

# Democracy and Welfare in Indonesia's Reform Era

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## Abstract

Many political experts claim that the purpose of democracy is to provide welfare to its citizens. The link between democracy and prosperity has long been contested among scholars of political science and economics, including with what is happening in Indonesia as the third largest democracy in the world. Therefore, it becomes extremely relevant to think about the diversity of democratic gains in Indonesia from time to time, and to be associated with the impact of democracy on welfare in the form of an increase in the human development index (HDI). This article attempts to analyse the impact of democracy on welfare specifically on human development index in Indonesia during the Susilo Bambang Yudhoyono Administration (Reform Era). An important issue to be investigated in this research is to describe and analyse the factors the enactment of democracy, as well as its impact on welfare in Indonesia, and search for the factors that cause the failure of democracy and economic development in Indonesia, especially those related to the low human development index in Indonesia. Through qualitative research methods, it was found that the higher the index of democracy, the more probability that the level of welfare with HDI output also increased as well. Since the reform era, Indonesia has shown success in the development of democracy in the political field, followed by the performance of the economic and social field. The study also supports the general statement that democracy does give effect to the improved welfare.

**Keywords:** Democracy, Welfare Reform, Human Development Index

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## 1. Introduction

Democracy is perhaps the most interesting idea in the late 20th century and early 21<sup>st</sup> century. Only a few countries in the world today who do not want to call themselves democratic. Indeed, there is obviously not a democratic country only spared semi-feudal kingdom, like Saudi Arabia, but the leaders of Saudi Arabia was difficult to deny the legitimacy of democracy. Democracy evolves continuously and reached its peak at the time of the Soviet Union as a nation-state began to collapse in 1989, which was followed by the collapse of the Berlin Wall that unites the two Germany (the Federal Republic of Germany and the German Democratic Republic). Forces that drive changes or a revolution in the last decade of the 1980s is a sovereign democracy or the rule of the people. The spread of democracy in the recent period is strongly influenced by the progress of information technology and global communication or borrow a phrase Giddens [1], strongly influenced by globalization. The global trend in the post-cold war era is the increasing number of democratic regimes or is more democratic. It is characterized by increasing the degree of freedom in the countries of the

world, namely the freedom of civil rights and political participation. This trend is particularly felt in developing countries.

Many political experts claim that the purpose of democracy is to provide welfare to its citizens. The link between democracy and prosperity has long been a debate among scholars of political science and economics. The debate stems from the twin questions: whether democracy can lead people to prosper? What democracy is the sole way to prosperity? The conclusion of a long debate that still hypothetical speculative, because it depends on a number of assumptions and statements that must be met, in order to pave the way democracy can achieve welfare and prosperity. Relations with the welfare democracy is not linear-causality, but non-linear conditional that involves many factors, such as historical experience, the social base, the structure of society, education, law enforcement, flexibility and stability of the political institutions and so on.

Indonesia is a large country with a greater level of diversity, whether it is in the economic growth, the welfare of the community, the level of income inequality, law enforcement, communal conflicts, and others. Therefore, it becomes extremely relevant to think about the diversity of democratic gains in Indonesia from time to time, and then

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associated with the impact of democracy on welfare or prosperity of the general public in Indonesia.

In 1998, when the Soeharto regime's collapse, questions about the effectiveness of government seem insignificant compared with the widespread desire to ensure that Indonesia does not return to the authoritarian power system, where Suharto ruled Indonesia with an iron fist for 30 years. While the fall of Suharto has been the cause of euphoria wide, at the same time, there is pride that Indonesia has been able, to implement direct elections, general, free, confidential, democratic, honest, and fair, both at national and sub-national. But success in political and democracy development was not followed by the performance of the economic and social field. Socio-economic conditions have been the source of much public disappointment, and ineffective governance issues are characterized by a high abuse of power, corruption, and weak law enforcement community a source of disappointment and apathy towards democracy.

According to Ross McLeod [2] after more than a decade, Indonesia has entered the era of democracy, economic performance and growth in Indonesia is considered by some observers and less encouraging and decreased significantly compared to the previous era of the New Order regime. The key indicator is the average growth rate per year, which not only reflects the general improvements in living standards but also much more important in reducing poverty. The average economic growth in the New Order for three decades (until 1997) was 7.4 per cent, but since the fall of Suharto and the beginning of the reform era (which began with the economic crisis) growth rate declined to 4.7 per cent. In terms of average per capita income growth, the decline is much larger and widespread.

According to the Central Bureau of Statistics [3], Indonesia's economic growth rate from 2001 to 2013 fluctuated. In 2001 the growth rate was very low at around 3.6 per cent and experienced a peak in 2012 of 6.3 per cent after it fell back in 2013 with growth reaching 5.7 per cent. Indonesia's economic growth in 2013 slowed compared with Indonesia's economic growth in 2012 from 6.3 per cent. The global economic slowdown depresses economic growth in Indonesia that continues slowing over the last three years. Compared to the New Order era, it is clear that the rate of economic growth in a period of reform is still far lower.

According to Joko Suyanto [4], Indonesia after more than a decade of the turmoil of the reformation in 1999, now was known as one of the most vibrant democracies and stable in Southeast Asia. Indonesia even called par with countries that established democracies such as India, Japan and South Korea. Indonesia is believed to also be a member of the G - 20 countries. In the context of democracy, Indonesia's economic growth raised an average of about 5.2 per cent annually during 2000-2010. An achievement could only be surpassed by China and India. In the same decade, Indonesia is also listed as a country with high and stable growth rates in the world. This causes the level of per capita income of the population increased by more than

double from USD 2.120 in 2000 to USD 4.190 in 2010. According to data from the Central Bureau of Statistics, in the same decade, has created no less than 25 million jobs. The number of unemployed can be reduced from as many as 12.63 million (11.2 per cent) in 2005 to 8.32 million (7.1 per cent) in 2010.

The proportion of workers in the formal sector also increased to a figure of about 40 per cent of the total number of workers. The number of middle classes rose from around 40 million (19.0 per cent) in 2000 to 130 million (54.1 per cent) in 2010. It increases of approximately 9 million people per year. In other words, the number of Indonesia's middle-class today (2014) is about 4 times the number of the middle class during the New Order regime. The number of poor people, according to BPS, has now been reduced from 47.97 million (23.4 per cent) to 21.02 million (12.5 per cent) or decreased by more than 2.5 million people a year range 2000 - 2010.

According to with the above background, this study will examine the relationship between democracy and prosperity, especially those that occur in Indonesia. This study is also due to say the least interest in the study of democracy that focuses on the welfare of people in Indonesia. Lack of interest of scholars in comparative politics democratization in Indonesia is surprising because this country with a phase transition and consolidation of democracy has many sections are interesting to study. Study on democracy and prosperity to the locus of Indonesia have been selected for several reasons. *First* and foremost, as a third largest democratic country in the world, -only India and the United States are larger- Indonesia can be seen as a "laboratory" for the main political academics who are interested in the democratic process and its relation to well-being, with a population that is very many, heterogeneous and vast territory. In addition, most of the theorists of democratization concentrate on assessing the democratic transition in the countries of Eastern Europe and Central Asia after the fall of the communist regime and the democratic transition in the countries of Latin America. *Second*, the studies of democracy in Indonesia mostly look at the process of democratization and institutional changes without linking it with the goal of democracy are welfare. *Third*, this research is important to be implemented in an effort to be used as a reference for the study of democracy and prosperity, taking into account local values possessed by a country, as well as for an explanation of the question of whether the road to prosperity "is only determined" by democracy or is there a way or another model of development for a country to prosper.

## 2. Theoretical Perspective/Literature Review

Assessment of democracy in post-Suharto in Indonesia reflected the opinions of experts vary. Many experts believe that the comparative politics of democracy in post-1998 Indonesia has been included on the list of global democracy satisfactory in the scheme; they also argue that

there are still many serious challenges to democratic progress. Despite its size and importance of Indonesia's democratic transition, comparative political scientists initially showed little interest in it. The international conference on Indonesia in Jakarta in August 1998, three months after Soeharto's fall brings the theorists of democracy and leading democratization like Alfred Stepan, Juan Linz and Donald Horowitz to start reviewing the democratic transition in Indonesia [5]. Edward Aspinall and Marcus Mietzner [6] divides the two groups of scholars who conduct studies and analyzes on democratic reform upheaval Indonesia, as well as social and political conditions. First, the main political scientists who published a comparative depth study of Indonesia and the other, most of the countries in Southeast Asia, but were unable to put Indonesia on the map of global political theory. The second group consists of so-called "Indonesianis", undergraduate research focusing long enough in the country. Even when it is in theoretical discussions about democratization and political change, and their works in the post- Soeharto primarily only appeared in journals of research in Asia - Pacific, or South-East Asia, thus failing to influence the debate that is larger on the trend in international politics. Meanwhile, leading comparatives reviewed Indonesia only in passing, integrating it into a multi-country comparative study and quantitative, and rarely focused on the state itself.

Lack of interest from senior scholars in comparative politics democratization in Indonesia is surprising because this country with a phase transition and consolidation has a lot of interesting parts to be studied. First and foremost, as a democratic country the most densely populated in the world -only India and the United States were larger-Indonesia could be seen as one of the 'laboratories' main political scientists who are interested in democratic transition affects large, states heterogeneous. On the contrary, the theory of democratization mostly concentrates on the post-communist transitions in Eastern Europe and Central Asia, as well as the transformation of Latin American politics. Similarly, as the country with the largest Muslim population in the world, Indonesia offers insight into the relationship between Islam, democracy and development. Most scholars of comparative politics, however, emphasize their views on this topic by studying the Arab world and the democratic deficit. Finally, Schulte Nordholt and van Klinken [7] analyzes of implemented a program of decentralization in the world, which attracted the attention of development agencies and various research institutions with locus specific and detailed through case studies in regions/local. But once again, the view of some scholars of comparative politics Indonesia, it seems, too much emphasis on the comparison in terms of religious, political and social to compare it with democratization in the countries of Africa, Latin America or Eastern Europe are thought to be beneficial.

When democracy is experiencing a global recession after 1999, the real success of Indonesia in maintaining a democratic system is seen as an interesting example and encourages some scholars to further study the democracy in

Indonesia. The tremendous success of the democratic process in Indonesia was no longer underestimated, which has only been studied in a comparative framework, but it becomes an important reason to do this in depth and separately with other countries. Alfred Stepan in Aspinall and Mietzner [6], for example, began to see the interaction between religion and state in Indonesia. According to Stepan, democracy has a better chance of survival if they uphold the 'tolerance' sister that if the state tolerates freedom of religion and religions accepts the sovereignty of the elected government. Besides India and Senegal, Stepan looked to Indonesia as a country that implements twin tolerations relatively consistent so have strengthened democracy. Meanwhile, Larry Diamond [8], states that Indonesia may be said historically late with what is referred to as the "third wave" of global democratization. Until 1999, Indonesia is only a country that is categorized as an "electoral democracy", but later in the process by the end of 2004, Indonesia has turned out to be one of the most successful countries in developing democracy. Remarkably, according to Diamond, during the period 1998-2006, Indonesia has grown and developed as a democratic country, not only as a country that is a stable democracy that is characterized not only by the absence of a real threat and a potential threat to democracy itself, but also further characterized by their respect for the freedoms and tolerance.

The success of democracy in Indonesia can be seen and measured by the level of economic growth and social development. During the first decade (1999-2008), the average economic growth rate of about 4.8 per cent per year. The average population growth rate is 1.4 per cent, reflecting an improvement in health care, education, employment and low levels of mortality. In the performance of democracy and governance, Diamond based on reports published by Freedom House, noted that the scores or indices of freedom in Indonesia from year to year increase, namely 4.4 in 1999, 3.4 in 2000-2005 and 2.3 in 2006-2009. These figures reflect that that democracy Indonesia experienced significant progress, so that since 2006, Freedom House categorizes Indonesia as a country "free". But Diamond warned that what has been achieved by Indonesia is only a small part in the development of democracy if democracy Indonesia really wants to be "consolidated" and more stable for a longer period, Indonesian democracy should be improved through the reduction and eradication of corruption, law enforcement, modernization and professionalism in all aspects of governance.

In contrast, Ross H. McLeod and Andrew MacIntyre [9], considered that democracy in Indonesia is not developing towards the expected direction that is the good governance and the creation of public welfare. Indonesian democracy more precisely manipulated and used for the benefit of the ruling elites. Studies on democracy in Indonesia mostly look at the process of democratization and institutional changes without linking it with the goal of democracy itself that is being. Almost as large study and the text above more thrash about transitional democracy with its various

aspects, but very rarely touched on the impact of the transition to democracy and democracy itself to economic development and prosperity.

Broadly speaking, according to Leo Agustino [10], the composition of the scholars who investigate the political configuration Indonesia after the New Order, can be categorized as follow: (i) assessment of the political parties; (ii) elections; (iii) local autonomy; (iv) the repositioning of troops; (v) vertical and horizontal conflict.

Although the transition to democracy in Indonesia is considered important and big, at first the political scientist comparison, very little attention to what happens with Indonesia. Broadly speaking, the study of Indonesia, particularly on democracy in the post-New Order Indonesia, according to Aspinall and Meitzner [6], may be grouped into three major streams of thought. First, a number of important experts who still maintain that the existence of institutional reform, through democratic changes are made or engineered by core power structure has not changed. In this perspective, the elite oligarchy that holds control of the New Order regime to remain in power and has not changed and continue his efforts to obtain various advantages. Second, some experts and observers believe that Indonesia has really done an incredible democratic consolidation, especially in terms of comparative view. Contrary to what is predicted in early 1998 that the democratic transition in Indonesia will fail, and will suffer destruction as happened in the Soviet Union and Yugoslavia, the international analysts stressed that under the guidance and assistance in this time Indonesia became one electoral democracy in the world's third largest [11]. Third, some experts emphasized the study is grounded research that advances in the democratic process in Indonesia also leaves many structural problems mainly related to law enforcement and combating corruption. This difference of opinion implies that the results of a study can be different from one another, depending on the focus of interest of each researcher [12].

The debate and the discussion of democracy and prosperity are actually a long-standing, although it is still limited to the link between democracy and economic development. Seymour M. Lipset [13] produced a study to see that economic development is a prerequisite to the construction of democracy. Lipset questioned the existence of the relationship between the democratic organizations of a regime with the overall economic structure of society. Lipset confident that the advanced economic system will be able to raise the level of education a person and in turn will be able to build the state and behaviour of citizens of a democratic.

There are lots of great literature on the relationship between democracy and economic growth. Some are theoretical, some are statistical, and some are based on case studies. As Papaioannou and Siourounis [14] argues that there are differences in analytical rather sharply in the literature among those who are sceptical of the positive relationship between democracy and growth with academic optimistic [14]. According to sceptics, they are afraid of the demands of the populists to gain wealth and income

redistribution [15]; especially if the inequality of income is high or if it is based on ownership of uneven over movable assets such as oil, diamonds, minerals, or soil or categorical inequality [16]. Among Sceptics worry about the problems underlying circumstances or situations, including fears that the politicians in power will pursue economic policies are unsustainable to win the election. Sceptics also worry about the uncertainty of the stability of the new democratic power that may shorten the time for both politicians and the public with damaging effects on economic growth [11].

Among Optimists argue instead that populist redistribution can stimulate growth if used for building human capital or capital to address market imperfections. They also argue that the redistributive demands can be mitigated if the inequality of income production assets is based on the active dynamics rather than on capital [16]. Optimistic others argue that the institution of a democratic (1) more efficient (2) better commitment to solving the problem [17], (3) superior to the delivery of information, (4) better cope with economic shocks are negative, (5) the better the effort that is needed and the economic policy reforms are fundamental and it is better to make long-term investments in human [11]. Meanwhile, the literature which discusses the relationship between democracy and economic growth and prosperity based on statistical methods and case studies there are three groups. One literature is deeply rooted in the tradition of cross-country growth regressions pioneered by Barro [18]. The essence of this approach is to add political variables of the cross-country regression that includes both variables of the traditional economy - initial income, the level of investment, the rate of population growth, human capital, and - a variable number of other economic policies are expected to affect the growth of such spending and government consumption in GDP, trade openness, and inflation rates. The main findings of this literature are that democracies have a small effect and not statistically significant in growth [15].

Second, the findings of a wider range of the first findings by shifting the focus of methodological more "inside" through state panel growth regression is a dynamic relationship between democracy and growth. Best literature of this study includes Papaioannou and Siourounis [14]. Unlike the literature with regard to cross- country growth, both found that democracy provides a strong and positive impact on growth.

Case study literature [15]; shows the picture much more nuanced and complex. This has led to political scientists to reframe the relationship between democracy and growth in terms of both the nature of the problems facing the new democracies and the fundamental differences in the structure of democratic institutions and power relations that include in it. Because politics is crisis management, which is very different from the politics to maintain the policy of pro-growth there, Haggard and Kaufman [15] argues that it should be a critical review of whether new democracies facing a serious economic crisis, or if they have inherited the economy that goes with good. They also argue that the problem is a fundamental difference in the structure of

institutions of democratic politics, especially the executive power, the design of the political party system, and whether the democratic government run by a presidential system as opposed to the parliamentary system [15].

For these reasons, at least some political scientists has moved from asking whether democracy affects growth to inquire under what conditions the political institutions support the implementation and development characterized by economic policy. The findings in the literature show that the nature of political institutions, such as executive-strength, the nature of the party system, the size of the coalition, and the number of veto players- all affect the ability of governments to adopt development policies voices.

Meanwhile, Ersson and Lane [19], Ole Elgstrom and Goran Hayden [20] attempted to find answers to the question of the relationship between democracy and development through exploration of theoretical and empirical studies in Asia, Latin America and Eastern Europe. It's believed that economic development provides the basis for the growth of democracy, and democracy will develop the attitudes of liberalization so as to strengthen the free market economy. In general, according to Jan Erik Lane and Svante Ersson [19], the concept of development - social, economics, and politics- indeed offer an interesting perspective to analyse the countries undergoing a transition to democracy. Concept development and prosperity can be applied not only to know the changes that occur but also can be used to as a tool to observe the differences between rich and poor countries. In his book, Erik Jan Lane and Svante [12] using a political economy approach to see the connection between democratization and growth. To examine the relationship between democracy and prosperity, pretty much the approach used, for example, Marxist or Neo-Marxist approach, systems theory approach, institutional or traditional approach, to a rational approach and public choice.

Stephan Haggard and Robert R. Kaufman [15] analyse the development and reform of social policy among middle-income countries in Latin America, East Asia, and Eastern Europe. In 1980, it was at the beginning of the economic and political change in three areas that have developed a model of social welfare. Eastern European welfare system, despite increasingly strict, provide comprehensive protection for nearly all residents. East Asian welfare systems offered minimal social insurance, but it puts a high priority on investment in education. In Latin America, the urban middle class and some blue-collar workers enjoy access to social and public protection system that is relatively inexpensive public, but farmers and informal sector workers are generally excluded or not served well.

Stephan Haggard and Robert Kaufmann [15], examines democracy, development and the welfare state by using a political economy approach. According to them, there are three theoretical arguments that can be used, namely; first, the significance between the coalition and economic interests; second, economic factors such as economic performance and economic organizations; Third, political

institutions is a set of clusters that also affects the policies of social and economic. Type governance regime, in this case is also an important component to explain various social policies. Dictatorship and democracy are determined by how large or a lot of competition between parties and citizens in a variety of policy-making and elections.

The scientific work which specifically discussed the linkages between democracy and prosperity is an article written Junling Hu [21]. By using quantitative data and analysis from over 169 countries from the year 1960 to 2003, Hu found that democracies have conflicting effects on economic growth, and the average effect is zero. It is proved that democracy cannot support the welfare. Hu also found that the increase in revenue to make the degree of freedom becomes higher and make democracy more stable. That is, welfare is one cause of democracy.

Juling Hu's findings are almost the same with the study by Randall G. Holcombe [22], which rejected the notion that democracy is able to create prosperity. According to Holcombe, welfare often requires good economic growth, high economic growth can be achieved if there are certainty and free enterprise and the rule of law. In democratic countries (mainly developing countries), democracy often results in the investment climate of uncertainty and the free market. People have become too free so often violated these rules or applicable law. In conclusion Holcomb, welfare institutions need a liberal economy, and democracy should be seen as a means not an end in itself. The government is an institution that underlies affirmative action and includes therein democratic actions that fundamentally does not change the fundamentals of government. In line with the opinion of Holcombe, T. Rock findings also stated that very little democracy or less can create prosperity for the new democracies, including in Indonesia. In his study, T. Rock compares between democracies in Southeast Asia, namely Indonesia and Thailand, countries "semi-authoritarian" namely Malaysia and Singapore [23].

### 3. Data and Results

For the government anywhere in the world, the key performance variables to measure the success of its performance is the extent to which they were able to advance the economic welfare of the citizens. Without this, the dissatisfaction with the government will increase - especially in situations where the public has been accustomed to significant economic progress and hope to continue to grow. Achieving sustainable economic progress quickly is a very difficult task for any kind of government because a lot of the necessary policy difficult to implement. Political policies that improve the economy of the good society - whether they will be a stable macroeconomic management, minimizing practices monopolistic and other restrictive trade, improving the investment climate, raising agricultural productivity or achieve better educational outcomes - is inherently difficult. Such policies have broad

benefits but often face a very focused political opposition from groups based on narrow interests will be harmed by them. As a literature major in the political economy of policy reform reminds us, because the adjustment costs are concentrated and widespread benefits, narrow -based interests are threatened by changes in policy are much more likely to mobilize effectively to oppose the changes than the public broad-based interest groups to mobilize to support them.

Early administration of President Susilo Bambang Yudhoyono (SBY) period of the First United Indonesia Cabinet (KIB I) is faced with various problems and severe challenges in building the nation of Indonesia. The economy is still in the process of recovery since the crisis of 1997/1998. A wave of post-crisis reforms has begun a new entry at an early stage to find the right form in the implementation of development for the welfare of the people. Economic growth during the administration of President Soeharto survived in the range of 7 per cent per year suddenly dropped to negative 13.2 per cent during the crisis. The financial crisis that began with the decline of the Thai currency "baht" at the beginning of July 1997 has penetrated into currency and financial crises in Asia, including the drop in the rupiah. Most economists still believed at that time Indonesia's economic fundamentals are still quite strong, but it was not long before Indonesian devastated by a severe crisis in the financial and banking sector (twin - crisis). History has proven that high economic growth and strong macro fundamentals seem not guarantee their sustainability without growth was supported by good governance. National development paradigm has shifted and changed fundamentally.

The demands of good governance in the implementation of development in all sectors into strong currents have changed patterns of management in both the private sector and in the public sector. Private companies and State-Owned Enterprises (SOE) is required to implement good corporate governance, while public institutions are required to run a bureaucracy based on good governance and clean government to provide the best possible service to the community.

While the dynamics of change and shift as a result of globalization and decentralization coincided with the desire to uphold the principles of democracy. Student protests in May 1998 that occurred after the crisis has forced Suharto to resign and hand over power to Vice President BJ Habibie. The resignation of Soeharto after ruling for 32 years in the New Order era has brought great changes in Indonesia and encourage the "big - bang reform" almost in every field. In Indonesia there has been a significant and fundamental change in the fields of politics, economics, and social and cultural. Constitution 1945 has been amended four times and followed by the emergence of various derivatives legislation.

Although economic development in the New Order period sufficient success, does not mean that all the problems of the nation have been completed. The issue of inequality, corruption and nepotism and oppressed democracy because centralistic patterns of that era have

caused discontent of the people and become a strong impetus to carry out large-scale reforms. Indonesia must continue to build in changing circumstances. At the moment it is no longer Outlines of State Policy (National Guidelines/GBHN) which hold true long-term national development, the Assembly has not become the highest state institution again, the political landscape has changed, the encouragement of decentralization is getting stronger, and the impact of globalization so powerful sign in each sector. Changes happen quickly because of accelerated by advances in communication technology and transport, Indonesia is still facing the problems of inequality, poverty, unemployment, and lack of infrastructure and basic services have to face a rapidly changing digital era. Guidelines for national development in the long term newly defined in 2007 by Law No. 17 of 2007 About the National Long-Term Development Plan 2005-2025.

To run the government, established Vision, Mission, and Strategy Highlights of National Development as the basis for formulating the 2004-2009 National Development Agenda, National Development Vision there are three, namely: (i) the realization of the life of the community, the nation, and a safe country, united, harmonious, and peaceful; (ii) establishment of the community, the nation, and a nation that upholds the law, equality, and human rights; and (iii) the establishment of an economy that is able to provide employment and livelihood and provide a solid foundation for sustainable development.

As for the 2004-2009 National Development Mission are: (1) Creating a Safe and Peaceful Indonesia; (2) Achieve Just and Democratic Indonesia; and (3) Creating a Prosperous Indonesia. With the vision, mission and development agendas as mentioned above, further in the implementation of annual development, governance KIB I direct the development programs in efforts to achieve the three goals of development, namely the increase of high economic growth (pro-growth), job creation is optimal (pro-job), and decreased levels of poverty (pro-poor), otherwise known as triple -track strategy (pro -growth, pro - job, pro - poor).

By the results of development that have been achieved during a period of KIB I and the challenges faced in the period KIB II, government KIB II continued the development strategy by adding a triple-track strategy of environmental sustainability ( pro-environment) as a strategy for all four. The implementation of the construction of this four-track strategy, development policy KIB II can better ensure sustainable development for future generations.

A development strategy that is run like Four Track Strategy (pro-growth, pro-job, pro-poor and pro-environment) or Sustainable Growth with Equity for the purpose of maintaining sustainable economic growth in order to improve the welfare of the people equitably. The implementation of national development must include not only the need for sustainable economic growth (pro-growth and pro-environment) but also the quality of economic growth in order to reduce unemployment and poverty (pro-job and pro-poor). National development in an era KIB I

and II is essentially realizing sustainable and equitable growth (Sustainable Growth with Equity). Quality growth should be enhanced and accelerated, while the results of development should be utilized by the people equitably. Sustainable growth with equity in the implementation of development at the same time faced with external pressures through globalization and internal impulses as a result of decentralization and democratization.

Between KIB I between KIB II, there was a relationship very closely in implementing its development. In the two periods of economic growth remains driven to expand employment opportunities and reduce poverty, as well as increasing people's welfare. While the country still faced with the problem of inequality in various aspects. They are the income gap, the gap between regions and inequality of access to basic services. Unemployment and poverty are still to be revealed. The wave of globalization (liberalization of trade and investment, global issues such as climate change and human rights, etc.) and autonomy (decentralization, regional division, border and remote areas,) as well as democratization is still the on-going and stronger influence in all aspects of life. So it appears in two periods of administration KIB KIB I and KIB II national development is essentially to realize prosperity.

### 3.1. Democratization and Indonesian Democracy Index

To view conditions of democracy of a country, experts usually use the elections as one of the key sizes. A country is classified democratic if the country has held elections are open, fair, and competitive. Freedom House, for example, using four basic criteria for a country to enter into the category of electoral democracy, namely: (1) competitive multiparty system; (2) the implementation of universal suffrage; (3) The ballot is secret, secure, and free of fraud that is massive; and (4) a significant public access for political parties to reach out to voters. Based on Freedom House's size, since 1999 Indonesia have always fitted into the category of partly free and free.

Categories electoral democracy is different from the categories of liberal democracy. Simply put, liberal democracy is characterized by the implementation of individual rights, the rule of law, and the presence of various other preconditions for a free society. According to Freedom House, of 119 countries categorized as electoral democracies in 2009, as many as 89 countries meet this criterion, including Indonesia. Therefore, it later praised Indonesia as the third largest democratic country in the world, after the United States and India.

Research Reports University Indonesia Center for the Study of Political and DEMOS in cooperation with the Asian Democracy Index Consortium in 2011, citing Aspinall, E and Mietzner [6], stating that the process of democratization in Indonesia has lasted nearly two decades since the fall of President Suharto in 1998. Dynamics, character and performance as well as the future of Indonesian democracy to be studied a lot of political scientists. Indonesia is not only regarded as the largest democratic country in the world after the United States and

India. Moreover, Indonesia is also recognized as the largest democratic Muslim country in the world. Democratization in Indonesia then becomes important to be attentive. A study of Indonesian democracy produces diverse ratings. Larry Diamond Indonesian democratic movement makes a comparison with the countries of South Asia. Larry Diamond concludes that Indonesia's democratic progress most quickly where quality and public support for democracy is progressing faster than countries of South Asia and stating that democracy in Indonesia has essentially been consolidated [8].

However, Larry Diamond warned that Indonesia's democracy can retreat back. Several socio-political phenomena signalled to support such concerns, for example indicated by the level of political violence and the lack of clarity of the extent to which the party and the Islamist movement which supports the Islamic countries will be able to receive the full constitutional commitment to become its own record on that progress. Furthermore, just based on the three-dimensional typology, Larry Diamond explains the crucial point worrying that the behaviour, attitude and commitment of key constitutional elites who still have the ability to weaken or reverse the democratic Indonesia [8].

Apart from warning about the worrisome point, Diamond became one of the political scientists who see democracy Indonesia with optimism glasses. But there are also experts who have a more pessimistic view. Assessment expert on Indonesian democracy by Edward Aspinall [6] divided into two polar opposites to those who assert Indonesian democracy has been consolidated well, especially when compared with other countries. At the other pole, there are experts who believe that democracy in Indonesia is artificial only where the power structure essentially unchanged and the oligarchs in the New Order they can continue to survive and be able to continue to utilize the state for the purpose of the pursuit of rents. While others argue that the expert group of Indonesian democracy has progressed but suffered inequality, it is caused by the severity of the problem of corruption and lack of law enforcement.

In the midst of the opinion of some experts, some agencies issued a judgment on democracy in Indonesia. Freedom House has provided an assessment of the process of democratization in Indonesia since the fall of the Suharto regime in 1998 until today, such as the table below.

From the year 1998-2005, status or position of Indonesia into the Partly Free category is characterized by a value or score of 3.5 for the index of freedom, four for civil rights, 6 for political rights, on a scale of 1-7, where 1 for value most free (best) and 7 the least free (worst). Meanwhile, from 2006-2013, Indonesia Index is in category Free, which is characterized by an average score of 2.5 for the index of freedom, 3 for civil rights, 2 for political rights. In 2014, Indonesia's democracy index by Freedom House declined from being Free becomes Partly Free, with a score of 3 for freedom index, four for civil rights, 4 for political rights.

Table 1: Development of Indonesian Democracy Index by Freedom House

Year	Index			Status
	Freedom Rating	Civil Liberties	Political Rights	
1998	5	4	6	Partly Free
1999	3.5	4	3	Partly Free
2001	3.5	4	3	Partly Free
2002	3.5	4	3	Partly Free
2003	3.5	4	3	Partly Free
2004	3.5	4	3	Partly Free
2005	3.5	4	3	Partly Free
2006	2.5	3	2	Free
2007	2.5	3	2	Free
2008	2.5	3	2	Free
2009	2.5	3	2	Free
2010	2.5	3	2	Free
2011	2.5	3	2	Free
2012	2.5	3	2	Free
2013	2.5	3	2	Free
2014	3	4	4	Partly Free

(1 = BEST, 7 = WORST); Source: Freedom House (<https://freedomhouse.org/report/freedom-world/2015/indonesia>)

While the Economist Intelligence Unit puts Indonesia in the sequence of all 60 countries in the category of flawed democracy with a total score of 6.53 (on a scale of 1-10). Institute for Democracy and Human Rights (DEMOS) ever tried to Indonesia's democratic vote by the four things that are four important device democracy groups, namely: (1) legal and rights; (2) political representation; (3) a democratic and accountable government; (4) the involvement and participation of citizens. Demos conduct a national survey in 2003/04 and 2007, resulting in the average index of democracy in Indonesia respectively 37 and 47 (scale 100). Despite a slight increase, but with the number 47 (scale 100) can be stated that Indonesia's democracy is still far from what is expected.

Political Study Center of University of Indonesia with DEMOS has held for studies to illustrate the democratization and democracy indexes Indonesia in 2011-2013 [15]. This research resulted in the index which is processing the informants' expert assessment on a number of questions that are divided into three areas of politics, economy and society civil. In each area consists of three categories, namely pro-government expert informants, moderate and anti-government.

Overall of the three areas, Indonesia index is 4.9, which means tend to be in the middle when measured on a scale of 0 to 10. Viewed per area, the highest index of Indonesian politics is 5.5, while the index of the Indonesian economy to its lowest 4.24. Survey conducted in 2012, the result is not much different from concluding that Indonesia Index score in 2012 is 5.27 compared to the index in 2011 (4.99), the 2012 Index increased by 0.28 points. Political sphere

index score (6:16) is the most well compared to the two other domains, Civil Society (5:43) and Economics (4:21). Liberalization score (5:49) little better than equalization (5:06). Liberalization of the most well exist in the realm of politics (6:24) followed by Civil Society (5:57) and Economics (4:66). Whiles equalization is worst in the realm of Economics (3:91). Political and civil society are better, with a score of equalization for Politics (6:07) and civil society (5:20). Whiles in 2013, the Indonesian Democracy Index score was (4.91) on a scale of 1-10, meaning that they are in the middle category.

The Indonesian government itself since 2009 has developed a measuring tool to measure the achievements of the implementation of democracy in Indonesia called the Indonesia Democracy Index (IDI). IDI attempt to measure democracy through three important aspects: Civil Liberties Political Rights and Democratic Institutions. The development of this index is based on the desire to develop measurement tools to assess the progress of democracy in Indonesia by Indonesian state itself. Indonesian Democracy Index is essentially a country-led assessment is built on a foundation of national ownership.

Through IDI, the conditions of democracy in each of the provinces in Indonesia can be described clearly, for example, on the indicator where a province is at a good level of democratic conditions, moderate, or worse. With these figures, the central or provincial governments can provide political development priorities according to certain indicators that are considered necessary. Performance development of democracy in Indonesia as illustrated in the graph below:

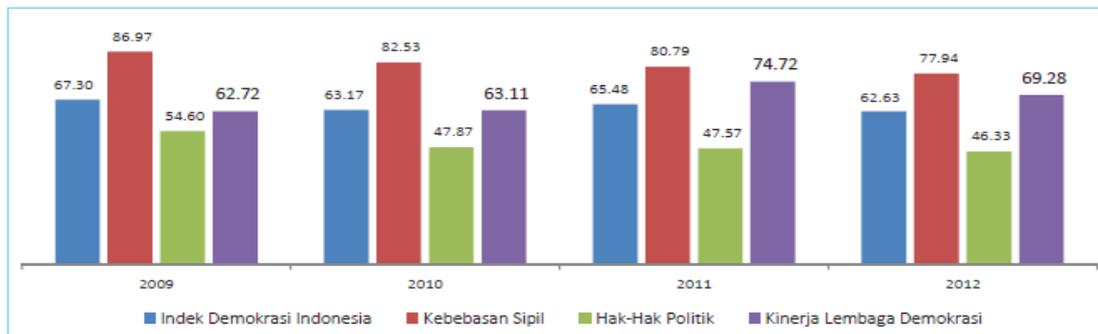


Figure 1: Indonesian Democracy Index (IDI) Year 2009-2012, Source: *Reprinted from Bappenas, BPS, UNDP 2015*

IDI measurement results in 2014 demonstrate the performance of democracy in Indonesia has increased significantly from 63.72 in 2013 to 73.04, an increase of 9.32 points. The increase was mainly underpinned by the success of the 2014 elections, among other things indicated by the quality of the voters list (DPT) which is much better compared to the 2009 elections. Despite the significant increase, achievements this does not change the performance of Indonesia's democracy is still in the medium category (medium performance of democracy). Indonesian democratic performance in moderate need is demonstrated consistently by measuring IDI from 2009-2014, where the results indicate a relatively stable democracy in Indonesia this level with the index range of 60-80 (on a scale of 1-100).

IDI achievements of 2014 also show a picture of democracy in Indonesia is relatively similar to previous years, where civil liberties have not been followed by the fulfilment of high political rights and the performance of democratic institutions. Although the pattern is the same achievements, IDI measurement results of 2014 showed the trend of continuous improvement started in 2013 -after previous measurements (ranging from 2010 to 2012) the results illustrate the tendency of decreasing. Overview democracy shown IDI results also showed a consistent pattern. Even though the structure (structure), a set of rules (rule) as the democratic procedures have been provided relatively good by the government, but in practice less sustained by culture (culture) of good democratic.

Increased performance IDI in 2014 in which there is a general election as an important marker of democracy shows that Indonesia, in general, has successfully established a political system so that matters relating to the rules, mechanisms and procedures available with either democracy. Implementation of the 2014 election also confirmed that Indonesia managed to ensure a certain degree of political contestation regularly with relatively well.

IDI achievements of 2014 indicate that the process of democratic transition in Indonesia will not go anywhere. He moved forward despite the relatively slow acceleration. However, when viewed from the character they are procedural (procedural democracy), the road to democracy substantial (substantive democracy) is still very far for a

substantive democracy requires not only the presence of the structure and procedures of democracy, but also its inherent democracy of civilized behaviour either at the level of structure and actors of democracy, as well as the performance of democratic institutions which able to function for the welfare of the people. Unfortunately, the two important pillars of democracy -political parties and the Parliament-, which is also the two key institutions of democracy at the local level, consistently demonstrated a very poor performance from time to time during the measurement IDI. Together with the high expression of violence by the community in delivering the aspirations that reflect the democratic culture that is less civilized, democratic institutions these two deserve special attention if Indonesia wants to build democratic performance better future.

In contrast to the aspect of civil liberties and democratic institutions in Indonesia, IDI indicates that the guarantee of the political rights of citizens is still a chore in the future. But overall, according to El Mustafa Benlamih (UN Resident Coordinator Indonesia) [24], the index results show progress has been made in the development of democracy in Indonesia, but still needed more support in order to realize a democratic Indonesia for all levels of society. IDI is based on three aspects of civil liberties, political rights and democratic institutions (in a scale of 1-100) was assessed based on the concept of democracy is "thin" and did not include important aspects such as political culture. Thus, the IDI is difficult to reveal a more comprehensive picture of democracy in Indonesia. Required a measurement in accordance with the state of Indonesia but also can capture more thoroughly democratic Indonesia thus can capture the crucial issues that arise in democratic Indonesia.

### 3.2. Democracy and Welfare in Indonesia

The relationship between democracy and prosperity in Indonesia, can be seen from the Human Development Index at the time of the Reformation Era or the Government of Susilo Bambang Yudhoyono - Yusuf Kalla (2004 - 2009), also known as the government of the United Indonesia Cabinet (KIB) I and government Susilo Bambang Yudhoyono - Boediono (2009 - 2014) or KIB II.

### 3.2.1. Longevity and Healthy Life Index

During the administration of Susilo Bambang Yudhoyono (2004-2014), health policies by balancing efforts on those aspects of promotion and prevention (preventive), and the efforts of treatment (curative) and rehabilitative services to individuals and society. Health development was carried out in order to improve public access to quality health services to ensure that the entire community will get a chance to get decent health care.

Health insurance at KIB I realized the health insurance scheme on the poor (HIP/ASKESKIN) which ensures that the poor have access to health services, in addition to health insurance for civil servants who have been around a long time. In the period of KIB II health insurance a milestone for improving access to health services with the implementation of the National Social Security System (Navigation) areas of health for achieving Universal Health Coverage as a form of implementation of Law No. 40/2004 on the National Social Security and Law No. 24/2011 on BPJS.

The achievement of health development is illustrated by the performance improvement program maternal and child health, nutrition, and disease control as well as various achievements health development efforts on the dimensions of supporting health services including the increase of health insurance, the development of facilities and infrastructure for health care, fulfilment of human resources, and management health. The maternal mortality rate (MMR/AKI) for KIB I was reduced from 307 per 100,000 population in 2004 to 228 per 100,000 live births in 2007 and in the period of KIB II of proxy indicators for reducing maternal mortality has achieved improved performance shown by the increased coverage of maternal health services pregnant through the first visit and visit at least 4 times during pregnancy, increased coverage of births attended by skilled health personnel and increased deliveries in health facilities.

However MMR increased again to 359 per 100,000 live births (2013) as a result of many factors, not just related to access to health care, but also quality of service, environmental factors, and socio-economic conditions of society. Several initiatives in support of maternal health improvement at KIB I include idle rural development through village health post (Poskesdes), the holding Pregnancy Class, as well as health insurance for the poor (HIP). At KIB II to improve maternal health is concerned with the sustainability of a series of services (continuum of care), the Public Health Service Assurance (Assurance) is a development of HIP. Especially for maternal health services developed Delivery Guarantee (Jampersal), provision of Health Operational Assistance (BOK), the development of health centres and hospitals PONEK PONEK Planning and Program Delivery and Prevention of Complications (P4K). Via P4K, up to September 2013, 86.5 per cent of villages have conducted P4K with 73 per cent shaman partner with midwives/nurse. The infant mortality rate (IMR) continued to experience improvement from 35 per 1,000 live births (2003) to 32 per 1,000 live births (2012). Reducing infant mortality (under 1 year of

age) was also followed by a reduction in neonatal deaths (infants under 1 month of age) and children mortality. Reducing infant mortality is supported by the increased coverage examination of children, increasing complete basic immunization coverage, and increased coverage of measles immunization.

To support the improvement of the health status of the financing side, has developed the National Social Security System in health sector that is financially safeguard against health spending while improving access to health services for the entire population. With the principle of mutual cooperation of all residents of the poor pay dues unless contributions are paid by the government. Prior to 2005, various forms of health insurance were introduced, among others through the Net Social Protection Sector Health / JPS - BK followed Fuel Subsidy Reduction Health / PKPS – BBM.

At the beginning of the period KIB I, the health insurance program was established through the program HIP (Health Insurance for the Poor). HIP program allows 60 million people; especially the poor have access to public health services free of charge because the fee was paid by the government. The scope of this program was later expanded to JAMKESMAS (public health insurance) in 2007 with the target group coverage is poor and nearly poor residents who are residents cannot afford to pay health insurance contributions. JAMKESMAS target number then was 73.7 million in 2007 and increased to 76.4 million in 2008. In 2013 the target was increased to 86.4 million JAMKESMAS covering a population of very poor, poor and near-poor (vulnerable poor) as well as other residents like the inhabitants of prisons, homes for children and displaced persons covered by the program jamkesmas.

In addition to the expansion of coverage, JAMKESMAS also working with private health facilities to participate in providing health care services. At KIB II, a major achievement in health insurance is the enactment of Law No. 24 of 2011 on Social Security Agency (BPJS) as a consequence of the National Social Security System and the Presidential Decree No.12 of the year 2013 on Health Insurance. With the BPJS, health insurance was expanded to the National Health Insurance with the ultimate goal is the Universal Health Coverage, namely ensuring that all citizens have the guarantee to health care and access to health facilities if it requires servicing. Act BPJS and PP 12 Year 2013 on Health Security laying the groundwork for achieving Universal Health Coverage that was implemented on January 1, 2014.

Furthermore, to improve access and quality of health services for pregnant women to get prenatal care, childbirth, postpartum care, new-born care and family planning services in 2011 launched Delivery Guarantee (Jampersal). Jampersal is a form of health insurance with universal coverage for pregnant women and childbirth. In 2011, approximately 1.6 million women giving birth have to use services Jampersal. This number increased to 2 million mothers who utilize Jampersal in 2012, and in 2013 (until October 2013), reports from 376 districts / cities as

much as 1.043.75 million women giving birth has leveraged Jampersal.

Living longer is everyone's dream. To be able to live longer is needed to better health. Human development is expanding human choices by requiring long-lived. Long and healthy life proxies used in human development is an indicator of life expectancy at birth. This indicator is one indicator of public health picture. During the period 2010 to 2014, life expectancy continues to increase Indonesia. That is, the hope of a new-born baby to be able to live longer becomes higher. At present, life expectancy at birth in Indonesia has reached 70.59 years. For four years, life expectancy at birth in Indonesia grew 0.28 per cent per year.

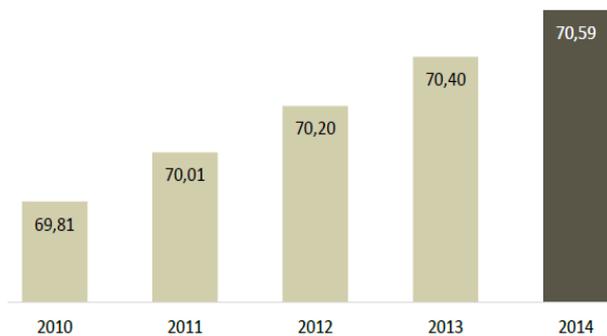


Figure 2. Development of Life Expectancy Indonesia, 2010-2014, Source : Reprinted from BPS 2015

At the provincial level, life expectancy at birth in 2014 ranged from 64.04 years to 74.50 years. The highest life expectancy is in the province of Yogyakarta. While life expectancy is lowest in West Sulawesi province. Life expectancy is the fastest growing in the province of Sulawesi. Thus, although the province entered into regions with life lower expectancy, but its development was quite fast. On the other hand, the life expectancy of the slowest is growing in the province of Aceh.

### 3.2.2. Education Index

Education is a key in improving people's welfare. Education is absolutely necessary to establish a productive human resources and master technology as a prerequisite for high economic growth and it is also necessary to establish a civilized nation. In the global era, education is a central part of development of a country as a strategic role in enhancing competitiveness. Education expands a person's chances. Education enhances creativity and imagination. As an added value, education will also expand to other options. Educated men would pay more attention to the level of health in order to live longer. Not only that, educated men will also be a great opportunity to get a job and decent revenue. Therefore, education is essential as a means to improve the quality of human beings in order to expand their opportunities.

The provision of quality education services and equitable a mandate to do the nation of Indonesia in

accordance with the objectives of Indonesia as stated in the Preamble of the 1945 Constitution which is to protect the people and the country of Indonesia, the intellectual life of the nation, promote the general welfare and participate in the establishment of world order based freedom, lasting peace and social justice. Therefore, the development of education in the reign of KIB I and KIB II continue to be pursued to further guarantee every citizen access to good education.

National education development is done in the period of 2005-2014 continues to consider international agreements such as the Rights of the Child (Convention on the right of the child), Education for All (Education For All), and the Millennium Development Goals (MDGs) and the World Summit on Sustainable Development, which clearly emphasizes the importance of education as one way to reduce poverty, increase gender equity, understanding cultural values and multiculturalism, as well as increased social justice.

The main policy of the KIB I was expansion and equalization Compulsory 9 - Year Basic Education quality in the entire territory of the Republic of Indonesia in fulfilling the basic rights of citizens. These policies include the expansion and improvement of the quality and relevance of secondary education and higher education, non-formal education, early childhood education and supported by strengthening education governance. Policies in KIB I also supported with the provision of education budget by at least 20 per cent of development spending. Education development policies for KIB I continued in the period KIB II.

Development of education continues to be a national priority KIB I and KIB II. One of them is shown by the fulfilment of the mandate of the 1945 Constitution and Law No. 20/2003 on the National Education System which requires the Central Government and Local Government education budget allocates at least 20 per cent of state and local budgets. Education budget is provided in the state budget allocated by the central government spending and transfer area increased significantly from IDR 76.7 trillion in 2005 to IDR 331.8 trillion in 2013. If calculated by the percentage of the state budget, the education budget increased from 13.6 per cent in 2005 to 20.8 per cent in 2009 and kept above or equal to 20 per cent until 2013.

Since 2004 the level of education of Indonesia's population continues to increase. In 2004 the population aged 15 years and over who educated Junior High School / equal or higher reached 43.8 per cent, and in 2012 to 52.1 per cent . While the population of the same age group who never went to school dropped from 9.0 per cent to 5.9 per cent. Correspondingly, the average length of schooling of the population aged 15 years increased from 7.2 years in 2004 to 7.7 years in 2009 and 8.1 years in 2012. The literacy rate of population aged 15 and older also increased significantly from 90.4 per cent in 2004 to 92.6 per cent in 2009 per cent, and continued to increase to 93.3 per cent in 2012. If differentiated by age group, it appears that it is still problematic is the literacy of the population aged 45 years and older. For the younger age group (15-24 years), literacy

rate is already very high, namely 98.9 per cent in 2012, which increased from 98.6 per cent in 2004. The average length of schooling of the population aged 15 years

increased from 7.2 years in 2004 to 7.7 years in 2009 and 8.1 years in 2012.

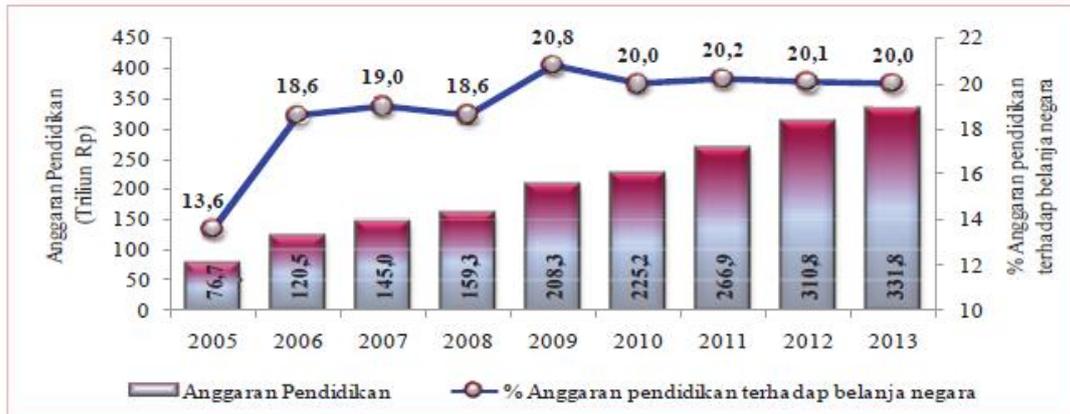


Figure 3. The development of the Education Budget Supplied In Budget, 2005-2013, Source : Reprinted from Bappenas 2015

Increasing the level of education of the population is determined by increasing enrolment rates. In KIB I and II enrolment rates for all levels increased as shown in the example, the gross enrolment rate (GER) junior high school or equivalent increased from 81.2 per cent in 2004 to 98.1 per cent in 2009 and increased again be 103.9 per cent in 2012. Meanwhile, GER senior high school or equivalent increased from 48.3 per cent in 2004, to 69.6 per cent in 2009 and 78.7 per cent in 2012. In the period GER same higher education also increased nearly doubled from 14.6 per cent in 2004 to 27.9 per cent in 2012. The increase significantly also due to the many educators, especially teachers, who are following the Degree for meet the minimal prerequisite academic qualifications of teachers.

One of the major programs undertaken during the administration of the United Indonesia Cabinet is providing the School Operational Aid (BOS), which began in 2005. This assistance is an extension of education operational aid ( BOP ) on the Junior School and Junior High School conducted since 1998, with the provision of BOS funds, schools are better able to meet the needs of schools, particularly related to the learning process so it no longer attractive school fees, especially from poor families. With the availability of school BOS better able to meet the needs of schools for the learning process.

Starting the school year in 2013, BOS is also provided for all students Senior High School both state and private sector to support the implementation of universal secondary education. With the increasingly wide coverage and unit costs continue to rise, BOS budget increased from Rp5.1 trillion in 2005 to Rp32,27 trillion in 2013.

The results of evaluation of the implementation of BOS program revealed that the impact on the school tuition. About 70 per cent of elementary and junior high school is no longer collecting fees from parents. Another study found a decrease in school tuition with a decline of about 30.2 per cent in primary schools and 33.0 per cent in Junior High

School (World Bank 2007). The program is also considered able to increase the motivation of students from poor families to attend school. Besides reinforced with PP 66 /2010, increase higher education participation, especially for the poor is also provided through the program Shutter-Mission (Program Bidik Misi). In KIB I, Law No.14 / 2005 on Teachers and Lecturers set as the foundation for improving the quality and professionalism of teachers and lecturers.

To ensure higher education on 10 August 2012 has been set by law No. 12/2012 on Higher Education, among other things: higher education; quality assurance; functions and roles, forms, establishment, the hosting organization, management, energy, student affairs, accountability, and the development of universities. In addition, the Act referred to also regulate the funding and financing of higher education by other state institutions, public participation, administrative sanctions and criminal provisions.

Up to 2014, the average length of schooling of the population 25 years and over in Indonesia has reached 7.73 years, equivalent to class VII. While children 7 years of age who entered the world of education is expected to be able to go to school for years or reaching 12.39 Diploma I. Over the past four years, the average old school and old school expectations continue to rise. The average length of school grew 0.92 per cent per year, while the old school hopes to grow 2.44 per cent per year.

### 3.2.3. Standard of Living Index

Expenses or income have to give some idea of the size of the development, as has happened in the era of the 70s. But the money has an important meaning to expand choice, especially for the poor. Therefore, the development level of expenditure becomes interesting to study. In 2014, expenditure per capita population of Indonesia has reached 9.9 million per year. Indonesia's per capita expenditures steadily increased over the last four years with an average

growth of about 1.23 per cent per year. During this period, progress on In 2012 and 2014 tend to slow down growth in 2010 compared to 2012. It is understood that the past two years the global crisis increasingly affects the economy in Indonesia.



Figure 4. Indonesia Development Expenditure per Capita, 2010-2014, Source : Reprinted from BPS 2015

Indonesia's economic growth slowing and unemployment is rising increasingly. At the provincial level, expenditure per capita in 2014 ranged from 6.4 million to 16.9 million. Highest per capita spending was in Jakarta, while the lowest per capita expenditure in Papua. In a period of four years, spending per capita in the whole province is also increasing. Jakarta is the province with the fastest growth in per capita expenditure in Indonesia. While Yogyakarta province with per capita spending growth slowest in Indonesia. At the district/city, per capita expenditure in 2014 is more varied. Expenditure per capita is highest in South Jakarta, while the lowest per capita expenditure is in Nduga regency. Expenditure per capita level district / city also continues to increase from year to year. The highest per capita spending grew at Fakfak, West Papua Province while the slowest growth in Tangerang district, Banten Province.

#### 4. Conclusion

Human development has provided a new understanding of the viewpoint of broader development. For nearly 35 years, UNDP has noted the progress of human development is quite fantastic. Indonesia became one of the countries with the fastest progress of human development in the world and included in the "World Top Movers in HDI Improvement". UNDP noted during the period 1980 to 2013, Indonesia's HDI grew 1.37 per cent per year. Meanwhile, during the period 2010 to 2014, the Central Statistics Agency (BPS) recorded that the HDI Indonesia continues to grow 0.89 per cent per year. UNDP noted the Human Development Index (HDI) of Indonesia has reached 68.4 in 2013.

Achievement of HDI Indonesia in 2013 is an aggregation of three dimensions: longevity and healthy life, education, and decent living standards. Dimensions longevity and healthy life represented by the indicator of life expectancy at birth showed a good performance. Currently, the average new-born survive to the age of 70.8 years. Educational dimension is represented by the indicator of the average old school and old school expectations. On average, the population 25 years and over in Indonesia has been studied up to 7.5 years, equivalent to grade VIII. Although it still needs to be improved, new hope emerges. At the same time, the average 7 year old child that goes to education is expected to attend school until the age of 12.7 years, equivalent Diploma I. No less important, decent living standards as measured by GNP per capita indicators have shown positive thing. On average GNI per capita of Indonesia has reached 8970 PPP \$.

Nevertheless, the improvement in the results of IDI in 2014 still leaves a "homework". Despite the achievements index increased, Indonesian democracy is still marked by the democratic character of procedural (procedural democracy) or condensed electoral democracy. IDI Data demonstrate this, among other things: increasing political participation as an important part of the civil liberties of expression, but often carried out by violent means. Fixed voter quality increases, but in the process of implementation of the General Elections is still a lot of colour barriers and has the right to vote in the form of rampant money politics (money politics), threats and intimidation in the voting and vote rigging. Other markers, although the Election held on a regular basis, but political parties as one of the important actors of democracy tends to nourish the practice of oligarchy and barely perform regeneration. While on the other hand, the members of parliament as one of the election results had a relatively poor performance, especially in producing legislation initiatives and recommendations to the executive as a follow up to the aspirations of the people.

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