017		Model 2	-0.068	0.003	0.000
	Model 3	0.127	0.027	0.000		Model 3	-0.101	0.006	0.000
	Model 4	0.126	0.037	0.001		Model 4	-0.103	0.006	0.000
Table 6.2A	Treatment	Effect	SE	p-value	Table 6.2B	Treatment	Effect	SE	p-value
	Model 1	-0.135	0.014	0.000		Model 1	-0.076	0.026	0.004
	Model 2	-0.140	0.015	0.000		Model 2	-0.082	0.021	0.000
	Model 3	-0.224	0.016	0.000		Model 3	-0.113	0.009	0.000
	Model 4	-0.237	0.024	0.000		Model 4	-0.130	0.012	0.000
Table 6.4A	Treatment	Effect	SE	p-value	Table 6.4B	Treatment	Effect	SE	p-value
	Model 1	0.015	0.054	0.774		Model 1	0.075	0.032	0.019
	Model 2	0.014	0.054	0.790		Model 2	0.072	0.032	0.024
	Model 3	0.111	0.022	0.000		Model 3	0.111	0.014	0.000
	Model 4	0.112	0.022	0.000		Model 4	0.104	0.015	0.000
Table 6.4C	Treatment	Effect	SE	p-value					
	Model 1	-0.003	0.003	0.334					
	Model 2	-0.005	0.004	0.212					
	Model 3	-0.003	0.004	0.560					
	Model 4	-0.008	0.009	0.431					
Table 6.5A	Treatment	Effect	SE	p-value	Table 6.5B	Treatment	Effect	SE	p-value
	Model 1	0.096	0.041	0.047		Model 1	0.030	0.047	0.543
	Model 2	0.098	0.038	0.043		Model 2	0.033	0.053	0.559
	Model 3	0.196	0.018	0.002		Model 3	0.211	0.157	0.178
	Model 4	0.807	0.074	0.000		Model 4	0.245	0.304	0.420
Table 6.5C	Treatment	Effect	SE	p-value					
	Model 1	0.072	0.032	0.053					
	Model 2	0.516	0.297	0.083					
	Model 3	0.138	0.061	0.025					
	Model 4	0.029	0.216	0.892					
Table 6.6A	Treatment	Effect	SE	p-value	Table 6.6B	Treatment	Effect	SE	p-value
	Model 1	0.451	0.026	0.000		Model 1	0.719	0.006	0.000
	Model 2	0.395	0.022	0.000		Model 2	0.645	0.008	0.000
	Model 3	0.529	0.031	0.000		Model 3	0.316	0.021	0.000
	Model 4	0.456	0.024	0.000		Model 4	0.224	0.011	0.000
Table 6.7A	Treatment	Effect	SE	p-value					
	Model 1	0.190	0.008	0.000					
	Model 2	0.178	0.007	0.000					
	Model 3	0.162	0.007	0.000					
	Model 4	0.145	0.036	0.042					
Table 6.8A	Treatment	Effect	SE	p-value					
	Model 1	0.160	0.020	0.000					
	Model 2	0.237	0.009	0.000					
	Model 3	0.248	0.012	0.000					
	Model 4	0.187	0.031	0.000					
Table 6.9A	Treatment	Effect	SE	p-value					
	Model 1	0.415	0.025	0.000					
	Model 2	0.410	0.050	0.000					
	Model 3	0.378	0.082	0.000					
	Model 4	0.358	0.064	0.000					

Table 6.21: Summary of Treatment Effects in Probabilities

Table 6.17A				Table 6.17A			
	Treatment Effect	SE	p-value	Female	SE	p-value	
Model 1	0.637	0.016	0.000	Model 1	-0.117	0.017	0.000
Model 2	0.446	0.042	0.000	Model 2	-0.089	0.026	0.010
Model 3	0.199	0.022	0.000	Model 3	-0.086	0.015	0.000

Table 6.17A			
	Treatment Effect \times Female	SE	p-value
Model 1	0.014	0.018	0.467
Model 2	-0.089	0.036	0.038
Model 3	-0.036	0.031	0.277

Table 6.17B				Table 6.17B			
	Treatment Effect	SE	p-value	Minority	SE	p-value	
Model 1	0.649	0.006	0.000	Model 1	-0.028	0.004	0.000
Model 2	0.394	0.020	0.000	Model 2	-0.051	0.012	0.003
Model 3	0.182	0.007	0.000	Model 3	-0.012	0.039	0.016

Table 6.17B			
	Treatment Effect \times Minority	SE	p-value
Model 1	-0.020	0.015	0.216
Model 2	0.004	0.051	0.937
Model 3	-0.020	0.005	0.002

Table 6.18A				Table 6.18A			
	Treatment Effect	SE	p-value	Female	SE	p-value	
Model 1	0.166	0.015	0.000	Model 1	-0.187	0.040	0.000
Model 2	0.256	0.019	0.000	Model 2	-0.141	0.031	0.000
Model 3	0.289	0.014	0.000	Model 3	-0.071	0.031	0.022
Model 4	0.171	0.051	0.001	Model 4	-0.097	0.028	0.001

Table 6.18A			
	Treatment Effect \times Female	SE	p-value
Model 1	-0.012	0.045	0.785
Model 2	-0.037	0.041	0.372
Model 3	-0.077	0.042	0.068
Model 4	0.029	0.086	0.732

Table 6.18B				Table 6.18B			
	Treatment Effect	SE	p-value	Minority	SE	p-value	
Model 1	0.158	0.020	0.000	Model 1	-0.082	0.029	0.005
Model 2	0.238	0.009	0.000	Model 2	0.028	0.026	0.278
Model 3	0.249	0.012	0.000	Model 3	0.039	0.039	0.326
Model 4	0.186	0.031	0.000	Model 4	-0.029	0.026	0.248

Table 6.18B			
	Treatment Effect \times Minority	SE	p-value
Model 1	0.196	0.116	0.089
Model 2	-0.047	0.026	0.071
Model 3	-0.073	0.119	0.539
Model 4	0.124	0.099	0.209

Chapter 7

EVIDENCE: CASE STUDIES IN CENTRAL JAVA

This chapter presents case studies of two rural villages in Central Java. I draw on the personal experiences, views, and interactions of village residents using detailed qualitative evidence obtained in the field to gain a deeper understanding of the dynamics of village politics, the causal mechanisms at play, and the scope conditions underlying the quantitative results. This chapter therefore seeks to not only evaluate the hypotheses presented at the end of Chapter 3 but corroborate the results of the natural experiment.

The two cases in this chapter are Gunturharjo village and Baleharjo village, which illustrate the context and dynamics of village politics in the absence of an elected village council. These cases are meant to be demonstrative of a set of villages in the control group from the natural experiment. For each village, I give a brief description of its geographic, economic, and social characteristics before discussing the main features of village government and the salient political issues within the village. I then discuss the role and influence of the village council in promoting democratic solutions to address these political issues. I start with an analysis of Gunturharjo before going into Baleharjo and then concluding.

7.1 Gunturharjo

7.1.1 Village Characteristics

Gunturharjo is a small rural village located approximately 65 kilometers south of Wonogiri city, the capital of Wonogiri district in Central Java province. It is located in Paranggupito sub-district, which borders the neighboring province of East Java and the Indian Ocean to the south. Gunturharjo is one of four villages in a small cluster of villages in Paranggupito sub-district, which include Gendayaan to the north and Gudangharjo and Sambiharjo to

Figure 7.1: Central Java



the west. It has an area of approximately 10 square kilometers, and it is divided into a northern and southern part based around the village's hilly landscape, both of which include five hamlets, which make up a total of ten hamlets in the village. The names of the hamlets are Ngasem, Balong, Plawon, Puwun, and Talunombo in the northern part, and the names of the hamlets are Gunturharjo, Pelem, Petir, Duren, and Dringo in the southern part. The population of Gunturharjo is about 3,500 people and 1,050 households.

As with most rural villages in Indonesia, Gunturharjo's residents are almost all farmers. The main crops farmed by Gunturharjo's residents are rice, corn, cassava, and soybeans, and farmland is scattered within and around the village, with most residents owning a small plot of land for cultivation. According to villagers, most crops grown by villagers are used for personal consumption, and only a small portion of it is sold for profit on the open market or to local traders. The Indian Ocean located to the south of the village plays a crucial role in the livelihoods of village residents. Residents living in the five southern hamlets of the village earn their livelihoods by fishing, with the main catches being tuna and shrimp. These are personally consumed or sold to merchants and in nearby markets for income. Some villagers plant trees such as teak, mahogany, and coconut in nearby forests to support their livelihoods. Hardwood is sold to local traders, and coconuts are used to produce coconut water and palm sugar, which are also sold to local traders. The vast majority of village

Figure 7.2: Rice Field, Gunturharjo Village



residents are poor given their subsistence livelihoods. A few households control wealth in the form of small businesses that facilitate trade with neighboring cities and large plots of farmland. The poorest residents are employed as farm workers on this land or rent this land from wealthier residents. The poorer residents tend to live in the southern part of the village, but many poor villagers also live in Balong hamlet in the north.

Public infrastructure in Gunturharjo is relatively good. It includes schools, healthcare facilities, religious centers, and a road system that connects Gunturharjo with surrounding villages. There are three kindergartens, three elementary schools, one junior high school, and two health clinics, including one focused on maternal health and young children. There are nine mosques in the village and a village square used for village-wide gatherings and meetings. Road conditions vary within the village, and some are paved with concrete or asphalt while others are made of gravel or dirt. Ojek (or motorcycle taxis) are the only form of public transportation in the village, but it is not widely used. Most residents say they walk from one place to another, even between villages, and ojek are typically only used

Figure 7.3: Village Residence, Gunturharjo Village



when heading to Wonogiri city. Access to clean water is delivered mainly by public hydrants, and this water is used for drinking and household needs such as cooking and bathing. Other sources of clean water include private wells and five local springs, which are called by villagers as Karmo's springs.

7.1.2 Village Government

The village government is composed of a village head who is elected by residents and a village council and village cabinet who at the time of research were appointed by the village head. The village head, named Suyadi, was serving his second term in office after being first elected in 2007.¹ Suyadi won the 2007 election replacing the previous village head, Jon Maryatin, who was obliged to step down after serving two consecutive terms. He won the last election in 2013 after a tight race with two other candidates named Widi and Hadi. Suyadi and Hadi

¹Village heads in Indonesia serve a six-year term for a maximum of two terms.

Figure 7.4: Reservoir, Gunturharjo Village



are from the northern part of the village, and Widi is from the southern part. According to discussions with village residents, the three initially agreed to pool their support for one candidate during the last election, but Suyadi went back on his promise. This led to a rivalry between Suyadi and Hadi, with Jon Maryatin caught in the middle, and the two candidates were known to have a grudge against one another and openly exchanged threats during the last election period. It is worth noting that Jon Maryatin and two of the candidates are related by family. He and Suyadi are cousins, and he is related to Hadi by marriage.

Suyadi narrowly won the last election by successfully convincing four hamlet heads in the northern part of the village to support his position, who garnered political support on his behalf. In Gunturharjo, hamlet heads play a prominent role in village politics, and they exert considerable influence and respect among village residents. Suyadi won the election; however, he is not seen favorably by many village residents. Many residents believe that Suyadi won the election dishonestly by granting benefits including monetary and political favors to the hamlet heads in exchange for political support. Furthermore, they believe that

Suyadi is not a competent leader because they have seen almost no improvements to the village in the years since he became head. They also say that he has made no efforts to fill three empty hamlet head positions, which became vacant after two passed away and one was impeached for embezzlement.² This made residents suspect that he was just trying to protect his political position, and these suspicions were reinforced after the land formerly controlled by the three hamlet heads was taken over and leased out by Suyadi. After speaking with village residents, it was clear to see that many people did not respect Suyadi, and they believed that he was not to be trusted.

Suyadi is largely seen as an autocratic leader who does not involve others in planning for village projects or making budget proposals. He apparently uses his own personal network to fill government positions, and residents have expressed that these appointments do not reflect the interests of the people. Prior to his election, there was some semblance of residents helping to choose the members of village government under the leadership of Jon Maryatin. But this ceased after 2007. The Chairperson of the village council is currently a close political ally of Suyadi, and it is increasingly rare for residents to communicate with him or the rest of the village council. Suyadi himself says that the village council is chosen to make the government more decisive and efficient. This difference of opinions between villagers and the village head is manifested in frequent gossiping about Suyadi, comparing him with Jon Maryatin, and ignoring his invitations to attend village meetings at the village square.

Under Suyadi's leadership, political decisions are made in an ad hoc fashion, and only a handful of official procedures are followed. Villagers say that once a budget is approved by the village council and funds are obtained from the district government, Suyadi hands over a portion of the money to the hamlet heads to be spent. Residents say that it is not uncommon for him to use public funds to purchase materials bought from a store owned by his brother in Gudangharjo and distribute these materials throughout the village as aid. Suyadi also

²The dismissed hamlet head, Parmo, was the son of a previous village head, and he was dismissed after falsifying the signatures of villagers to release around Rp 55,000,000 (about US\$3,700) in public funds, which he then used to build a house, according to village residents

does not document his actions or decisions, from village planning to implementation. They say the only documentation he uses is on his cell phone, and it is not shown to the rest of the community. Residents therefore almost never know his plans, and information is strictly limited to Suyadi and his followers. Since becoming village head, villagers say that Suyadi has never once attended a meeting at the hamlet level. They admit that Suyadi's leadership is not as effective as the previous village head's because there was at least coordination between the village council, village head, and hamlet heads under Jon Maryatin.

7.1.3 Salient Political Issue: Access to Clean Water

Water shortage is a serious problem in Gunturharjo. It affects almost all residents during the dry season, especially those who live in the northern part of the village and those who live far from public hydrants. During the wet season, water is abundant, and village residents have ample access to clean water, but the opposite is true in the dry season, even though the need for water is not reduced. The dry season runs from May to September, and it is characterized by long droughts, reduced volumes in public springs, and soil conditions that make it difficult to transport water. Recent years have experienced long droughts, which have exacerbated the problem. One of the six local springs has run dry, and three are becoming smaller. Although one local spring is large, it is also shared by other villagers in the sub-district, which makes it too small to satisfy the needs of village residents. The geography of the land makes this region especially susceptible to drought, which becomes the basis of other problems, including declining rice yields, lower quality sap, and a reduction in fish stocks according to residents.

Efforts have been made to overcome this problem, but none have addressed it effectively. Most efforts have been made by individuals, such as purchasing water, fetching water from a spring, or creating a private water shelter. Some efforts have been made at the hamlet level. For example, one of the hamlets, Pelem, does not have a public water tank. Under the leadership of the previous village head, there was a village-wide public water tank procurement program created to help each hamlet, but it has since been abandoned, which led the

residents of Pelem to try to solve the problem on their own. This resulted in the construction of a water shelter and the conversion of an existing spring into a well that could be used as a reservoir in the dry season. Well water is then sold to residents for a small fee. A resident name Joni took the lead on this task. Although not a hamlet head, he took the initiative to invite village residents to build the water shelter and reservoir. He also took the initiative to create a schedule for regulating water collection from Karmo's springs, and he made sure that the arrangements were being carried out fairly. Despite these efforts, the spring shrank in size several years later, and the volume of water was no longer able to meet the needs of residents.

As such, fights broke out when residents lined up for water. This usually began with people who first lined up and brought several jerry cans to fill. People who lined up later had to wait long for their turn, and they were unhappy that the people before them were bringing so many jerry cans to fill. Residents need around five to ten jerry cans per day during the dry season, although the number depends on family size. There were also conflicts about when residents could line up for water. These lines happened day and night, and it was not uncommon for residents to eat and drink while waiting in line because they did not want to risk going home and losing their places. To resolve this issue, Joni made a schedule to arrange for the families in Pelem to take turns fetching water from the well. This schedule eliminated the need for a line, which got rid of the fights and gaps. This arrangement is still running today, and elderly people are happy about it because they no longer need to line up for hours.

Nevertheless, this is not an adequate solution because it still forces some residents in Pelem to buy water. At times, Pelem's residents end up going to neighboring hamlets to avoid having to buy water. This makes water shortage a problem that is felt by all residents, not just those in Pelem. There is a proposal to build a public water shelter for joint use across the whole village, which would enable all residents to have a source of clean water accessible during the rainy and dry season. However, there has been little political will to achieve this goal. The existing scope of efforts happen at the individual and hamlet levels.

This matters greatly because the funds necessary to address this problem are located at the village level. While the previous village government made some effort to tackle this issue, current efforts are reduced to the hamlet level at best.

Another salient issue that has come up in the village deals with a microfinance program, which has benefitted one of the hamlets, Dringo. This program was started by an international non-governmental organization and enables households in the hamlet to purchase 20 female goats via small loans. The loans are disbursed in three phases to households in the hamlet, and it is to be paid back at 2 percent per month with a maximum repayment period of two years. Based on this pilot, an additional loan program has been created to make toilets for all families in Dringo. Several problems have come up in the village because of this program. There are tensions within the hamlet because the price of goats rose from the budgeted amount, which meant that only 18 goats were distributed to 18 households. The program is still going on, but lending has been temporarily halted. Some residents in the hamlet wonder why they have not gotten their goats. More broadly, other people wonder why the rest of the village has not benefited from the micro-finance program. This has led to some complaints, but the dominant issue in the village is still water security.

7.1.4 Observations

Research in Gunturharjo reveals an interesting set of political dynamics. Overall, political power is highly concentrated within the hands of the village head, even though he is elected by village residents. Residents have very little influence on political decisions; in fact, their influence is almost non-existent, and political issues not addressed by the village government are addressed by residents in an ad hoc way, either individually or in small groups, mainly at the hamlet level. Women and minorities also have little influence on political decision-making at the village level. Broadly speaking, Gunturharjo can be seen as a case where democratic governance is very weak. Concurrently, it is a case where an elected council does not exist. As discussed, all villages are mandated to adopt this institutional change; however, not all had done so at the time of my research due to a staggered term limit. Instead, the village

head had appointed all members of the village government.

To further characterize the village government, it operates in such a way that the village head makes decisions on public spending and the creation of public goods unilaterally, with most of these decisions going unchecked. The village leader himself is a local elite, being the cousin of the previous village head, and he has filled the village government with other elites, such as hamlet heads and their relatives. This means that the village council is populated with individuals who enable the village head to secure political support, rather than with individuals who are the most capable of carrying out their responsibilities. Consequently, village councilors have little incentive to transmit the demands of residents in political decisions, and they also have few incentives to be held accountable to village residents. It is not an exaggeration to say that the village council plays little or no role in running the village government. This coincides with the largely symbolic role the council has held in the past. By law, the council is supposed to work together with the village head, but this does not appear to happen. Decisions are made top-down. The structure and conduct of village government can therefore be characterized as being very autocratic.

Interviews with village residents reveal that political engagement is very low at the village level, even though political life is vibrant in many hamlets. Residents who are personally invited to village deliberation meetings are usually the only ones who attend. Participation at these meetings is said to be generally good, but it only involves the said group of individuals invited to meetings in the first place. Interactions with the village government outside these meetings is rare, with complaints about the performance of the village head ending with gossiping among residents rather than open and formal expressions to village leaders.

Residents could benefit greatly if the issue of access to clean water were brought up and addressed together as a village, since almost all residents suffer from it in some way. A village-wide solution involving the construction of a public water shelter would be beneficial to many people, more than efforts at the individual or hamlet level. This is because the village government is the only entity with the resources to make it happen. There are several reasons why the political will among residents is so low. First, residents appear to be reluctant to

take on the burden of publicly raising the issue themselves, even though they acknowledge it exists. Besides the few residents who take it upon themselves to do so, most do not believe it is their responsibility, and they expect the village government to take the initiative. Second, and perhaps more importantly, village residents do not believe it is worthwhile. They see the village head as being detached, unapproachable, and self-serving, especially in comparison to the previous village head. The same applies to the rest of the village government, which is largely based on the view that it made no attempt to overcome the issue of water scarcity during the dry season. Trust in the village head and the village government is therefore extremely low. Villagers are exasperated with the village government, and they do not want to have to deal with it.

Several more observations can be made about Gunturharjo. Village residents appear to be willing and ready to hold the village head accountable in future elections by trying to vote him out of office. Residents appear responsive to bad behavior, as shown in the impeachment of Parmo, the hamlet head caught embezzling village money. Yet, this does not mean that they are willing to invest the time and effort to influence the decision-making process by attending and participating in political meetings. The desire to hold the village government accountable does not appear to be enough to get residents to engage in other ways. Villagers also seem to want a village government that is willing to make contact and present solutions to them on their behalf. They are looking for someone who can use their knowledge and experience to take the responsibility of building political support to solve village-wide problems. But, the current leadership does not meet this expectation, and political mobilization is low. It is interesting to note that social capital is quite high within Gunturharjo. Social bonds and camaraderie appear strong and interpersonal trust appears to be high among residents, but this is not enough to motivate political engagement at the village level. Finally, it is worth noting that the inflow of funds in itself has not solved the underlying political issues. These funds appear to have had zero impact on the quality of democratic governance. Rather, it has been used by the village head to dole out benefits to political elites and family members.

The bottom line in Gunturharjo is that democratic governance is weak and an elected

council does not exist. The distribution of power is very narrow, and the village government is run in an autocratic way centered on the village head. The political influence of village residents does not fare much better, and participation in village politics by all groups is low. After considering the alternatives, a lack of trust in village government appear to be the defining reason.

7.2 Baleharjo

7.2.1 Village Characteristics

Baleharjo is located around 30 kilometers north of Gunturharjo and around 35 kilometers south of Wonogiri city. It is located in Eromoko sub-district, situated in the lowlands of Central Java province. It occupies an area of about 5.5 square kilometers, and it is surrounded by a cluster of two villages to the north, Sumberharjo and Minggarharjo, and two villages to the south, Banaran and Trukan. Like Gunturharjo village, Baleharjo is divided into a northern part and a southern part, which are separated by a river running through the village. The northern part consists of five hamlets: Baleharjo, Kutukan, Prambe, Bulu, and Prambon. The southern part consists of four hamlets, Bengle, Pangkah, Jatirejo and Malangan. Baleharjo's population is around 2,800 people and 900 households.

Like Gunturharjo, most residents of Baleharjo village work as farmers. The main crop grown in the village is rice, although some farmland is devoted to growing corn and peanuts. Rice paddy fields owned by village residents cover around two square kilometers of the surrounding area, and each resident typically owns a small plot of land on which they cultivate their rice or others crops. Since the Indian Ocean is much further away compared to Gunturharjo, village residents use the local river to catch fish, which is mainly done personal consumption. The river is also used to irrigate rice fields. Side jobs are sometimes taken by villagers to make ends meet, and these villagers tend to work as traders or laborers in the surrounding area. The poorest residents spend most of their time searching for employment opportunities to meet their daily needs. Increasingly, young men and women are leaving

Figure 7.5: Village Residence and Shop, Baleharjo Village



the village to work as traders or construction workers in major cities such as Surabaya and Jakarta. Most villagers are poor, but a few individuals earn significant income through local business ventures involving the trade of agricultural commodities, and they also have wealth in the form of land and livestock. These residents spend most of their time tending to their business ventures in contrast to most residents who spend their days farming.

Public infrastructure in Baleharjo is decent. It consists of schools, healthcare facilities, religious centers, and roads that serve the village residents. There is one kindergarten, two elementary schools, and one junior high school in the village, and there are two health clinics. The local road system connects the hamlets together and Baleharjo village with neighboring villages. The roads are relatively well maintained, and they are most built with concrete. There is also an electrical grid that services the village, and there are other facilities that provide clean water and sanitation via public hydrants and local wells. Most village residents live in small wooden houses, but a few of the wealthier individuals live in homes made of stone, which are owned by traders or civil servants.

Figure 7.6: Rice Field, Baleharjo Village



7.2.2 Village Government

Baleharjo's government follows the basic structure of village governments in Indonesia. It is led by an elected village head who is supported by a village council and village cabinet whose members at the time of research were appointed. Each of the nine hamlets in the village are informally led by a hamlet head, except for Jatirejo and Malangan hamlets, which are led by the same hamlet head. The village head, named Suparman, is a former primary school teacher who was serving his first term in office after the previous village head unexpectedly passed away from a motorcycle accident. Suparman previously served as Chairperson of the village council, and he was elected as village head at the end of 2010 because villagers were happy with his performance. He was seen as being proactive in carrying out the roles and responsibilities of the village council, becoming a partner rather than a subordinate of the village head. One example is when he advised the village head to create a transport levy in response to traders bringing sand into the village for construction. Suparman was

head of the village council in 2008, and he proposed an important solution to a village-wide problem. Before, there was no penalty for traders to carry sand using trucks through the village, which damaged sections of the local road. Under the recommendation of Suparman to the village head, trucks carrying sand became subject to a small levy of Rp 1,000 (about US\$0.70). In one year, the village earned about Rp 600,000 (about US\$40 dollars), which was used for road maintenance costs. This only lasted two seasons, however, mainly because the village head did not see it through. It was reinstated when Suparman came to office, and his proposal was fully integrated into Baleharjo's village regulations. Now, the fee is Rp 5,000 and sand transporters are also required to employ village residents as the porters of the sand.

Suparman's performance as Chairperson of the village council led one of the hamlet heads, Sunarto, asking him to accept a public nomination to run for village head. Sunarto is a well educated and respected member of the village and principal of the local junior high school. He gave his full support to Suparman. However, the previous village head's family and two hamlet heads gave their support to the previous village head's nephew, Tusiran. These two became the frontrunners in a five candidate village election. After a hotly contested election, Suparman won the most votes by a 60 vote margin against Tusiran. Subsequently, Sunarto became the chief advisor and mentor to Suparman. They also have a connection in that Sunarto is the principal of the school where Suparman is a teacher.

In the years after being elected, Suparman has expressed that being the village head is much more difficult than being the Chairperson of the village council. He says the job is more demanding, and the district government does not provide enough training or guidance for his new role. He feels ill-equipped to build relationships with the hamlet heads, and he has been thinking of getting a scholarship to continue to pursue his education at a university. In contrast to when he was leading the village council, Suparman believes the current village council puts much less of an effort in fostering relationships between him and the rest of the village. This is even though he appointed the members himself. It seems that the village council is committed to responding to the demands of village residents, but they are not well

Figure 7.7: Primary School, Baleharjo Village



equipped to perform their duties and often complacent in their work. For example, villagers say they do not attend village government meetings even when they are scheduled. There is also some rivalry between hamlet heads and Superman, who are critical of his leadership. They say that he always holds special meetings with his supporters before going to the broader community. Beyond these feuds with village elites, the village residents themselves consider Superman to be a good leader who is stable and committed.

7.2.3 Salient Political Issue: Crop Failures

The main issue in Baleharjo has been the same for the past decade. Based on conversations with village residents, the most pressing issue is crop failures. This has become particularly severe since 2010. According to residents, the issue stems from a reduction in the rationing of water from an irrigation facility in Pracimantoro district. The problem is also rooted in the growth of the village, which has diverted water away from crops, reducing yields and even resulting in crop failures. The issue has compounded with others, including a failed

harvest in 2011 due to grasshoppers that have been resistant to pesticides, which contributed to an uneven harvest for many farmers. Another related issue that has impacted residents is flooding. While the lack of irrigation hits the village particularly hard in the dry season, floods have become a problem in the wet season, leading to major economic losses. According to the village government, this is mainly due to deforestation in the surrounding region and the narrowing of river bodies due to farming along the riverside. Finally, the rising price of chemical fertilizers tied to rising transportation costs and the stagnating prices of agricultural products have made these increasingly inaccessible. This has also contributed to crop failures.

Although crop failures are a village-wide problem, villagers say it is still very much dealt with individually or in small groups. Residents have attempted to address the issue in several ways. They have tried to create small rice granaries to store their crops; pool their money together to purchase fertilizer and reduce transportation costs; buy or rent spray machines to combat pests; and delegate responsibilities to a village cabinet member to coordinate irrigation management. The last solution gained prominence in recent years. The village cabinet member named, Sobak, was informally selected to ensure the adequate availability of water for the rice paddies. Although there is no official policy, residents give Sobak a small fee per hectare of paddy field to work with the Pracimantoro Irrigation Facility to gain access to water in times of need. He is also responsible for dealing with the problem of water theft, when residents in the sub-district divert each other's water to flow into surrounding rice fields by opening or closing certain pipes and drains.

Although helpful, these efforts have not solved the problem of crop failures. The biggest issue is that there is a lack of a joint effort among residents, and the complexity of the problem makes it so that they cannot effectively address it without funds and assistance from the village government. For example, the efforts of village residents to jointly purchase seeds and fertilizer only reduces transportation costs; it cannot change the burden of rising prices. Even when there is a joint effort at the hamlet level, villagers say it involves a group of no more than ten people. This leads to redundancies, a lack of sharing of knowledge, insufficient resources, and even competition between groups. For example, because no village-wide effort

is made in the selling of crops, buyers and middlemen have most of the bargaining power, as they can shop around the village for a lower price. In addition, it is not possible for one of these groups to legitimately enforce or sanction individuals who steal water. These small groups therefore work independently without coming up with solutions that can be applied together. According to villagers, the main reason for this is that there are no village leaders or village institutions that can organize the potential of Baleharjo village. Added to this is the fact that there is minimal assistance from outside the local government.

This is not to say that village-wide efforts to solve problems have not happened at all. One example deals with the issue of overcoming a past flood disaster after a major flood in 2007. The village government raised funds for the construction of steel bridges connecting Malangan and Prambon hamlets together. The village government also worked together with residents to form a disaster management committee that included village council members and mosque volunteers to help residents evacuate during the disaster and distribute relief. After the flood, a bridge was also constructed to not only connect the two hamlets but also connect Pracimantoro and Giriwoyo sub-districts. This enabled people to no longer have to walk around the river when the water rose in the rainy season. Fund-raising involved the village government, local leaders, and local residents, who also procured funds from overseas non-profit agencies. Almost Rp 60 million were raised (around US\$4,000) from these efforts. This contributed to an additional Rp 270 million (around US\$18,000) that was given in aid by the World Bank. However, since the selection of the new village leadership, village-wide efforts have been weak or nonexistent.

7.2.4 Observations

Village politics in Baleharjo are similar in many ways to those in Gunturharjo. Efforts to shape the course of village politics by residents are low in both villages, political inclusiveness is generally low, and both do not have elected councils. Like Gunturharjo, political interactions between village residents largely occur at the hamlet level. Both are cases where democratic governance is still weak. Yet, one way that Baleharjo differs from Gunturharjo

is that political power is not as concentrated in the hands of a single individual.

In Baleharjo, the village head is more willing to share power with village residents. He is more open to addressing the needs and demands of residents, and he has established his reputation as someone who is willing to check the interests and ambitions of the village head during his tenure as Chairperson of the village council. However, the village head is overall weak in his knowledge, skills, and experience. He admits that he is not adequately equipped to effectively perform his job. To his credit, he shows a willingness to appoint individuals to the village government based on their commitment to advancing the interests and welfare of residents. However, the village council is generally weak on their skills, knowledge, and experience. This makes it so they are willing to take a back seat to the leadership of the village head, which is also rooted in the long-standing expectation that the village council merely serves as a rubber stamp on the decisions of the village head.

Although engagement in village politics is generally low among village residents, it is still better than in Gunturharjo. Village meeting attendance is decent, and the village head does not attempt to limit participation to his close supporters in like Gunturharjo. Villagers are more willing to approach the village government and share their complaints and suggestions with him. Still, there is much room for improvement. The main issue seems to be that the village head and council lack the ability to come up with an overarching solution to the problem of crop failures. They are unable to inspire village residents to follow their lead and gather together to tackle this issue. Although they show commitment to enhancing the welfare of residents, they are limited by his own lack of experience, which appears to negatively impact whether residents believe there is potential for the community to deliberate on village-wide solutions. Relatedly, the village government does not seem to have the necessary skills to mobilize villagers and nurture the political will to counterbalance the efforts of local traders and middlemen. This combination of low efforts to politically mobilize villagers and a skepticism among residents concerning the about of the village government seems to be the reason that political engagement is low. It is difficult to determine their relationship and what matters more. Like Gunturharjo social capital appears to be generally

high within the village, with small groups of residents and informal leaders like Sobak taking on efforts to collectively address the problem of crop failures. Villagers seem to be receptive to coming up with micro-level solutions, but in the end, these efforts are not enough to address the problem on a permanent, village-wide level. Village politics in Baleharjo is therefore largely a story of unrealized potential, stemming from the shortcomings of the village head and village council.

Table 7.1: Summary of Findings in Central Java

Case	Village Head	Village Council	Political Power	Participation	Political Trust	Inclusion
Gunturharjo	Elected	Appointed	Narrow	Low	Low	Low
Baleharjo	Elected	Appointed	Narrow	Low	Low	Low

Chapter 8

EVIDENCE: CASE STUDIES IN EAST NUSA TENGGARA

In the last chapter, I presented two case studies to illustrate the dynamics of village politics without elected councils. In this chapter, I contrast these by presenting two more cases of villages with elected councils. Once again, I draw on the personal experiences, opinions, and interactions of village residents to better understand the effects of these councils using qualitative evidence collected in the field. I also seek to better understand the underlying mechanisms and the scope conditions of the results of the natural experiment.

The two villages examined in this chapter are Takatunga and Dariwali in East Nusa Tenggara. For each village, I follow the same process as before. I give a brief description of the geographic, economic, and social characteristics of the village before outlining the main features of village government. I then identify the salient political issues within the village and discuss the role and influence of the elected council on village politics.

8.1 Takatunga

8.1.1 Village Characteristics

Takatunga is a rural village located in Ngada district, approximately 30 kilometers east of the district capital city, Bajawa. It is located in Golewa sub-district and is surrounded by Sadha village to the east, Sarasedu village to the north, and Belah and Nirmala villages to the south. According to village records, Takatunga was created in 1955 as Taka village, but it was renamed in 1967 as Takatunga after several residents broke off to form a new village. Takatunga originally had four hamlets, but one of its hamlets joined the neighboring village of Nirmala in 2012, leaving it with three hamlets. These are named Ngorabolo, Tada, and Hedhapoma. The total area of the village is about 13 square kilometers and much of the

Figure 8.1: East Nusa Tenggara



land is used for farming. Only about 0.25 square kilometers are used as living space. Being located in the region's highlands, the village's altitude is around 600 to 800 meters above sea level. Takatunga's population is around 1,900 residents and 320 households.

Most residents in Takatunga work as farmers, and the land is very fertile. Farmland is mainly used to farm cocoa beans and cloves, with some of it also being used to produce candlenuts, coconuts, and coffee. These agricultural commodities are sold for income to local traders or sold in the open marketplace in Bajawa. There is a small plot of land that is used for rice production in two hamlets, Tada and Hedhapoma, and most villagers do not cultivate their own rice fields. Rice is grown for food, and it is not sold for profit. Several other crops like cassava and corn are used for the same purpose. Some villagers take on side jobs as laborers, weavers, traders, and masons to make ends meet. At times, villagers sell their livestock such as pigs and cows to make large investments like paying for their children's schooling. Most village residents are poor, but different land uses produce variation in income. Residents who produce cocoa beans and cloves are relatively well off compared to those who produce rice and nuts. The ownership of land in Takatunga has long been decided by inheritance, and local customs prohibit residents from selling land.

Public infrastructure in Takatunga is relatively good. It includes schools, healthcare facilities, religious centers, and roads. There are kindergartens and elementary schools located

Figure 8.2: Village Residences, Takatunga Village



in the village, but residents need to send their children to neighboring cities to attend junior high school and senior high school. The village has three healthcare facilities in each hamlet that include maternal health clinics run by midwives. Concrete roads connect the village with surrounding villages, but they do not allow cars to access many parts of the village. Access to clean water is made possible by local springs located in each of the hamlets. They are used for household needs and to irrigate crops. Water quality in the village tends to vary with the wet and dry seasons, and access to clean water is much more abundant in the former than the latter.

8.1.2 Village Government

Takatunga's government is composed of a village head, a village cabinet, and a village council whose members were elected in 2015. The village head is named Heironimus Sabu, and he was elected in 2010. He and the village council members were all elected by a plurality vote in the village. For a long time, only the village head was elected this way, and they

Figure 8.3: Government Office, Takatunga Village



derived legitimacy from the election. But since 2015, political power in Takatunga has been dispersed according to the new Village Law. Takatunga can be seen as a model case where political power is distributed between the village head and village council members, and village residents take an active role in working with these actors to shape the course of village politics. Informal leaders including tribal chiefs and public figures such as the leader of the farmer's organization also play a role in this process.

Heironimus Sabu has a good reputation among residents, and he is known to have made a positive impact in the village. In the past, the village government was much more autocratic, and he is seen to have made progress in this area. He is also seen as someone who has made good efforts to solving problems in Takatunga, ranging from land disputes and school disputes. He has contacts in the district and provincial governments, and he is the person through which village plans and budgets are relayed to higher-level governments in exchange for public funds. Heironimus Sabu opened up many lucrative networks for the development of the village, including one example when his friendship with a livestock expert named

Figure 8.4: Village Residence, Takatunga Village



Mr. Karel and the chairman of a local NGO helped solve a big problem by installing an electrical system. Another thing he accomplished using his network was to actively fight for the expansion of the village alongside another village head in Golewa sub-district named Mr. Hiero in 2010,

A man named Ambrose Sabu is the chair of the village council, and he previously served as a leader in the local parish. Unlike in most other parts of Indonesia, Ngada province in East Nusa Tenggara is predominantly Catholic, and Ambrose was schooled in the parish. He also works as a trader, so he has a large network of contacts in the nearby city of Bajawa. Others working in the village cabinet include a man named Dominikus Due, who is leader of an influential farmer's group, and Margaretha Baka, a charismatic leader who once served as Chairperson of the village council but is now a healthcare officer.

These government actors work cooperatively in Takatunga, and Ambrose is seen as a close advisor to the village head. Before Heironimus Sabu ran for village head, he asked Ambrose for guidance, and Ambrose recommended he return to school for more education

and training, which led to his running for office several years later. Margaretha Baka is affectionately referred to as “mother” by the village residents, and she is seen as a clever, wise, and tenacious leader. Dominikus Due is an experienced leader who worked with the previous village head to invest village funds in purchasing seeds and developing fruit crops in the village. Unlike other villages, there is better gender representation in the village government, and men and women are treated largely as equals in village politics. This is exemplified in Margaretha Baka who exerts strong leadership in the village and encourages other women to participate in project work including manual labor and lifting heavy stones.

Takatunga consists of many tribes, and the largest tribe in the village is the Leke, but not by much. The size of the other tribes, Nusa, Doluwe, and Tunga, are about equal. Inter-tribal relations are quite good, and Dominikus Due led a meal with the tribal leaders in a pig-cutting ceremony, which helped to establish fair recognition among the tribes. The tribal chiefs do not have a major influence on the village government, and their roles are limited to traditional ceremonies, such as the construction of homes and funerals. Tribal chiefs are selected by appointment after deliberations within the tribal members. Tribal chiefs are also not major landlords in Takatunga, and the biggest landlords have been decided by inheritance.

8.1.3 Salient Political Issue: Soil Quality

Takatunga’s residents say that land quality has been steadily declining in the last ten years. About a decade ago, they say that corn grew about 30 centimeters in a month, but now it has halved to about 15 centimeters per month. This has been seen in rice production as well. Residents believe the decline in soil quality is being caused by the use of chemicals like fertilizers and pesticides. It is a difficult situation because without these chemicals, crops like cocoa become susceptible to pests, but with them, soil quality diminishes and it takes longer to harvest with farming becoming less sustainable in the long run. The issue is made worse by the fact that Takatunga is located in the highlands, and nutrients are often carried downstream when it rains, limiting crop growth and yields.

In Takatunga, every resident has the right to access farmland without exception. However, this right is limited to using and cultivating farmland, and not to buy and sell it. In the village, there is only one way of obtaining land rights, and that is by inheritance. By tradition, the eldest daughter is first in line to inherit land followed by the eldest son. It is therefore common for a brother to use his sister's inherited land for farming. Husbands are also permitted to use this land. Village residents who do not have access to land by inheritance either rent or work on someone else's land. According to residents, the issue of declining soil quality is not helped by this system of land rights. The village population continues to grow, but the amount of land stays the same. At the same time, the inheritance system makes it so that family land becomes divided into smaller and smaller plots after each generation, so land becomes scarce, which cannot accommodate commodity crops that require large spaces. This begins to limit the types of crops that can be grown from being more profitable to less profitable, along with smaller yields.

Village-wide efforts to address the problem of soil quality and land rights did not exist until recently. Before, these efforts mainly arose from small informal groups of residents. For example, some residents decided to create an inter-village transmigration program, which involved the relocation of residents to a different village within the district. In the 1990s, as many as five families in Takatunga participated in the program. Another example involves attempts to buy land outside the village. This was done under the leadership of a woman named Margaretha Baka who took the initiative to pool together money and purchase land in a neighboring village. Furthermore, there were efforts to arrange proper spacing, so that commodity crops did not block sunlight from other plants and crops would not compete with each other for nutrients.

Recently, however, there have been efforts to tackle these problems on a village-wide scale. One attempt was spearheaded by Margaretha Baka who is now a village council member. She organized a training program on how to manufacture organic fertilizer. Based on her past experiences, she took the initiative to bring together the village head and village council to recommend this training program to introduce a sustainable, long-term solution

to the problem of chemical fertilizers. According to residents, she gained the support of three other council members and pitched the idea to the village head who then worked with them to draw up a plan for the program. Afterward, the program was presented to residents during the village-wide planning meeting who showed strong support for the idea. With their approval, the village government procured funding from the district government to execute the program.

The training program lasted two months, and the materials came from public grants and local fund-raising efforts to collect rice husks, leaves, and animal manure, along with shovels, bags, and a fertilizer ingredient called EM4. In total, about 50 people in the village participated in the program. Residents learned how to produce an organic fertilizer that could be transported to and from the village. After a few months, residents who attended the meeting felt the training program had a positive effect on their plants and livestock. The fertilizer was also seen as a good way to save money, and it did not have a negative impact on the health of village livestock. Based on the initial results of the program, the village government intends to expand its reach to include more people in the next round.

Two other issues that exist in the village are a lack of capital and a lack of electricity. The first is a major problem that ties in with the issue of land rights because there are few ways for village residents to acquire investment funds other than by selling their crops since land cannot be sold. Residents therefore try to make investments by selling livestock. However, since the local market is dominated by middlemen who give relatively low prices, residents say they have limited opportunities to raise enough funds to make investments or start new business ventures. The land rights practiced in the village also make it difficult to obtain loans at local banks since residents cannot put up collateral. As for electricity, the residents of Takatunga lived without it for many years until recently. Some used lanterns at night, but it was deemed too risky because their potential to cause fires. Recently, some residents installed expensive electrical systems and electric generators, but these have become a source of arguments and inequalities. A generator was donated by a local businessman that was used by 19 families in the village. With some further upgrades by a man named Bernadus

Bera, the generator is now used by 32 families. However, many villagers still do not have access to electricity.

8.1.4 Observations

Takatunga is a model example of village governance in Indonesia. Overall, political power is broadly distributed between the branches of government, engagement among village residents is good, and social and economic groups within the village are largely acknowledged and included in the decision-making process. It is also a case where the village council is elected rather than appointed, and the village head and village council members are chosen in a transparent and systematic way. Although it is difficult to pinpoint the exact reason why village politics in Takatunga is so participatory and inclusive, the recently elected village council has a positive role in supporting this goal according to village residents.

To elaborate, the village government operates in a way that is both collaborative and competitive. Unlike in Gunturharjo and Baleharjo, village council members are not satisfied with just taking a back seat to the interests and decisions of the village head. They are proactive in giving suggestions and deliberating with him to confront the most pressing issue facing village residents, namely the problem of declining soil quality. This can be observed in their efforts to create and implement a training program on manufacturing organic fertilizer. At the same time, they are known to speak up and advocate on behalf of residents from their own hamlets when village-wide decisions do not head in their best interests. Two of the more vocal council members are Margaretha Baka and Dominikus Due who show themselves to be highly skilled and conscientious leaders. These two individuals were respected leaders before their election to the village council, which shows some evidence that residents pick and choose candidates that are highly competent when given the chance. The six village council members are also good at representing the different social and economic groups within the village, which is largely due to the way the selection rules are designed. Since residents of similar income and ethnicity are clustered within hamlets, choosing two council members per hamlet helps to distribute power geographically and demographically. While

the creation of an elected council appears to help democratize the structure and function of the village government, it cannot be given all the credit. Takatunga is a village with a history of respected and trusted leaders in village government who work well together. This shows some of the difficulty in dealing with the problem of selection bias, when elected councils are created in villages that already show signs of good governance.

Political engagement is quite good in Takatunga, and it has a reputation of being high among Indonesian villages according to discussions with other researchers. It is common for village residents to actively attend and participate in both hamlet meetings and larger village meetings. Interviews with village residents reveal that there is a strong sense of social responsibility in the village, and residents believe it is important to take ownership of public affairs. Many villagers are also comfortable with approaching the village head and expressing their concerns and priorities with him. The elected council therefore appears to have been created in a relatively good situation, with democratic governance already being strong compared to villages like Gunturharjo and Baleharjo. Nevertheless, one way the elected council seems to have improved on this context is by strengthening representation within the village government and inclusion in village meetings. The rules for selecting council members help to ensure that a more diverse groups of residents are chosen for office than before, and villagers say that a more diverse groups of individuals are attending village-wide meeting and speaking their ideas and opinions. A big question is why this happening.

It does not appear that political mobilization is the determining factor. Efforts to mobilize village residents have been generally low in Takatunga village according to residents. In the past, hamlet heads and the village government did not invest significant time and resources into trying to convince them to do so, but villagers have been inclined to actively participate in hamlet and village meetings regardless. Since the creation of the elected council, these efforts have not increased much; yet, residents have been saying that participation has gotten better including among women and minorities. It is possible that the goal of keeping elected council members politically accountable is a reason why participation has improved, since there are now more village officeholders who can be monitored and sanctioned. But, this is

not what residents have expressed. They say that participation is driven mainly by a feeling of responsibility to the community and respect for the village leadership. This suggests that social capital and political trust are the main drivers of engagement in the village. After talking with villagers, the story seems to be that high levels of interpersonal trust, close relationships among village residents, and a strong desire to improve the welfare of the community are the reasons for Takatunga's strong record of participation in the past. Since the formation of the elected council, however, villagers have expressed a greater confidence in the collective ability of the village government to tackle the problem of soil quality, although social capital appears largely unchanged. This suggests that an enhanced perception of the village government has helped to inspire political action among villagers. Overall, Takatunga is an example of a village where democratic governance has only improved with the creation of an elected council.

8.2 *Dariwali*

8.2.1 Village Characteristics

Dariwali is also located in Ngada district, about 30 km south of Bajawa and about 35 km west of Takatunga village in Jerebuu sub-district. It is surrounded by Ngio village to the north, and Niki Sie and Nua Ola villages to the south. It is also located only a short distance away from Bene Traditional Village, a popular tourist destination. Dariwali is about 10 km east of a volcanic mountain named Gunung Inerie, the tallest mountain on Flores island. There are three hamlets in Dariwali village, Malange, Bowaru, Niodoa, and Lokamaka. The total area of the village is around 15 square kilometers, and the residential portion of the village is only about half a square kilometer. Being in a mountainous region, it is around 1000 meters above sea level. The village population is about 2,100 people and 500 households.

Most residents of Dariwali work as farmers despite the land being less fertile than other villages in the region. Given the high altitude and climate of the village, most of farmland is used to grow coffee, which is a local speciality. The high elevation enables the farmers to

Figure 8.5: Concrete Road, Dariwali Village



produce a denser bean from plants that grow slowly because of the lower oxygen climate. Dariwali village is part of a network of villages in the region that support the local coffee trade that is based in Bajawa, which attracts traders who ship the coffee both domestically and internationally. Coffee beans are sold to these traders for income. Many village residents are migrants from the surrounding region who emigrated to Dariwali to plant and grow coffee in the 1950s and 1960s. There are some residents who do not grow coffee and grow other crops like cloves and candlenuts, but they are not as common. Still others turn to subsistence farming and grow rice and corn, which are consumed and not sold on the open market. There is a clear socioeconomic divide that falls along villagers who farm commodity crops versus those who farm subsistence crops, even though almost all villagers are relatively poor. Again, villagers who need to support their livelihoods with side jobs work as carpenters, weavers, and masons in the village and in Bajawa city.

Public infrastructure is poor in Dariwali compared to other villages in the area. There is one kindergarten and two elementary schools, but these facilities are worn down. Like in

Figure 8.6: Lookout Point, Dariwali Village



Takatunga, residents must send their children to neighboring villages to attend junior high school and senior high school. There are also two health clinics in the village, including one that doubles as a maternal health clinic and a general health clinic, but they are ill-equipped and the buildings are deteriorating. The village roads are mostly gravel, and they are in poor condition. Access to clean water is made possible by local springs, and its availability varies between the wet and the dry season. It is worth noting that Dariwali is surrounded by traditional villages although it is not considered one itself. These villages are populated by residents who choose to maintain a traditional lifestyle, living in thatched huts and earning income from tourism and selling handicrafts. Residents of these villages also live in their ancestral homes, and generally do not have access to the same infrastructure. They must rely on other villages like Dariwali for access to public goods.

8.2.2 Village Government

The village government of Dariwali is composed of an elected village council and an elected village head who appoints a small village cabinet. The current village head, named Lorensius Jou, was elected in 2013, and the village council was elected in 2015. Informally, the village government also includes the hamlet heads who work to express the voice of hamlet residents. Although the village head has been elected in Dariwali for quite some time, this position was historically determined by hereditary lineage according to local customs. Dariwali has somewhat retained this custom by having family members of the village head commonly appointed to the village cabinet, who are then in a good position to gain the visibility and skills to become the next village head. Since 2015, the village council has been elected by village residents from a process where residents from each hamlet submit their top six choices to the hamlet head, then the top two choices from each hamlet are elected to the village council, ensuring good representation from each hamlet. This is a system that was created by the village head in agreement with the hamlet heads.

The current village head, Lorensius, is the son of a past village head. He made his living as an entrepreneur in Bajawa city before being elected in 2013. He worked the early part of his career building a successful car repair shop in Bajawa. Using the proceeds from this venture, he purchased a large plot of land around the Bajawa area, believing that controlling land meant that he would also have power. Subsequently, he expanded his business empire to become a fuel distributor in the sub-district. Since establishing these businesses, Lorensius, has built many relationships with the district and provincial governments, using his father as an important source of contacts. He has also benefited greatly from five high school friends who hold positions in higher level governments.

At the time of research, the village head played a large role in managing village projects, supporting the trade of coffee beans, and building networks between Dariwali and other villages. He is a skilled administrator, and he does a good job delegating tasks to the village cabinet, who are quite competent. He also has good relationships with village residents

Figure 8.7: Bena Traditional Village near Dariwali Village



overall. However, according to villagers, his greatest weaknesses as village head is that he is faced with conflict of interests. On the one hand, he seeks to build and maintain his contacts within the local business community. On the other hand, he is responsible for advancing the interests and welfare of Dariwali's residents. This puts him in a hard situation at times, and he is constrained from making decisions in the best interest of residents.

The Chairperson of the village council, who is newly elected, gets along very well with the village head, but he is also effective in reminding the village head that he should be more focused on prioritizing village affairs. The other village council members believe that the role and influence of the Chairperson marks a profound shift in the way the village government operates. On one occasion, the village head was absent from a village meeting, and the Chairperson stepped up to hold him accountable. He threatened to spread the news to the district government if it became an ongoing problem. Overall, the village councilors are very competent leaders, and there are a few who even attended college and grew up in the Catholic boarding school nearby. They are considered to be intellectuals. However, one issue

Figure 8.8: Village Square, Dariwali Village



is that the village council is dominated by men, and to a lesser extent, ethnic majorities. This is partly because the village culture is steeped in traditional values, and women as well as minorities and recent migrants are relegated to a minor role in politics. Even though the council members were elected by the community at large, very few from these groups were chosen for office. Village elders and traditional leaders play an important role in family and indigenous issues, but they are not very politically influential. The relationship between the elders and the village head is close. The local chief strengthens the position of the village head, and he is asked for advice and personal input on public affairs in return.

8.2.3 Salient Political Issue: Coffee Prices

The most pressing issue in Dariwali is the price of coffee, which affects almost all village residents. Unanticipated fluctuations in the demand and supply for coffee coupled with the strong influence of middlemen make it so that villagers fall victim to price changes and become economically unstable. Dishonest behavior by some coffee farmers also negatively impacts the price of coffee. Certain farmers have been known to include shavings and other refuse in their bags when weighing out their coffee beans. This allows them to bring in more revenues by weighing down the scales, but it also puts downward pressure on coffee prices

that negatively impacts other farmers. It also creates a bad reputation among coffee farmers in the region that some residents believe is driving away business. This is a serious issue that affects the welfare of most villagers, and it is one that many believe must be addressed by the village government.

In the past, the issue of unstable coffee prices was dealt with mainly by the coffee farmer's association, with little or no intervention from the village government. This regional organization works by giving its members access to capital assistance and letting them borrow equipment to accommodate production and sales. Villagers are then able to offset unanticipated downturns and produce more efficiently. Membership in the association requires a hefty fee, however, and this has made it difficult for poor and marginalized groups to join. According to some residents, the activities of the coffee farmer's association are unfair, since wealthier farmers are able to reap the benefits and poorer ones are not. This led some residents to bring up the problem with the village leader. However, little effort was made to reform the operating rules of the coffee farmer's association. One resident said the village head is reluctant to confront the farmer's association with this issue because he does not want to risk souring his relationship with its members who also provide valuable political support. Two leaders of the coffee farmer's association include Fransiskus, a hamlet head, and Yohanes and Bonivasius who are local businessmen.

Villagers have attempted to solve the problem of unstable coffee prices by creating plans for a coffee auction hall. The idea first germinated in 2011 when a man named Petrus brought up the idea based on a successful experience in a neighboring village. The purpose of the auction hall is to cut out middlemen traders, to increase transparency in the weighing of coffee beans, and to reduce the inequalities created by the coffee farmer's association. The proposal was drafted by Petrus along with several hamlet heads and brought directly to the village head to submit to the district government for funding. It was rejected in favor of repairs to the village road system, which largely benefitted coffee traders from Bajawa. The initial proposal therefore failed, but the plan was revitalized in 2015, and a new proposal was drafted by the village council. The village council was newly elected in 2015, and it was one

of the first tasks set before them, largely in response to strong demands by village residents. A new plan was created under the leadership of the Chairperson of the village council who is an experienced coffee farmer himself. He has good relations with most residents, and he is seen as a wise and skilled leader, with family ties that go back to when the village was first founded. The proposal was presented to residents at the annual village deliberation meeting where the village head was also in attendance. The proposal was met with overwhelming support from villagers despite some reluctance from the village head, and it was therefore included as part of the village budget in 2016.

At the time of my research, the village government was awaiting a response from the district government about funding the auction hall. Meanwhile, villagers were preparing a plot of land to be used as the site of the auction hall. The stages of clearing and digging had already been done. The planned cost will be funded in part by the district government and in part by village residents. After the auction hall is completed, it will be managed by the village head and village council, and local farmers will be able to sell directly at the auction house.

8.2.4 Observations

Dariwali is a place where village governance is headed in the right direction. The village head is a skilled leader who cares about the demands and priorities of village residents. Residents have been actively engaged in village politics, and their role in the decision-making process is expanding. It is also a place where the village council is elected by the community at large, and council members have already made a positive impact for residents. Despite these features and improvements, village politics do not appear to have made the same advances in every way. Notably, it has progressed in a way that has left several important groups of residents behind, keeping them out of the political process.

Dariwali is fortunate enough to have a village head who is skilled, experienced, and knowledgeable. His immense success as an entrepreneur has given him the ability to run the village government in an effective and well-organized way. He garners respect from villagers

because of his track record as a business leader, and he maintains good relations with village residents by staying attuned to their problems and needs. He is someone who has gained the trust of village residents, largely based on his level of capabilities. At the same time, his source of success appears to be the source of his greatest weakness. The village head seems torn between trying to maintain his business interests and trying to cater to the needs of villagers. This is where the village council has played an important role since its election. It has shown a willingness to interact with village residents and ascertain their needs to make sure the village head responds, such as in the construction of the coffee auction hall. The council members are conscientious and ambitious leaders who support and check the decisions of the village head. Yet, the cultural context of the village has made it so that these council members are all men with the exception of one woman. They are also all from the same majority ethnic group in the village. In part, this is a reflection of the relative size of the group in the village, but it is also because residents are deliberately voting for candidates from this group over others.

Political participation among village residents is relatively good, and it is getting better. This has coincided with the creation of the elected council in 2015, but it is once again difficult to pinpoint the exact reason driving this change. Some residents say the village council is making new efforts to engage with villagers to encourage them to politically engage. This suggests that mobilization is playing a role. Others say they were more willing to attend the last village meeting because they knew the village council was proposing the coffee auction hall on their behalf. In return, they felt compelled to help support the cause and have it succeed. One big issue is that participation seems limited to residents who fit the traditional norms of politics in the village. In short, it is almost exclusively the domain of men. While women are permitted to get involved, the landscape of village politics in Dariwali has become more homogenized, in both the village government and political participation. It is interesting to note that the village council has done very little to help support the cause of women and politically marginalized groups. According to discussions with ethnic minorities in the village, the village council seems to be intent on upholding the privileged

status of male ethnic majorities who in turn gained their political support from other male ethnic majorities. This gives some indication that the move toward village democracy has been met with notable limitations.

Table 8.1: Summary of Findings in East Nusa Tenggara

Case	Village Head	Village Council	Political Power	Participation	Political Trust	Inclusion
Takatunga	Elected	Elected	Broad	High	High	High
Dariwali	Elected	Elected	Broad	High	High	Low

Chapter 9

RECONCILING FINDINGS WITH EXPECTATIONS

In the last three chapters, I presented the evidence from the natural experiment and the village case studies in Central Java and East Nusa Tenggara. In this chapter, I bring together the evidence and discuss it with respect to my theory and hypotheses. In Chapter 3, I hypothesized that the creation of an elected council would broaden the distribution of political power, expand political engagement, and promote the political inclusion of marginalized groups at the local level. However, I found that these efforts fall seriously short in accomplishing the third, even producing the opposite of what I expect. I therefore address this discrepancy and focus on explaining the causes and consequences of the outcome I observe. This is important for not only identifying the gaps in my theory but for better understanding whether international efforts to promote democracy succeed or fail.

I begin with a short recap of my findings and discuss whether they are consistent with my theory and hypotheses. I then proceed to address three questions that warrant attention. First, I address why efforts to strengthen local democracy have led villages down a path of political exclusion instead of political inclusion. Next, I address the consequences the form of governance I observe, and I spend time elaborating on how it shapes the creation of public goods, the welfare of village residents, and the political dynamics within villages. Afterward, I address whether the outcome I uncover in Indonesia should occur in other places around the world. This will lead to a discussion of my conclusions and the policy implications and contributions of my research in Chapter 10.

9.1 Recap of Findings and Hypotheses

The results of the natural experiment and village case studies tell a similar story. The natural experiment does well in revealing patterns that exist between villages, while the case studies do well in revealing dynamics that exist within villages on a deeper level. Much of what I find in the latter helps to reinforce and contextualize what I find in the former.

Overall, I find that the creation of an elected village council broadens the distribution of political power in notable ways. Both the natural experiment and the case studies reveal that it leads village governments to become more representative of the local population and less representative of a small cadre of local elites, thereby de-concentrating the distribution of political power in villages. In the natural experiment, I found that village council members were less likely to be hamlet heads, less likely to be related to these elites, and more likely to be ordinary village residents. In the village case studies, I found in Gunturharjo that village heads had free rein on appointing the members of village government, often opting to choose people based on whether it was politically advantageous to do so. In Takatunga and Dariwali, however, village council members were likely to be ordinary residents who were elected to office because they showed initiative in helping to improve the welfare of villagers. The natural experiment also showed that elected council members were better educated and more experienced than appointed ones. This coincides with the qualitative results. In Gunturharjo, village council members were perceived to be incompetent by many of the village residents, but in Takatunga, they were perceived to be highly skilled, and in Dariwali, they were perceived to be well educated. The results therefore broadly support hypotheses 1b and 1c of Table 3.1.

Where the results do not fit with my expectations is whether political officeholders better reflect the social and economic demographics of the village. In the natural experiment, I find no evidence that elected village council members were more likely to be women, ethnic minorities, or religious minorities. In fact, I find that they were even less likely to be ethnic minorities within the village. This is reflected in the case of Dariwali, where the

village government became more homogeneous in terms of gender and ethnicity. Overall, the creation of an elected council does not merely end with the creation of a new set of political rules. Instead, they lead to tangible changes in the distribution of power within local governments, albeit in a different way than I predict.

Second, the results reveal that elected councils work to stimulate political engagement among village residents. In the natural experiment, residents were more likely to attend hamlet- and village-level deliberation meetings, speak up during these meetings, and engage with village governments outside these meetings to express their concerns and complaints. In the village case studies, the residents of Gunturharjo and Baleharjo seemed unwilling to engage with the village government, mainly because of problems with and a lack of confidence in the village head. In the former, he was seen as being too self-serving, and in the latter, he was seen as being ill-equipped to lead. In Takatunga and Dariwali, however, residents were more willing to participate in the political process. In the former, they were inclined to do so *ex ante*, but the village council helped to motivate them even more. In the latter, residents followed the lead of the village council and supported their plans for the creation of the coffee auction hall. The natural experiment therefore corroborates the second set of hypotheses, and the qualitative evidence does the same.

There is also evidence to support the third set of hypotheses. In the natural experiment, there was evidence to suggest that trust in government is what was driving higher levels of political engagement among villagers. Political trust rose with the creation of an elected council across villages, and political engagement did so as well. In the village case studies, it appeared that a lack of trust in the village head and the village government was leading villagers in Gunturharjo to believe that contributing to village politics was a fruitless endeavor, but a renewed faith in the capabilities and interests of council members in Takatunga was motivating them to put more effort into politically engaging. There was little or no evidence to suggest that social capital and political mobilization had the same effect. Interpersonal trust and social engagement among residents remained basically unchanged. Whether village governments gave more invitations to village residents was unclear, and residents in villages

with elected councils were less likely to say the reason they attended village and hamlet meetings was because they were invited. Furthermore, the desire to hold elected council members politically accountable was an inadequate explanation of changes in political engagement. In the natural experiment, villager residents were not only more willing to go to village-level gatherings, but they were also more willing to go to hamlet-level gatherings that council members do not attend to express their ideas and submit recommendations about infrastructure projects. In addition, they were more willing to contribute their time and labor to construct these projects, which suggests that another factor was motivating them to do so. This trend was also observed in the village case studies, especially in Takatunga.

Nonetheless, the biggest difference in what I hypothesized and what I found relates to the fourth set of hypotheses. The natural experiment showed that political engagement among residents rose across villages on average, but the discrepancies in engagement between men and women and ethnic majorities and ethnic minorities also rose. This reveals that village politics actually became less inclusive and more homogenous in favor of the male majority, even though participation levels rose overall. As discussed, the same pattern was seen within village governments. While they were more likely to be composed of ordinary village residents, these residents were also more likely to be men and ethnic majorities.

Put together, the results show promise but are cause for concern. The creation of an elected council shapes the character of local politics in a way that distributes power more broadly and is more participatory, but it also does so in a way that is less inclusive. It expands the role and influence of villagers who are more likely to politically engage and gain positions in the local government, and it does so at the expense of political elites. However, it diminishes the role and influence of minorities and women and pushes them out of office and the political decision-making process. I therefore describe this form of governance not as the inclusive democracy I expected, but as an exclusive one. This raises concerns because it not only departs from my theoretical expectations, but it also reveals a major limitation in recent efforts to strengthen village democracy in Indonesia. For the remainder of this chapter, I spend time addressing three questions that arise from these results. First, why

do the results fail to meet my theoretical expectations? Second, what are the consequences of the form of village governance I observe? And third, to what extent are the findings I uncover generalizable to other places around the world?

9.2 Understanding the Roots of Political Exclusion

In the last section, I made it clear that recent efforts to strengthen local democratic governance in Indonesia have not coincided with my expectations. One important question that arises then is why this occurs. That is, why do efforts to strengthen local democracy lead villages down a path toward political exclusion and marginalization instead of political inclusion? This a challenging question to answer since there are many factors that could be driving the characteristics of village governance over time. Moreover, my research design cannot answer this question because it does not capture a source of variation that can explain this difference. Nonetheless, I turn to my extensive fieldwork to try to pinpoint the relevant conditions that do so. I focus specifically on my discussions in East Nusa Tenggara where I observed important differences in political inclusion between Takatunga and Dariwali. Based on these discussions, I believe there were a set of conditions in place long before the introduction of elected councils in Indonesia that made it likely for some villages to accept the transition to an inclusive form of democracy over others.

The explanation I put forward is mainly a material one, and it is based on my view that variation in the quality of local democratic governance is rooted in important differences in the traditional systems of inheritance and land rights that exist between villages. During my time in Takatunga, I discovered that land was not permitted to be bought or sold between villagers according to tradition. Instead, land, which serves as a primary source of wealth among villagers and the main factor to generate income, could only be transferred by inheritance. Village residents remarked that this system of land rights was overly restrictive and created difficulties in acquiring capital for business investments, but it also appears to have served a valuable purpose in promoting the social and political role of women and minorities. This is because alongside this system of land rights, the inheritance system was

designed so that the eldest daughter rather than the eldest son was first in line to acquire her family's land. Under this dual system, I was informed that women came to exercise strong influence in the village and considerable social standing, whether they were from the majority ethnic group or minority ethnic groups. In comparison, a village like Dariwali did not practice this system, and it saw the creation and preservation of social barriers that kept women and minorities out of local politics, even after the creation of an elected council. Based on my discussions with village actors, I therefore believe these traditional systems of inheritance and land rights worked together to create norms for the inclusion of women and minorities in local politics, which paved the way for these groups to be better integrated within village government and political decision-making after the creation of an elected council. More generally, I believe that whether the creation of an elected council promotes an inclusive form of democracy is contingent on whether the underlying structure of wealth distribution, namely the system of inheritance and land rights, is designed to socially empower politically disadvantaged groups.

There are more reasons why I believe this accounts for the variation I observe between villages. For one, it is consistent with both my qualitative and quantitative findings. It can explain why the results of the natural experiment reveal an exclusive form of village governance since most villages and regions in Indonesia do not exhibit an inclusive system of inheritance and land rights. Yet, it can also explain why I observe the variation in outcomes in the village case studies. Gunturharjo and Baleharjo both did not adopt elected village councils, and they exhibited elite-dominated forms of village governance. Dariwali had an elected village council but did not have a traditional system of land rights and inheritance that created norms for social inclusion, which led to an exclusive form of democracy. Takatunga had an elected council created within the village, but it also had this combination of land rights and inheritance, which led to an inclusive form of democratic governance. Moreover, several other cases I investigated in East Nusa Tenggara during my fieldwork, including Bomari and Kelitei villages, revealed that these places shared similar systems of inheritance and land rights as Takatunga and also readily included women and minorities in

village politics.

In contrast, other potential explanations have a difficult time accounting for between and within region variation. For example, one characteristic that makes East Nusa Tenggara different from almost every other region within the country is that it is predominantly Catholic. This makes it possible that differences in local governance outcomes are somehow related to differences in religious heritage. Yet, this view cannot account for the differences I find between Takatunga and Darliwali, which are both located within East Nusa Tenggara. One final question that arises from the results is where the system of land rights and inheritance originally came from. Based on my research, there does not appear to be an external process that can account for this variation, and villagers in East Nusa Tenggara say that it developed organically over time. While the scope of this study allows me to explain the outcome I observe in only a limited way, I believe the underlying systems of wealth distribution played a defining role in conditioning the impact of elected councils in Indonesia. I am currently planning to test this hypothesis in my future research.

9.3 Understanding the Consequences of Political Exclusion

A second question that arises from the results I uncover deals with the consequences of the governance outcome I observe. As I point out, the characteristics of village governance in Indonesia are such that the role and influence of the rich and politically connected along with women and minorities decrease while the role and influence of the poor male majority increase. Earlier, I described this as an exclusive democracy. In this section, I explain what I mean by an exclusive democracy, and then I discuss its consequences on the creation of public goods, the welfare of village residents, and political dynamics between village residents

First, it is worth noting that the type of governance I observe widely differs from other types discussed by researchers. Existing research mainly focuses on one of two characteristics of local politics. One branch focuses on the rivalries that exist between the rich and the poor (Acemoglu et al., 2014; Bardhan & Mookherjee, 2000; Sheely, 2015). Another branch focuses on the gaps that exist between women and men or ethnic minorities and majorities (Beath et

Table 9.1: Distinguishing between Governance Types

	Strengthens the rich	Strengthens the poor
Strengthens the voice of the politically represented (men/majority)	Elite majority rule	Exclusive democracy
Strengthens the voice of the politically underrepresented (women/minority)	Elite minority rule	Inclusive democracy

al., 2013a; Duflo, 2005). Few works analyze these dynamics in tandem, and what I observe in Indonesia combines elements of both. Table 9.1 attempts to show this.

The first branch of research focuses on the dynamics and consequences of local politics that characterize the two columns. The second branch focuses on those that characterize the two rows. These works tend to gloss over the political dynamics that occur within the cells, and the form of village governance I observe in Indonesia can be described as an exclusive democracy, which can be found in the upper right corner. Unlike in elite ruled democracies, which involve the rich being primarily involved in the making and implementation of political decisions, this form of village governance strengthens the role and influence of the poor. However, unlike inclusive democracies that expand the role and influence of the politically disadvantaged or underrepresented, it tends to limit the involvement of these actors in favor of those who are politically advantaged. Overall, I believe that this will lead to distributive consequences that severely disadvantage these actors. Unlike in elite rule, where the rich are the ones for whose benefit public funds are spent, these funds should be spent in favor of the poor, to support their needs within the village. However, I believe spending in this way will not be directed toward helping the politically underrepresented or disadvantaged.

In practice, I believe this will involve the choosing and funding of public goods projects that cater to the priorities and are advantageously situated to meet the needs of the male ethnic majority, whether it is in the form of access to water, roads, electricity, or other

infrastructure. During my fieldwork, I found that minority groups and recent migrants lived in clustered patterns within villages, and these patterns determined whether they had ready access to basic public goods. For example, in the villages I studied, poor minorities and recent migrants commonly lived close together and far away from infrastructure projects such as water tanks and electric generators. One likely consequence of the exclusive democracy I observe is that these groups will be made to have limited or no access to such resources, and while the rich can compensate by investing or spending their own wealth, people in these groups often cannot.

Another example comes from Dariwali, which prioritized the creation of a coffee auction hall. This auction hall was meant to benefit village residents who were mostly engaged in the coffee trade. On the one hand, this was an outcome of the democratic process that benefited the poor over the rich; however, it was one that also did not advantage minority groups. Unlike the majority, these groups typically worked as weavers, carpenters, and masons, and they saw little direct benefit from the auction hall. Women who were not married or related to men who worked in the coffee trade also commonly worked as weavers, and they too did not benefit directly from this project. Thus, while the creation of an elected council prioritized public spending that helped the poor majority, it did not prioritize spending that helped those who needed it the most. Furthermore, the creation of this council worked to reduce the influence of the politically underrepresented, so that their voices were even less likely to be heard than before.

Perhaps the greatest danger of this outcome is that, on the surface, it will appear to be making strides in the right direction. Long-standing elites are replaced from office and poor village residents make a greater impact on the decision-making process. This may lead policymakers to tout their success. However, the deception is that the groups of individuals whose voices were the weakest before become even weaker. These tendencies were beginning to appear during the time of my research. In Dariwali, I found there was much enthusiasm among residents that local governance reforms were enabling the political process to become more attuned to the needs of the village. But this failed to take into account the views and

needs of residents who fell outside of the majority.

Beyond these immediate outcomes, it is also likely to deepen political cleavages within villages over time. One of the main goals of introducing democratic changes within villages is to enable the poor to strengthen their influence over government decisions; however, this is not meant to silence the voices of the rich. Instead, it is meant to promote and facilitate cooperation between these groups. Likewise, it is meant to promote cooperation between women and men, minorities and majorities, and newly arrived and long-standing residents. I believe that one likely consequence of what I find is that this form of governance will create distance between the rich and the poor and the represented and underrepresented, with political power ultimately lying in the hands of the poor male majority.

This is especially concerning given the current political context of Indonesia. Recently, Indonesia has experienced a strong wave of populism that has spread across the country in both its national and regional politics. This wave of populism has blended elements of protectionism, support for the poor majority, and the reassertion of traditional values (The Economist, 2019). In my view, efforts to strengthen democracy at the local level in Indonesia are producing a similar pattern at the local level, drawing a line between “the people” (or the poor majority) and the elite as well as minorities, outsiders, and women, who have traditionally played a small role in village politics. If the current structure of village governance works to amplify the voices of the poor male majority over the rich and the marginalized, reduces opportunities for cooperation, and deepens the political cleavages that exist between these groups, then I believe it has strong potential to reinforce this country-wide trend toward right-wing populism. This can not only fuel support for the populist policy outcomes described above but also incite a wider backlash against political deliberation, consensus building, and protecting the voices of the politically disadvantaged and underrepresented across the country. My research examines only the early consequences of recent attempts at local democracy building, and I aim to better understand its effects on populism in Indonesia in the longer term.

9.4 Generalizing Beyond the Context of Indonesia

Having now discussed the roots and the consequences of the exclusive democracy I observe in Indonesia, I now take time to address a third question: whether the results can be expected to emerge in other places around the world. This question was also raised in Chapter 2. One of the biggest question facing the empirical research on local political and economic development is to what extent patterns and findings uncovered in one context, such as in Liberia, can be applied to another context, such as in the Philippines. This applies to not only the overall impact of local policy interventions but also the mechanisms by which they occur. I therefore spend this section comparing my results with past findings to address this question.

So far, there are only been two studies in my knowledge that explicitly examine the role of elected councils as the main treatment variable. Both have been discussed already. The first is by Beath et al. (2013a), which takes place in the context of Afghanistan, and it finds no systematic impact of these councils on governance outcomes. The second is by Chattopadhyay and Duflo (2004), which takes a slightly different approach and looks at the impact of gender quotas within elected councils and their impact on political participation among women and the distribution of public goods within villages in India. The authors find that gender quotas within elected councils raise participation and inclusion among women in villages in one province but not the another. The former is a working paper, and the latter is published. There are other papers that consider and discuss the role and impact of these councils, including Fritzen (2007), Fearon et al. (2011), Avdeenko and Gilligan (2015), but they do not identify or estimate their impact directly.

The results of these studies in themselves are not very helpful to answering the question of whether the outcomes I observe in Indonesia are likely to occur elsewhere. Instead, they raise the question of why the results I uncover in Indonesia differ from those in India or Afghanistan. To answer this question, it is necessary to identify several parameters to distinguish this study from others and to understand how it is different from such places

as Afghanistan and India. These include the following: whether the aid intervention occurs in a post-conflict setting, how long local residents have been exposed to democracy, the resilience of local political institutions, and the distance between politically advantaged and disadvantaged groups.

First, the Afghanistan study by Beath et al. (2013a) occurred in a post-conflict setting, which followed a major breakthrough in the War in Afghanistan. The authors say this made it especially difficult for villagers open up and become receptive to the idea of political engagement since they were operating in an environment of danger, hostility, and instability, which is one likely reason why the findings were largely null and inconsistent. In contrast, the India study by Chattopadhyay and Duflo (2004) took place in a context that had been relatively peaceful for a long period of time, specifically in West Bengal and Rajasthan. Similarly, the context of my study in Central Java, East Nusa Tenggara, and Jambi in Indonesia have enjoyed a long period of relative peace and stability. In both of these contexts, post-conflict danger and instability were not an important consideration.

Second, the Afghanistan study took place in a context where democracy was only recently introduced at both the national and local levels. This study was initiated in 2003, immediately after the Taliban was ousted from government, which followed a protracted period of tightly held authoritarianism stretching back to the late 1970s. The authors note that this made it difficult for local residents to understand the full extent of their newly acquired political rights. In India and Indonesia, however, democracy had been in place for a long time, over 50 years in the former and around 20 years in the latter. Local residents were therefore much better acquainted with the processes and expectations of democratic politics. In these cases, a lack of knowledge and familiarity with the decision-making process were likely not a deterrent of political engagement.

Third, in Afghanistan, the elected council was created so that there could be overlap between its members and the existing members of village government. This means that individuals who elected to the village council could be the same individuals who were appointed to the village cabinet or the traditionally appointed village head. This is also the

case in several other country studies, such as in Sierra Leone (Casey et al., 2012) and Liberia (Fearon et al., 2015). However, the features of the elected council in India and Indonesia did not permit this to happen. Village councilors could not simultaneously be a part of the village council and the executive branch of government in these places. This meant that the interests and incentives of these actors were distinct from one another.

Fourth, all three studies took place in a context where there was a strong and clear divide between the politically advantaged and disadvantaged. Specifically, women have been highly discriminated against politically at the local level in all three places. In particular, in Afghanistan, they have had little or no role politics until almost immediately before the beginning of the study. This has meant that social norms against gender equality and political participation among women have been firmly entrenched in the political arena. In India and Indonesia, women and also minorities have been given many of the same political rights as men and majorities given the long history of democracy in both countries spanning several decades, but inequalities remain very high. This means that political inclusion is likely to have been obstructed by social norms and barriers.

These factors help to shed light on why the results of this study were observed in Indonesia and partially in India but not in Afghanistan. Afghanistan is an example of a country where the conditions for democratization at the local level were far from ideal. It was a post-conflict setting with little or no history of democratic governance, a clear and strong divide between politically advantaged and disadvantaged groups, and where village council members were permitted to overlap with existing village officeholders. It is therefore not surprising that the creation of an elected village council had such little impact there. India was not a post-conflict setting and democracy had a long history, but there was still a strong divide between politically advantaged and disadvantaged groups, and elected council members were distinct from the other members of village government. It is not possible to observe what village democracy would have looked like without the councils because this situation did not exist in the India study. However, there is only mixed evidence that the elected councils helped to promote an inclusive democracy. Indonesia was also not a post-conflict setting, village

residents were long acclimated to democratic governance, there were strong divides between politically advantaged and disadvantaged groups, and elected councils did not overlap with the existing village government. It was therefore a good place for elected councils to make a big impact, but only in a limited way.

Based on the context of these studies, it is possible to formulate a set of conditions about where the creation of these councils will best work. Understandably, this is a place where whether aid interventions do not occur in a post-conflict setting, local residents have already been exposed to democracy, local political officeholders do not overlap, and the distance between politically advantaged and disadvantaged groups is low. Otherwise, the effectiveness of these interventions should be greatly reduced.

9.5 Conclusion

In this chapter, I spent time addressing the discrepancies between my hypotheses and my empirical findings. I discussed the roots of the exclusive democracy I observe in Indonesia, the main consequences of this form of governance, and whether this outcome can be expected to occur in other places around the world. To summarize, I believe that whether the creation of an elected village council leads to a healthy and inclusive democracy is conditional upon whether the underlying system of wealth distribution is designed to socially empower politically disadvantaged groups. I believe the exclusive village I observe in Indonesia will lead to the creation of public goods that fail to enhance the welfare and cater to the needs of the most vulnerable groups within villages, and it poses the danger of amplifying the populist tendencies that have emerged across Indonesia. I also believe that whether the creation of local councils around the world will produce the same outcome I observe in Indonesia depends on four key parameters, and being high on these parameters makes it unlikely that these efforts will fulfill the expectations of policymakers. This chapter also worked to set up my conclusions and policy recommendations, and I finish this study by covering these in the next chapter.

Chapter 10

IMPLICATIONS, CONTRIBUTIONS, AND CONCLUSIONS

In the previous chapter, I spent time making sense of the findings of my research, and I looked deeper into the roots and consequences of the form of local governance I observed in Indonesia. While my findings departed from my theory in important ways, I sought to reconcile these with each another. In this final chapter, I outline my main conclusions, the policy implications of my results, the academic contributions of my research.

10.1 Conclusions

I opened this study with a discussion of the ongoing debate on whether efforts by aid donors and national governments succeed in fostering democracy at the local level. To address this debate, I focused on better understanding the consequences of one type of institution-building: the creation of an elected local council. I proceeded to identify the limitations of existing research, and I proposed a theoretical framework to help understand its effects.

I argued that efforts by aid donors and development agencies to support the creation of an elected council should have a profound effect on the strengthening of local democracy. I theorized that the creation of an elected council would redistribute political power within localities, motivate greater political engagement among local residents, and promote the political inclusion of disadvantaged groups. Furthermore, I argued that improvements in the political engagement of local residents would stem from improvements in political trust over other channels, including improvements in political accountability, political mobilization, and social capital. I therefore argued that funds and technical assistance devoted by aid donors and national governments for this purpose are a fruitful and productive endeavor.

Based on a two-part research design that examined the impact of elected councils within

villages in Indonesia, I uncovered a compelling set of findings. I found that the creation of an elected council improved democratic governance in important ways but fell seriously short in others. I found that it redistributed political power within villages, enabling village residents who were experienced or educated to obtain positions of political leadership over existing elites. I found that it improved political engagement among village residents in the form of attendance at village and hamlet meetings, complaints to government, and participation during these meetings. It also improved trust in village governments overall. However, I found that it led village politics to become more exclusive and homogenous than ever before. Village governments were less likely to be composed of women and minorities compared to when its members were appointed by the village head. Participants in village politics were also no more likely to be women and even less likely to be minorities. Therefore, I described the end result as an exclusive democracy.

Overall, I must therefore conclude that the intervention I studied in Indonesia failed to achieve its goal in an important way, and it is much more difficult to cultivate an inclusive and robust village democracy than I initially predicted. I also must conclude that existing policy measures aimed at fostering democracy within villages in Indonesia are seriously flawed, and international efforts to cultivate local democracy through creation of an elected council in other places are likely to be flawed in a similar way. In a sense, bottom up democratization appears to have fallen victim to its own success. The creation of an elected council promoted several key features of democratic governance by enabling residents to take charge of local politics according to their needs and preferences, but this meant it also gave them freedom to decide who attained political office and who dominated the decision-making process according to their needs and preferences. In the case of rural Indonesia, I found that doing so came at the expense of strengthening the voices and protecting the interests of those who needed it the most

Rather than condemning these efforts altogether, however, I believe that my research also reveals important ways to tailor existing policies to support the goal of improving democratic governance. Another important conclusion that arises from my research is that it is not

especially useful to characterize the impact of external interventions as merely a success or a failure. As I have shown, there are important trade-offs that can exist in the way that these efforts shape the character of democratic governance. I therefore believe that well-designed reforms can accompany the creation of an elected council to mitigate the costs and enlarge the benefits. I discuss these below.

10.2 Policy Implications

One final question that arises is whether it is possible to prevent the exclusive democracy I observe in Indonesia from arising. I believe prospects do not bode well: major changes have already begun to take effect. While this may be the case, I believe it is not inevitable that efforts to strengthen local democracy should continue toward failure. If the aim is to move away from elitism but also toward inclusion, then it is then necessary to think of what would allow this to occur.

In a context like in Indonesia where there is a strong divide between politically advantaged and disadvantaged groups, elected councils should be coupled with measures to help mitigate the potential for women and minorities to be crowded out of the political process. Two examples of such measures include gender quotas or minority quotas, although there is mixed evidence on whether these are successful at improving the influence and welfare of these respective groups (Beath et al., 2013b; Chattopadhyay & Duflo, 2004). Alternatively, I believe that combining such quotas with a form of hamlet-based representation within villages can better help to ensure that exclusion is avoided. Specifically, these rules should consider the location and geographic distribution of village residents when determining the composition of the village council. This is something that is not being implemented, and the village council is currently based on a village-wide vote. I believe this would help to ensure that outsiders and minorities who typically reside in clustered areas within the village are represented within village governments. In turn, my findings suggest that introducing measures to improve political representation should have positive effects on other aspects of village governance. I find that political institutions that enhance political trust are the

ones that are likely to strengthen political engagement. I therefore believe that policymakers should pay significant attention to helping to shape the composition of village councils in a way that builds trust in local governments.

For other countries, there are lessons that can be learned from Indonesia. One success I observed was that the creation of an elected council enabled non-elites to gain formal positions within village governments. This stands in contrast to the experiences of Sierra Leone and Afghanistan (Beath et al., 2013b; Casey et al., 2012). I believe that one reason for this success was that there was a clear rule disallowing existing members of village governments to also run for the village council in Indonesia. A similar rule was either not created or enforced in these other countries. In all cases, I believe the members of the village council should not be allowed to also be members of any other branch of government. This defies the logic by which the council is incentivized to advance the interests of residents in the face of the village leader, which leads to improvements in political trust and engagement.

Furthermore, the political institutions that have accompanied community-driven development programs around the world have largely conformed to a one-size-fits-all approach, with the fundamental ingredients of these programs being block grants and elected councils. Another recommendation is to carefully consider the four parameters I discussed earlier before proceeding with this institutional change. As shown in the case of Afghanistan, elected councils in themselves may do little or nothing when the contextual features are working against their effectiveness. Furthermore, they may do little or nothing when the limitations of the existing institutional structure bleeds into the features of the council. In such cases, it will be prudent to adjust and reinforce the intervention with complementary institutions.

10.3 Research Contributions

For researchers, my study contributes to the existing literature in several ways. Notably, it addresses the limitations brought up at the end of Chapter 2. First, I provide a much needed contribution to the empirical literature based on a novel research design and methodology. Past studies have mainly evaluated the consequences of aid programs that bundle together

a wide variety of design features, which makes it difficult or impossible to isolate the impact of specific institutional changes. In this study, I have overcome this problem by focusing on the impact of the creation of an elected council. To my knowledge, only one other paper has attempted to do so despite the growing popularity of this institutional feature around the world (Beath et al., 2013a), and I uncover evidence that stands in stark contrast to its findings. In that study, the creation of an elected council was found to have little or no systematic impact on the character of local governance, but I find that they can and do have a profound effect on political representation, engagement, and inclusion, albeit in mixed ways. Policy and academically oriented researchers should therefore reassess their conclusions about the role and influence of this intervention.

Second, unlike past studies, I examine the impact of elected councils on the bigger picture of village democracy. Past studies mostly limit their attention to impact of aid programs on political engagement, which is only a small part of the full story. In contrast, I look at how these efforts impact political engagement, the distribution of political power, and the inclusiveness of local politics, which allows for a more holistic picture. This has revealed that there are important trade-offs between the three. I have also drawn attention to a governance arrangement that has been relatively overlooked by researchers. Existing research has extensively studied the consequences of elite capture at the local level in developing countries (Bardhan & Mookherjee, 2000; Fritzen, 2007; Reinikka & Svensson, 2004). It has also dedicated much attention to studying the marginalization of women and minorities in local politics (Beath et al., 2013b; Chattopadhyay & Duflo, 2004). However, the character of village democracy I observe in Indonesia does not fit neatly into these frameworks, and the dynamics of the exclusive form of village democracy I describe are not well understood. I therefore draw attention to an unintended consequence of democracy aid that deserves further attention.

Third, unlike other studies, I provide evidence to reveal a different way that the creation of democratic institutions can work to improve political engagement at the local level. In contrast to studies that argue and find that social capital, political mobilization, or political

accountability are the main drivers of democratic engagement, I find evidence to show that political trust is an important determining factor motivating residents to politically engage. This builds on past work arguing that trustworthy government is an essential ingredient for citizens to cooperate with governments, mainly at the national level (Ayers & Braithwaite, 1992; Tyler, 1998). It is also consistent with findings by Avdeenko and Gilligan (2015) who find that improvements in social capital are not essential ingredients to raise political participation and Grossman (2014) who finds that accountability-based institutions are alone not enough to induce political participation because of the problem of free-riding.

Finally, in this study, I give evidence that speaks to the scholarly debate on the impact of foreign aid on democracy. This debate has mainly been informed by cross-national studies of how the inflow of foreign aid into recipient countries influences regime types across the developing world (Ahmed, 2012; Alesina & Dollar, 2000; Bermeo, 2011; Dunning, 2004; Knack, 2004). My study contributes to a growing but important body of empirical research that examines the impact of these interventions at the sub-national level (Krasner & Weinstein, 2014a). I find that aid used for the purpose of reshaping local institutions can shape democracy at the local level in profound ways.

10.4 Way Forward

This chapter ends with a discussion of several future avenues of my research. While the findings of my study shed light on the consequences of one popular form of institution-building, it has also left open several questions to pursue.

One question deals with the the economic consequences of the governance outcome I observe in Indonesia. I found that elected councils tend to shut out the politically underprivileged and underrepresented and local elites from the democratic process but expand the role of the poor majority. I theorized about the distributive consequences of this governance outcome, and I believe that it translates into public goods that will primarily benefit the poor male majority. This is a proposition worth testing in greater detail. There are reasons why women, ethnic minorities, and recent migrants may not be worse off if they are

related by family to individuals who benefit. The infrastructure projects that are selected and constructed may also be large and productive enough to provide for all individuals in the village. Furthermore, the needs of the poor majority may align with the poor minority in some villages. It is therefore worthwhile to investigate whether the distributive consequences of democratic aid interventions and the exclusive democracy I describe turn out in the way I expect.

Another question deals with the roots of the governance outcome I observe in Indonesia. I theorized that whether villages head down a path toward an inclusive democracy versus an exclusive one is conditional on whether the underlying system of wealth distribution is designed to socially empower politically disadvantaged groups. Although my research supported this view, the evidence I have is limited. I therefore believe that it is worthwhile to investigate this hypothesis in greater detail, systematically examine the varieties and origins of traditional systems of wealth distribution in rural Indonesia, and assess their impacts on democratic governance over time.

Finally, a big question that arises from my study is whether the exclusive democracy I observe reinforces the populist tendencies that presently characterize the national political landscape of Indonesia. I stated earlier that by amplifying the voices of the poor male majority over the rich, minorities, and the politically marginalized, village politics may reinforce the country-wide trend toward right-wing populism. Although I believe that efforts to strengthen democracy at the local level are fueling populist tendencies in Indonesia by drawing a line between “the people” and the elite as well as minorities and outsiders, I have yet to uncover systematic evidence on this hypothesis. I also have yet to fully examine its impacts on political deliberation, consensus building, and civil liberties across the country. My future research will seek to achieve this goal.

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