

EDUCATION REFORM IN INDONESIA: LIMITS OF NEOLIBERALISM IN A WEAK
STATE

A DISSERTATION SUBMITTED TO THE GRADUATE DIVISION OF THE UNIVERSITY
OF HAWAI'I AT MĀNOA IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF

DOCTOR OF PHILOSOPHY

IN

SOCIOLOGY

MAY 2014

By

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Keywords: Neoliberalism, Education, Reform, Indonesia

ABSTRACT

This is a study about the recent neoliberal education reform in Indonesia. With the strong support of the people, Indonesia has undertaken a large-scale education reform since the late 1990s. The government was highly confident that this would make Indonesia's education more efficient and competitive. After more than a decade, however, Indonesia's education has not significantly improved. Contrary to expectations, the series of policies that was introduced has made Indonesia's governance less effective and has deepened the existing inequality of educational opportunities. This study examines how and why this reform ended up with these unsatisfactory outcomes. The argument is that Indonesia's domestic politics and history have interfered with the implementation of the neoliberal policies and led to a distortion of the reform processes. Although neoliberal globalization was a powerful force shaping the process of the reform, domestic conditions played a more important role, especially the weakening of the state's capacity caused by the crisis that hit Indonesia in 1997/1998. In the process of decentralization, the new configuration of relations between the state, business groups and classes and the emergence of new local leaders brought about unintended consequences. The effort to transform schools and universities to become independent legal entities stagnated. Teacher professionalization faced problems. Principals and teachers were entangled in local politics. These conditions allowed the middle classes and capitalist groups to benefit most from the public resources. In the area of vocationalization, conversion of general secondary schools to become vocational did not work and was not cost effective because good vocational education became more expensive, yet more attractive to the poor. Public-private partnership that was supposed to solve this problem did not work, either, and as a result, the state had to spend, rather than save, more money to carry it out. Finally, in the area of internationalization, the government made some

progress because this program was popular among the rich middle class. However, it deprived public schools of resources, excluded citizens from access to quality education, and created a new hierarchy in education. As a result, the state found it very difficult to continue implementing it.

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To Hamdy Mappiasse and Hamdan Mappiasse

ACKNOWLEDGMENTS

This study would have been impossible without the continuous support and advice of the people who were around me while I was doing research. I specially thank Professor Hagen Koo, the chairperson in my dissertation committee. I have been working with him since I started my days in the Department of Sociology, and he showed me how important it is for a social researcher to be passionate about their research interests. I would also like to thank Professor Patricia Steinhoff and Dr. Hirohisa Saito, who have been saviors for me in certain stages of my study. My special thanks also to Professor Barbara Andaya; even though I did not have an intense academic exchange with her, she gave me the mental courage to talk about Indonesia. I would also like to mention Dr. Terrance Bigalke from the East-West Center's Academic Program, who shared with me an interest in studying educational reform in Indonesia. Additionally, I would not forget Professor Mike Lawson from Flinders University, Australia, who was willing to give me constructive comments on my first draft.

Many fellow students were also very helpful to me during my study. Among them are Yoko Wang and Shinji Kojima from Japan, Gita Neupane from Nepal, and Lance Nolde from the United States. Thank you so much for your honest friendship.

Finally, I would like to thank several organizations that provided me with invaluable financial support to undertake my doctoral study: the United States Department of State (Fulbright Presidential Scholarship), the University of Hawai'i at Mānoa (Achievement Scholarship and Graduate Teaching Assistantship), the East-West Center (Degree Fellowship), the American-Indonesian Cultural & Educational Foundation, Inc. (AICEF), and the South East Asia (SEA) Grant.

ABSTRACT

This is a study about the recent neoliberal education reform in Indonesia. With the strong support of the people, Indonesia has undertaken a large-scale education reform since the late 1990s. The government was highly confident that this would make Indonesia's education more efficient and competitive. After more than a decade, however, Indonesia's education has not significantly improved. Contrary to expectations, the series of policies that was introduced has made Indonesia's governance less effective and has deepened the existing inequality of educational opportunities. This study examines how and why this reform ended up with these unsatisfactory outcomes. The argument is that Indonesia's domestic politics and history have interfered with the implementation of the neoliberal policies and led to a distortion of the reform processes. Although neoliberal globalization was a powerful force shaping the process of the reform, domestic conditions played a more important role, especially the weakening of the state's capacity caused by the crisis that hit Indonesia in 1997/1998. In the process of decentralization, the new configuration of relations between the state, business groups and classes and the emergence of new local leaders brought about unintended consequences. The effort to transform schools and universities to become independent legal entities stagnated. Teacher professionalization faced problems. Principals and teachers were entangled in local politics. These conditions allowed the middle classes and capitalist groups to benefit most from the public resources. In the area of vocationalization, conversion of general secondary schools to become vocational did not work and was not cost effective because good vocational education became more expensive, yet more attractive to the poor. Public-private partnership that was supposed to solve this problem did not work, either, and as a result, the state had to spend, rather than save, more money to carry it out. Finally, in the area of internationalization, the government made some

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LIST OF ABBREVIATIONS

ABPTSI	<i>Asosiasi Badan Perguruan Tinggi Swasta Indonesia</i> (Indonesian Association of the Organizing Institutions of Private Higher Education)
ADB	Asian Development Bank
APTISI	<i>Asosiasi Perguruan Tinggi Swasta Indonesia</i> (Indonesian Association of Private Higher Education Institution)
ASEM	Asia-Europe Meeting (ASEM)
AusAID	Australian Agency for International Development
BAN	<i>Badan Akreditasi Nasional</i> (Quality Assurance Agency)
BAN-PT	<i>Badan Akreditasi Nasional-Perguruan Tinggi</i> (National Accreditation Body for Higher Education)
BAN-SM	<i>Badan Akreditasi Nasional-Sekolah/Madrasah</i> (National Accreditation Body for School/Madrasah)
BAPPENAS	<i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Agency)
BOS	<i>Bantuan Operasional Sekolah</i> (School Operational Assistance)
BP3	<i>Badan Pembantu Penyelenggara Pendidikan</i> (Assisting Body for the Education Performance)
BPK	<i>Badan Pemeriksa Keuangan</i> (Financial Audit Board)
DBE	Decentralized Basic Education
DGHE	Directorate General of Higher Indonesia
DPR	<i>Dewan Perwakilan Rakyat</i> (People's Representative Council)
Ebtanas	<i>Evaluasi Belajar Tahap Akhir Nasional</i> (Final National Evaluation of Learning)
ECE	Early Childhood Education
ECIS	The European Council of International Schools
FSGI	<i>Federasi Serikat Guru Indonesia</i> (Indonesia's Teacher Union Federation)
HE	Higher Education
IB	International Baccalaureate
ICE	Cambridge International Certificate of Education
ICT	Information and Communication Technology
ICW	Indonesia Corruption Watch
ILGR	Initiatives for Local Governance Reform Project
IPB	<i>Institute Pertanian Bogor</i> (Bogor Agricultural University)
ISO	International Organization for Standardization
ISPI	<i>Ikatan Sarjana Pendidikan Indonesia</i> (Indonesia's Association of Educational Studies Graduate)
ITB	<i>Institut Teknologi Bandung</i> (Bandung Institute of Technology)

ITS	<i>Institut Teknologi Sepuluh November</i> (Sepuluh November Institute of Technology)
JICA	Japan International Cooperation Agency
JPS	<i>Jaring Pengaman Sosial</i> (Social Safety Net)
KMAKP	<i>Koalisi Masyarakat Anti Komersialisasi Pendidikan</i> (Coalition for the Anti-Commercialization of Education)
L-BEC	Local Basic Education Capacity
LCC	Local Content Curriculum
LKS	<i>Lembar Kerja Siswa</i> (Student Workbook)
MA	<i>Mahkamah Agung</i> (Supreme Court)
MDGs	Millennium Development Goals
MKKS	<i>Majelis Kerja Kepala Sekolah</i> (Work Council of Vocational School Principals)
MK	<i>Mahkamah Konstitusi</i> (Constitutional Court)
MONE	Ministry of Education National Education
MORA	Ministry of Religions Affairs
MPR	<i>Majelis Permusyawaratan Rakyat</i> (People's Consultative Assembly)
MRPTN	<i>Majelis Rektor Perguruan Tinggi Negeri</i> (Council of Rectors of State Universities)
MT	<i>Megister Terapan</i> (Applied Magister)
OECD	Organization for Economic Co-operation and Development
PAN	<i>Partai Amanat Nasional</i> (National Mandate Party)
PGRI	<i>Persatuan Guru Republik Indonesia</i> (Teacher Association of the Republic of Indonesia)
PISA	Program for International Student Assessment
PKS	<i>Partai Keadilan Sejahtera</i> (Prosperous Justice Party)
PNPM Mandiri	<i>Program Nasional Pemberdayaan Masyarakat Mandiri</i> (National Programs for Community Empowerment funded by the World Bank)
RSBI	<i>Rintisan Sekolah Bertaraf Internasional</i> (Pre-international Standard School)
SBI	<i>Sekolah Bertaraf Internasional</i> (International Standard School)
SBM	School-Based Management
SD	<i>Sekolah Dasar</i> (Elementary School)
SMA	<i>Sekolah Menengah Atas</i> (General Secondary School)
SMAN	<i>Sekolah Menengah Atas Negeri</i> (Public General Secondary School)
SMK	<i>Sekolah Menengah Kejuruan</i> (Secondary Vocational School)
SMKN	<i>Sekolah Menengah Kejuruan Negeri</i> (Public Secondary School)
SMP	<i>Sekolah Menengah Pertama</i> (Middle School)

SNMPTN	<i>Seleksi Nasional Masuk Perguruan Tinggi Negeri</i> (National Selection for the State University Entrance)
SSPM	<i>Sekolah dengan Standar Pelayanan Minimal</i> (Minimum Service Standard School)
STB	<i>Sekolah tanpa Batas</i> (School without Border)
SUSENAS	<i>Survei Sosial Ekonomi Nasional</i> (National Socioeconomic Survey)
TIMSS	Trends in International Mathematics and Science Study
TK	<i>Taman Kanak-Kanak</i> (Kindergarten)
UGM	<i>Universitas Gadjah Mada</i> (Gadjah Mada University)
UI	<i>Universitas Indonesia</i> (University of Indonesia)
Unair	<i>Universitas Airlangga</i> (University of Airlangga)
Undip	<i>Universitas Diponegoro</i> (Diponegoro University)
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Emergency Fund
Unsu	<i>Universitas Sumatra Utara</i> (University of North Sumatra)
UPI	<i>Universitas Pendidikan Indonesia</i> (Education University of Indonesia)
USAID	The United States Agency for International Development

CHAPTER 1

INTRODUCTION

This is a study about the recent neoliberal education reform in Indonesia. With the strong support of the people, the government of Indonesia has undertaken a large-scale education reform since the late 1990s. The government was highly confident that this reform would lead Indonesia's education to become more efficient and competitive, introducing a new paradigm of educational governance and placing education as a shared responsibility among central government, local government, and community. Educational institution would become autonomous from the state and accountable to the public and stakeholders. Therefore, it would operate under an independent legal entity by which quality would be measured by the ability of each institution to compete in the market. After more than a decade of this reform, however, the condition of Indonesia's education has not significantly improved. Contrary to expectations, the series of policies introduced has made Indonesia's education governance less effective and has deepened the existing inequality of educational opportunities between the poor and the better off. This study seeks to examine how and why this reform ended up with these unsatisfactory outcomes. One major argument will be that Indonesia's domestic politics and history have resisted the implementation of neoliberal policies and led to a distortion of the reform processes.

1.1 The Crisis that Legitimized the Neoliberal Reform

Fiscal constraints, the emergence of democracy, and a market economy have led many countries to adopt neoliberal policies in the last three decades. Indonesia experienced a similar trend during this period, which became the driving force for its educational reform. For instance, under the influence of the global neoliberal economic policy promoted by the World Bank, the government experimented in 1995 with the decentralization of 26 provinces to deal with the decline of the financial capacity of the central government to pay for public services, including education (Smoke and Lewis 1996). About ten years before the financial crisis of 1997/1998, people who were disappointed with the actual conditions of Indonesia's education demanded a comprehensive reform. In order to address this public demand, the government then emphasized access and quality issues in their educational development programs. However, these measures did not bring significant change to Indonesia's education system. Instead, the reform was mainly

concerned with curriculum change and controversies around the definition and position of religious education and schools in the national education system.

Indonesia is a latecomer in neoliberal education reform. In October 1997, President Suharto decided to accept a loan package from the International Monetary Fund (IMF) to bail out the economy (IMF 1997). The program failed, and Suharto then had to step down in May 1998 due to domestic and international pressures after being in power for 32 years. Afterwards, conflicts broke out in a number of places.

In 1999, Indonesia started the amendment of its 1945 Constitution to accommodate the demands of the so-called *Reformasi* movement in order to adjust to global and local conditions. The most important mandates of this *Reformasi* movement were democratization and decentralization, along with attempts to clamp down corruption and human right violations (Bourchier and Hadiz 2003; Vickers 2005). Laws and regulations were prepared and produced to allow for the immediate realization of these mandates, a process which involved many international agencies and consultants in different fields of expertise. In the same year, a law on decentralization was passed in 1999 to be implemented in 2001. In this law, education was one of the public services that was transferred to local governments and bodies (Bjork 2005; Rasyid 2002; Rasyid 2009b). Two years later, in 2003, a new law concerning Indonesia's education system was passed, adjusted to the principles of democratization and decentralization (Arifin 2003). This law marked the stages of deregulation and reregulation, happening simultaneously. The period after this, from 2004 to 2012, was then an important period for the implementation of neoliberal educational policies, as it was the period where the state tried to translate its neoliberal projects into practices.

The Asian financial crisis seemed to bring an unprecedented opportunity for education reform to Indonesia. It was a blessing in disguise, as it enabled Indonesia to reinvent its education governance (World Bank 2009b:2). The state took several measures to introduce dramatic changes, beginning with the democratization of the political system and the decentralization of the governance system (Alm and Bahl 1999; World Bank 2005c). In order for school governance to conform to this structural change, it was restructured by transferring authorities and responsibilities from the central government to provinces, districts, and cities (Bjork 2003; Jalal and Supriadi 2001). This policy was then incorporated into the ongoing School-Based Management (SBM) project, which was to make decision-making in education planning and

management possible at the school level. Furthermore, within this decentralization movement, schools and universities were converted into legal education entities, referred to as BHP (*Badan Hukum Pendidikan*), which were local independent bodies to be responsible for defining priorities, planning activities, and administering human and financial resources. Consequently, school and higher education governance had to be transformed to become autonomous in management, governance, and funding. This embodied an effort to corporatize Indonesia's education. In 2010, the government gave instructions for all public universities to become legal entities as soon as possible (Jalal 2010). A similar trend happened for schools as well—they were required to become independent legal entities, removing the existing direct control of the state. During this process, a new curriculum was introduced, teaching jobs were professionalized, and the quality assurance system was enhanced.

1.1.1 Objectives of the Reform

This set of reform strategies was built upon neoliberal ideas. It was intended to increase people's participation and to improve schools' responsiveness to local needs. It was expected to facilitate the creation of a democratic society. Law No. 22/1999, the legal basis for the “big bang” decentralization, stated (DPR RI 1999),

In the implementation of regional autonomy, it is necessary to put more emphasis on the principles of the democratization, community participation, equity and justice, as well as considering the potential and diversity of the local region. (P. 1)

This Law No. 22/1999 was then translated into neoliberal educational policies in Law No. 20/2003 concerning the national education system. Policies adopted under the influence of neoliberal ideas by the government were stipulated in this post-crisis education law. Decentralization and democratization were two policies that had to be carried out simultaneously so that education would become a joint responsibility of the government and the community at different levels. The promise of these new policies was to reduce the complexity of the bureaucratic hierarchy and to improve quality (Arifin 2003:1-4).¹ Indeed, these strategies gave provincial governors, city mayors (*wali kota*), district heads (*bupati*), and schools unprecedented autonomy to make decisions concerning the development of education activities.

Through decentralization and democratization, the government was also eager to eliminate the historical and political boundary between public and private education institutions, to make education, especially basic education, accessible for all with equal quality.² Furthermore, in addition to the aforementioned problems of governance, the reform tried to address another

important problem of producing graduates who were ready to be employed or to become independent entrepreneurs. The government therefore launched another policy, namely education vocationalization. This policy had two main objectives: to bridge academic knowledge and work, and to reduce the unemployment rate among Indonesian youth.

This policy began with the vocationalization of the school curriculum in the form of Competency-Based Curriculum (KBK) in 2004. The government hoped to reverse the ratio between general and vocational secondary schools to 30:70 by 2015, and to strengthen vocational programs at the tertiary education level in order to expand access to vocational education (MONE 2005a). Through this policy, the government promoted public-private or school-industry partnerships to generate new resources. “Emphasis on private sector participation is given in the expansion of the secondary school” (MONE 2005a:65). The same emphasis was given in higher education to expand access (MONE 2005a:65). The policy was expected to generate a system where school graduates would continuously update their knowledge and skills to meet the needs of the job market through training (MONE 2005a:71).

The notion of international competitiveness preoccupied the government. In various comparative international studies, such as PISA and TIMSS, Indonesian students were ranked very low. In higher education rankings, such as QS World University Rankings, only a few of the Indonesia’s higher education institutions were listed among the world-class universities, mostly located on Java Island. Therefore, the government adopted the policy of education internationalization. This strategy sought to develop at least one international/pre-international standard school (SBI/RSBI) in each city and district across the country. The project was similar to the concept of charter and magnet schools in the United States and Britain (Fusarelli 2003) that sought to generate value-added or excellent education from within public services, often using a combination of public and private expenditure. The rationale behind this program was to create quality Indonesian schooling, to improve national education competitiveness among nations, and to enable students to have access to international opportunities.

Interestingly, even though the government mobilized education corporatization in the form of educational legal entities under the trend of decentralization, internationalization was directly connected to the government effort to corporatize schools and universities under the rationale of global challenges. Having been corporatized under an independent legal entity, an education unit or school was believed to be able to receive public and foreign aid more

efficiently. Licensing would become an important tool to determine the market position of all educational units (Arifin 2003:5).

Internationalization was then included in the Ministry of National Education's Strategic Plan 2005-2009, among policies to improve quality, relevance, and competitiveness. The government planned to have at least 112 units of international standard schooling by 2009 (MONE 2005a:70).

At the tertiary level, universities were encouraged to develop international programs in which international collaborations were highly encouraged and English was used as the primary language of instruction. The state aimed at having at least 32 international study programs by 2009. They wanted to improve "the level of competitiveness in Asia by raising a minimum of four colleges to come in the top 100 universities in Asia or 500 of the colleges in the world" (MONE 2005a:90, 99). In order to support this policy, university professors and students were instructed to increase publications, especially international (English) publications. All of these programs were overenthusiastic, if not unrealistic.

The government recognized from the beginning that these neoliberal policies would lead to the educational deprivation of the poor citizen. Therefore, the state promised to be fully responsible for the disadvantaged student—but it was responsible for the disadvantaged student only, not for all citizens. More importantly, in order to receive this service, disadvantaged students had to excel in their study. The government called this selective financial scheme a new paradigm model (Arifin 2003:9).

Freedom to move across education units according to student need and ability was also one of the promised features of this reform. In the past, students, for example, could not move from a public to private school or from a school under the Ministry of Education to another one under the Minister of Religious Affairs. This new paradigm also introduced an accelerated program for the fast learning student so that they could finish earlier (Arifin 2003:9).

1.1.2 Problems of the Reform

Having all these strategies in place gave a strong impression that neoliberalism had been evenly implemented. In fact, this was not the case. After more than a decade of the reform, despite that the government had managed to restructure education governance and diversify educational schemes, it has been very difficult for the state to create a genuine change in the education system. The structural reform has not been consistent in all domains.

Right after the crisis, the government was able to initiate different areas of reform without any significant obstacles because they received wide political and financial support from the people and from international donors. People were enthusiastic about the reform. Therefore, it was easy for the government to start out the decentralization of school with a plan for school corporatization, the democratization of the governance and curriculum, the modernization and professionalization of the teaching job, the standardization of the national education, and the vocationalization and the internationalization of schools. This configuration of power relations then enabled the government to begin a large-scale reform in education that was centered on decentralization and democratization. Both movements, as said previously, were supposed to make the governance system more flexible. However, it has been very difficult for the government to achieve this expected goal. The reform agenda that was formulated by the central government became problematic when the local governments implemented it.

The government produced laws and regulations that legitimized and regulated programs and projects related to the neoliberal reform. From these laws and regulations, they produced policy guidelines and details in order to create a balance between the need for reform and the need for political legitimacy. These laws and regulations, however, had to interface with a new political arrangement.

The reform suffered from the practice of fractured politics. It generated new local leaders who did not always support the agenda because it did not serve their political interests. Through democratic procedures, people and local leaders were capable of translating the national reform agenda into programs that were not necessarily in line with the reform's objectives. Schools, for example, were given the authority to manage their own financial and educational affairs. However, they could not stand against certain political pressures coming from district heads (*bupati*), city mayors (*walikota*), or local parliament members. These local political leaders often appointed school principals without using a democratic mechanism where the school council and committee should have played a leading role in the decision making. As a result, when programs were to be implemented at the local level, these principals were more loyal to the local leaders than to the objectives formulated in the reform agendas. Therefore, for example, when the central government disbursed the School Operational Assistance (BOS) fund to schools, local political leaders often became an obstacle, as they were often very keen to make use of this fund before it reached the school or to make sure that their local alliances benefitted from the fund. Schools

were usually silent in the face of such malpractice because they were often controlled by the interests of the local political leaders.

The irony was that most local political leaders who considered themselves empowered by democracy, in fact, did not have enough financial resources to fund their local reform programs. So, although they tended to act according to local political agendas that were occasionally contradictory to the national reform agenda, they remained financially dependent on the central government. The political freedom that the local leaders and people were enjoying was not accompanied by economic freedom. The central government, in turn, was highly dependent on international loans. It was thus not easy for the central government to generate reform programs that represented the actual issues people were facing in education, because international donors often conditioned their decisions through international loans.

Money politics and collusion as a result became a common practice in the processes of the reform. This led to an awkward marriage between the fact that the central government stayed dominant and the fact that their dominant intervention did not bring about effective reform. The way the government played this dominant role out did not support the real goal of the reform, which was to give local governments full opportunities to participate. More importantly, the local governments' financial dependency allowed the central government to justify its unproductive intervention.

This situation inevitably resulted in some unintended problems. The central and local leaders failed to develop well-coordinated cooperation. Instead, they were trapped in political games to serve their own group interests. For example, one of the intentions of the neoliberal reform was to reduce the fiscal burden of the national government through education decentralization. This kind of reduction in finance represented the efficiency that the reform meant to create. Yet, after more than a decade of the reform, the central government remained the main provider of the national budget. About 60 percent of the educational budget used by local governments came from the central government. The demand for higher salaries and the need to improve educational facilities and resources rose at the same time; however, most of the funding was used to pay teachers' and administrators' salaries rather than to improve teaching facilities (Jawa Pos 2011a; Toyamah and Usman 2004).

Meanwhile, education vocationalization did not change how people perceived secondary schooling. Despite the increasing number of vocational schools, they continued to prefer general

secondary schools to vocational schools for their children. This was also true for tertiary education. Most people did not consider vocational degrees their first choices for university education. The private-public partnership program that was promoted by the government to support this project did not work, either; vocational school degrees were not much appreciated by local industries. More importantly, although this vocational education was more expensive in fees compared to general education, it was more attractive to the poor student. As a result, the government had to shoulder higher cost to carry out this vocationalization. This was contradictory to the initial objective, which was to reduce public expenditure on vocational education through community and private participation.

The school corporatization that had been carried out alongside the implementation of education decentralization was incoherent. The government began this process by implementing the School-Based Management (SBM) model in public schools. While this model was relatively new to public schools, it was not unfamiliar to private schools because they had been virtually practicing this model already. Private schools therefore did not have any problem accepting this policy measure at the beginning. Once public schools were familiar enough with the concept of SBM, the government began a national campaign to corporatize the school system through a comprehensive plan to develop independent legal entities that would fully run the operation of each school. This was when resistance from private school organizations started to show up.

The same trend happened at the university level with deeper impact. While none of the schools reached the stage of being converted to independent legal entities, some top national public universities were converted into state-owned legal entities. Once these universities were transferred to independent bodies, they behaved like private higher education institutions. They developed a variety of business units within the university to create various sources of revenue, and built their capacities through partnerships with private sectors. They also aggressively sought new international collaborations with other institutions overseas. The first impact of this organizational change was the dramatic increase of tuitions and fees. This increase was accompanied by the diversification of student selection procedures based on economic considerations. Even though public universities in Indonesia were much smaller in number (only 3 percent—83 public [37% of all students]) compared to 2,928 private [52% of students]), they were the most preferable destinations among new secondary school graduates. They not only offered better quality education, but were also cheaper compared to the good private universities.

This process of transferring public universities to state-owned legal entities, however, has not yet been completed.

The new governance system, proposed in the form of independent education legal entities, was intended to take over the school and university operations from the state. While public schools and universities were totally new to this model, private ones were relatively familiar with the concept. However, this model inevitably would fundamentally turn both school and university systems upside down. It would not only reduce the social function of public education, but would also reorganize the power and authority structure of educational institutions. Due to this visible direction, private institutions blocked the transition because it would dismantle the status quo that they had been enjoying. Poor people, meanwhile, also mobilized their resources to prevent the ongoing change and strongly resisted the transfer of public education to a quasi-private system.³ As a result, the state could not continue implementing this school and university corporatization.

1.1.3 The Price of the Reform

With this development, the uncompleted structural change exacerbated the existing problems of inefficiency in the educational system and intensified the level of inequality in educational opportunities between the poor and the better off citizens.

The government consistently denied that the reform was a neoliberal reform and told the people of Indonesia not to worry about its possible social effects. This reform, according to the government, was the best way available to improve Indonesia's education. The government emphasized that the reform would neither marketize nor privatize Indonesia's education. Rather, it would provide a system that was capable of serving individual citizens according to their needs by allocating more resources and higher financial support.

In the last decade, according to Posso (2011), Indonesia actually produced new laws that were against the trend of privatization going on in the Asian region. This demonstrated the state commitment towards higher expenditure on education. During the reform, the government steadily increased the educational budget from year to year, which was contradictory to the trend of regulation and expenditure in most Asia countries. This did not, however, correct the increasing inclination towards further social inequality in educational opportunities. The reform led to a significant growth of education marketization and privatization, and this emerging

condition benefited the middle class⁴ and the business groups most in education because they had knowledge and skills to exploit it.

Education through internationalization and vocationalization policy has been increasingly highly-priced. Access to quality education services at internationalized and vocationalized programs became highly determined by how much a person could afford to pay. Schools were diversified and stratified based on academic achievement and economic resources. Within each school, another layer of stratification was generated through the creation of excellence classes (*kelas unggulan*) where the privileged students gathered. Schools competed to develop study programs that were attractive to the rich middle class, and the increasing use of academic testing and the growing importance of credentials caused the rise of after-class learning centers, well known as *Bimbel*, in almost every city all over the country. Students' opportunities to excel in academic testing then were not only determined by the school they attended but also by the after-class learning center they joined.

The government, to increase the enrollment rate of basic education, has also promoted early childhood education. Private actors played a dominant role in its provision because early childhood education according to the regulation was not part of the universal education that the state must provide for the citizen. Basically, although the government did not make early childhood education a prerequisite for primary school entrance, as the demand for quality schools for basic education increased, many popular primary schools made it a prerequisite. While families were striving to register their children in these schools, they introduced entrance selection based on children's ability to read, write, and count. As a result, children were literally forced to learn these skills at an early age. This practice was unlawful according to the Instruction of Basic and Middle Education Management of the MONE No. 1839/C.C2/TU/2009 because early childhood education was expected to apply the principle of "learning by playing" and primary schools were not supposed select children based their ability to read, write, and count (MONE 2009d). Yet, this practice became widely exercised. Interestingly, while most people considered the quality of early childhood education based on academic ability, a few elite early childhood education centers gave emphasis to the development of social norms, democratic values, and creativity of the children. This condition not only led to a growing demand for early childhood education, but also created social cleavage in education from an early stage.

The educational diversification that was promoted by the reform to address the different needs of the students in fact led in the opposite direction. The reform, intended to promote democracy and diversity, led schools to strive for uniform standards. In order to be recognized as good schools, schools had to adopt these universal standards so that they could attract more affluent customers. The reform led to contradictions that resulted in a growing gap between good and poor schools, most and least favorite universities, and rural and urban schools.

It seems that the neoliberal reform of education in Indonesia not only offered more choices for knowledge seekers, but also generated new patterns of educational opportunities. The increasing trend of marketization and privatization gave people more chances to achieve their individual education goals. This condition, however, left most people deprived of the freedom to choose. This would seem to be contradictory; and yet, the neoliberal reform enabled such contradictions to happen. The various problems it faced in implementation to realize the original goals exacerbated these contradictions, leading to higher price of social consequences.

1.2 Research Problems and Arguments

The purpose of this study is to describe and analyze the discrepancies between the proposed objectives and the actual outcomes of the education reform carried out during the period of 1998 to 2012, by focusing on the challenges encountered in its implementation and on its consequences. In order to achieve this goal, this study will examine the politics of neoliberal education reform in the areas of education decentralization and corporatization, vocationalization, and internationalization. It will focus on the global neoliberal and local agendas that drove the reform processes from inside and/or outside educational organizations. It will investigate how the power of the individual and of groups directed and redirected decision-makings. I will not treat the politics of the Indonesia's education reform simply as an administrative matter (Carl 1994:296); I will examine the interests and ideologies of these individuals and groups, contradictions within policy formulations, and the constraining and enabling conditions under which the reform occurred (Grace 1991; Tan 2008).

By doing so, generally I will be able to describe and examine how these areas of policy reform have been undertaken and how this reform generated unsatisfactory outcomes and unexpected consequences. This study will further examine how the reform led to less effective governance and less choice for most people. It will try to investigate factors contributing to these outcomes.

To be more specific, this study will address research questions in three different areas of the reform.

First, in the area of decentralization, the reform brought about several unintended consequences: an increasing financial burden for the central government, more difficulties in making cohesive decision-making, deteriorating conditions of education, and widening inequality of opportunities between the poor and the better off. It is believed that these outcomes were due to the new configuration of political relations and the nature of class relation. The questions with regards to this topic are (1) how the attitude of the central government, new local leaders, and international organizations towards the crisis led to a problematic decentralization and democratization in general, and how the conditions they created resulted in a policy characterized by overreaction towards the emerging demand for reform in the form of school and university corporatization; (2) how the new local leaders created by the decentralization and democratization complicated the effort of the central government to implement school decentralization and standardization; (3) how different interest groups mobilized their resources to prevent the government effort from corporatizing schools and universities; (4) how various policies, such as standardization, implemented under the decentralization and democratization project led the middle classes to maneuver around; and (5) how the development of these new dynamics generated less effective and efficient governance of education, and furthered inequality in educational opportunities.

Second, in the area of vocationalization, the reform gave rise to several unintended consequences. Opening more access to education by converting many general secondary schools to become vocational schools did not work because vocational education turned out to be more expensive, but more attractive to the poor. In addition, public-private partnership intended for this project did not happen. Furthermore, graduating from a vocational secondary school did not make a significant difference in terms of employability. As a result, the state had to spend, rather than save, more money to carry out this policy. It will be argued that the nature of the class-based market demand complicated the government effort to make vocational education mainstream education. The question, then, is (6) how such a well-planned project by the government to transform vocational schools to become national mainstream schooling was complicated by the class-based market demand.

Third, in the area of internationalization, the government made very good progress because it received strong acceptance among the middle classes. However, this deprived most public schools of public resources, excluded many citizens from access to good education, and created a new hierarchy in education. It is assumed that both conflict of interests among different groups and the nature of class relation and consumption prevented the government from carrying out this program as planned. The questions here are (7) how this project restructured educational opportunities in Indonesia's education, and (8) how the social class and the emerging conflicts of interests prevented the government from continuing to carry out the development of public international standard schools.

In order to address these questions, I will make a connection between neoliberal globalization, class, and state.

Neoliberal Globalization: Neoliberal globalization is a relatively new yet dominant ideological direction in the global world system. This world system is in continuity with the initial global environment formed by capital expansion and cultural diffusion, and the recent trend of neoliberalization operates within this global environment—it cannot be disconnected from the initially created world system under a different ideological trend. This ecological environment can be approached through two main perspectives, namely economic and cultural globalization. This does not mean that the political dimension of globalization is not important, however. This power dimension is very deeply embedded in economic and cultural activities through political coercion, including military invasion, to support and maintain expansion. As a result, it becomes less appropriate to be used as an analytical tool.

The first, economic globalization, can be seen in how international donor organizations worked with the government through market collaborations. Through these collaborations, such international institutions led Indonesia to undertake specific organizational arrangements to fit into a system globally promoted (Dale 2000). Such arrangements were often tied to the requirements and conditions of the financial and resource support. In order to avoid political resistance, movements like this tended to capitalize on a moment of domestic crisis. Education decentralization, for example, had been around and promoted by the World Bank and its alliances since the 1970s in Latin America, and in the 1980s came to Indonesia. It did not manage to cause a great impact, however, until a multidimensional crisis hit the country. Crisis had been used by these organizations to justify and internalize the demand for a radical reform under the influence

of neoliberalism. This process created the necessity to adopt and implement democratization and decentralization of educational governance. Through this model of governance, educational practices were directed to follow strategies that were expected to allow wider private participation so that the state could reduce its public expenditure. Less expenditure on public education meant more market opportunities for private actors in education and more resources to be allocated to development projects that could facilitate the expansion of market facilities, such as roads and bridges that connect the producer and the customer. It is important to remember, though, that private participation in Indonesia's education was not new; it had been strong from the day the country had developed its Western education system model.

The second, cultural globalization, began with the rise of the modern nation-state model in the West, resulting in the creation of a world system culture. Processes of rationalization and standardization in the calculability of bureaucracy led the global society towards the convergence of their organizational systems, including their educational systems (Dale 2000; Meyer, Boli, Thomas and Ramirez 1997). Even though Indonesia had its own indigenous education system that existed before its establishment as a modern nation-state, its education system gradually had converged with the Western model after the end of European imperialism in the late 1940s. In the latter development, Indonesia, as other countries did, joined various international networks where policy makers and think tanks shared a current body of knowledge, such as UNESCO. In such an environment, they were consciously engaging in the reproduction of the world system culture. They were inclined to reproduce and maintain this system because they produced knowledge and skills with reference to the notion of a modern nation-state. They therefore shared knowledge and information that they uncritically believed could serve their people and countries. Although this process is more about the creation of the world culture, it is important in creating an environment where every nation feels the necessity to adopt the global trend of neoliberalism, because it becomes a mainstream discourse in the field. Once the core countries in this world culture introduce a new paradigm, such as the need for democratization, decentralization, and internationalization of education, other non-core countries will internalize it as a natural process that all nations in the world system culture will experience. This paradigm in fact is an ideological force infused by the core nations to the rest of the world through various international organizations.

In sum, even though economic globalization and cultural globalization (Dale 2000) are two different analytical tools to understand the creation of the world system, as phenomena, they reinforce each other to become channels to promote the adoption of neoliberal policies across nations, including Indonesia.

Class: while transnational and domestic business groups represent the capitalist class, citizens form groups of the middle rich and the lower poor classes. Neoliberal globalization through economic and cultural expansion did not only lead economy and culture to become globally diffused, it also allowed transnational and domestic actors to meet and compete to influence the arrangement of educational reform within a nation. Neoliberal reform sometimes caused the interests of transnational agencies and domestic business groups to collide. Internationalization, for instance, was viewed both by both transnational and domestic groups as a promising trend because it could offer better business opportunities. But domestic business groups were not willing to translate internationalization into an open competitive environment. They were disturbed by the fact that internationalization could allow transnational players to enter Indonesia's education market so that less competitive local players would lose the market.

Domestic actors, on the other hand, were experiencing internal conflicts that affected the reform's development and outcome. These actors from inside and outside the state represented local agendas. While actors from within the state included members of political parties in the parliament, government leaders and bureaucrats, and teachers, actors from outside the state were business sectors, media, lay people, and social movements. These local actors engaged in continuous negotiations to shape the reform's development. Groups of people with middle class consciousness across these social categories tended to maneuver around to make the most out of the different settlements resulting from these negotiations.

A public voucher called a BOS fund, for instance, was offered by policy to every citizen to have an equal chance to pursue basic education. Apparently, due to middle class prestige, the policy actually allowed the better off family to gain more advantage over the poor who had to spend more money to obtain relatively equal basic education. At the same time, the weakening state, due to the economic, political and social crisis it was facing, encountered serious challenge from an emerging civil society movement using new democratic mechanisms to question the government policies that affected them negatively. This new movement often represented

conflicts between the poor and the rich, or the business group and the user of educational services, and influenced decision-makings led by the state.

State: The state, then, has to continue to play its role in creating a balance between the need for capital accumulation and the need for accommodating democratic demands to support its existence (Codd, Gordon and Harker 1996). While economic interest was the main motive of different international donors in supporting the reform, Indonesia as a state had its own mission, which was not all about economic gains. True, the state needs financial resources to survive. It also, however, has a historical and political mission to remain relatively independent. The state, therefore, has to work hard to generate a balance between protecting its political legitimacy and protecting the interests of the capitalist. However, it would not be totally subjected to the neoliberal globalization force (Carnoy and Rhoten 2002). While political legitimacy is an intrinsic element of a nation-state as a social institution, capital is an important fuel to fund its activities (Codd et al. 1996).

Neoliberal globalization has made this task more difficult and problematic for the state to perform (Harvey 1990), especially for Indonesia because it has a weak state regime and less organized civil society. This already weak state was deteriorating when the crisis happened. A strong state regime with a serious political focus could plan and execute a reform program according to its own objectives because it could allocate resources to sectors it wants to include. On the other hand, a well-organized civil society could offer strong bargaining with the state to resist or support its reform project. When it resists, such a society has the capacity to produce an alternative policy for the state to pursue. Thus, a well-coordinated reform could not easily happen in Indonesia. Different social forces continuously competed to shape the reform's development. Theoretically speaking, the state as an arena of conflict has to purposively select competing projects (Arnove, Torres, Franz and Morse 1996; Carnoy and Levin 1986) to deal with democratic demands through temporary settlements (Taylor, Rizvi, Lingard and Henry 1997). A purposive selection by the state nevertheless becomes difficult to make without relatively well-coordinated collaboration among interest groups.

Will the adoption of neoliberal policies by a weak state necessarily lead to unsatisfactory outcomes or by a strong state to satisfactory outcomes? I say "No" because this is a historical and empirical question, not a logical question. Therefore, some nations that have strong capacity have also encountered problems in reform, such as Britain, the US, Australia, New Zealand (Whitty and

Power 2000), China (Mok, Wong and Zhang 2009), and South Korea (Lee 1995). State capacity is a function of the configuration of various social forces formed through political and historical processes. It is not only about having more or fewer resources. Rather, it is more about how harmonious the various social forces involved in the processes are. However, given the historical weakness of Indonesia's capacity in education, its subsequent weakening due to the multidimensional crisis that happened made its effort to organize different social forces into a well-coordinated configuration that much less feasible.

The main argument of this study is that the enthusiastic reform produced unsatisfactory outcomes. These unexpected outcomes should be understood within the context of the global neoliberal trend and the domestic conditions of Indonesia. The neoliberal globalization that transformed Indonesia's education system encountered problems brought about by the weakening of the state's capacity, internal contradictions created by neoliberalization, the forces of local politics and agendas against neoliberal agendas, the configuration of class relations involving international and domestic actors, and the nature of class-based demand. As shown in Table 1, out of all of these factors, the weakening of the state's capacity operates as a controlling factor because it influences the direction of the other contributing factors. It also operates in all areas of reform under the study, with a stronger presence in the education decentralization. For instance, the effect of the internal contradictions created by neoliberalism on the reform outcomes may have been reduced if the state had had good capacity. Similarly, decentralization, vocationalization, and internationalization could have produced outcomes that were more satisfactory if the state had been capable enough to act according to the reform agendas. So, while the state capacity controls the function of other factors and operates across three domains of reform, other factors exclusively contribute to the outcomes of the reform in each of the three different areas. The more of these factors that exist in a domain of the reform, the more complicated the processes become.

In the three main domains of the reform, the state capacity truly matters. If a state is strong enough, it has a better chance to reach the proposed objectives of the reform because it has the capacity to design and implement policies with a cohesive structure in government, bureaucracy, and institutions. This gives the state the ability to include enabling forces or exclude constraining ones (Evans 1995; Evans 1997; Mok and Yep 2008; Vu 2007). The absence of this ability put Indonesia in a very difficult situation because when the state had no choice but to play

its role as mediator in the reform process, it was beyond the capacity to do so due to the absence of well-coordinated collaboration among reform actors.

Decentralization in education was the most complex event in the reform. Along with its development, a change in the configuration of the relationship occurred among the state, international agencies, and local business groups, and between the rich and the poor. The strong consensus that started the decentralization did not last long, as new powerful local leaders emerged to complicate the effort of the state to create cohesive collaboration among the various parties involved. As a result, the state was unable to play an effective role, leading to various class reactions to public resources. The middle classes and private sectors tended to direct where these resources should go. Similarly, the emphasis on standardization and quality assurance created a new education environment outside the school, in particular an increasing demand for after-class school subject tutoring, English classes, and early childhood education. As these were processes that produced winners and losers, social conflicts intensified. Democratization then allowed the various groups affected to raise their demands to the state, often challenging the proposed agendas of the neoliberal reform. As a result, it was difficult for the state to take cohesive action.

In education vocationalization, the state mainly demonstrated its weakness in its inability to convince the people and the private sector that vocational education, not general education, could provide a better education for students and was a good business opportunity for the private sector. The state was not critical in addressing what kind of skills and knowledge citizens would like to have, and what kind of workers employers would like to hire. Consequently, people were not highly enthusiastic to send their children to vocational schools. Similarly, private sectors were not so interested in collaborating with the government to support vocationalization. Furthermore, the job market did not see any significant advantage in recruiting the vocational school graduate over the general school graduate. As a result, the state unexpectedly had to shoulder additional financial burden to carry out this program.

In education internationalization, the state demonstrated significant progress in carrying out its agendas to address people's demand for quality education within the public school system. This program, however, brought about some social consequences. It caused rocketing tuition fees for students, and an increasing subsidy for the state. Consequently, internationalized public schools became extremely expensive. Such conditions attracted public protests and discontent.

Table 1. Actual Policies Adopted and Contributing Factors to their Implementation

Policies Adopted	Original Goals	Contributing Factors	Weakening of the state capacity*: Weakening state capacity caused problems for the state to develop cohesive coordination among different interest groups
Education decentralization and democratization: 1. Moving authority to city and district governments 2. Applying School-Based Management (SBM) governance model 3. Developing independent education legal entity for schools and universities (corporatization) 4. Establishing quality assurance system (new definitions and standards for curriculum, teachers, and quality)	1. To reduce bureaucracy complexity 2. To improve competitiveness 3. To eliminate the boundary between private and public education units 4. To increase people's participation 5. To improve education relevance to people's needs 6. To equalize access to education for all	1. Changing configuration of the relation among the state, international agencies, local business, and between the rich and the poor 2. New local leaders intensified the issue of fractured politics, preventing the creation of cohesive collaboration	
Education vocationalization 1. Adopting Competency-Based Curriculum (KBK) 2. Reversing the balance between general and vocational secondary school 3. Establishing vocational education study programs at universities	1. To bridge academic knowledge and work 2. To reduce unemployment rate 3. To support the generation of new workers for new local governments	1. Low consumption of vocational education among the middle classes 2. Low market value of vocational credentials 3. Difficulty of building a private-public partnership	
Education internationalization 1. Transforming public or public aided schools to become international standard schools 2. Developing international study programs at universities	1. To generate quality education 2. To enable graduates to access international opportunities 3. To improve national competitiveness	1. Conflict of interests between the state along with international agencies and domestic business, and between the rich and the poor 2. Conspicuous consumption of internationalized education among the middle rich classes	

* State capacity is assumed to affect other factors and operate across areas of the reform.

Education internationalization became the domain of social conflicts between the rich and the poor, and between international business groups and local business groups. The state was unable to manage this process in a way that could save the reform agendas.

1.3 Indonesia in Perspective

In order to appreciate Indonesia's effort to perform a large-scale reform in education, it is important to look briefly at the actual condition of the country. Indonesia is an archipelago country consisting of 17,508 islands, only about 6,000 inhabited (CIA 2012), located in Southeast Asia (see Figure 1) and neighbored by Malaysia, Singapore, Australia, the Philippines, Papua New Guinea, and East Timor. It is 5.193.250 sq. km, but only one third of this area is land, which is 1.919.440 sq. km; the rest is seawater. As of 2012, its population was estimated to be about 250 million, the fourth world



Figure 1. Indonesia (Wikipedia)

largest (Invonesia 2013; Kemendagri 2013), and its GDP (PPP) was US\$1.2 trillion with 6.2% growth, and US\$4,977 per capita (Heritage 2012). It has only two seasons, wet and dry, and due to its geographical location, it is prone to various types of natural disasters, especially floods, volcanic eruptions, typhoons, earthquakes, and tsunamis. Since the 1980s, the country has experienced an increasing trend of natural disasters. In 2012 alone, it recorded 2,311 events, taking a death toll of 399. In 2004, the year of Aceh's devastating tsunami, 896 events were recorded, with a death toll of 168,853 (DIBI BNPB 2013).

Indonesia has about 1,000 ethnic groups across the archipelago. Only about 18 of these groups have a population more than one million people (see Appendix A). The Javanese and Sundanese people make up the majority, about 41.71 percent and 15.41 respectively (Hasbullah 2012). Islam is the religion of the majority (85 percent). Muslims have been politically active since the establishment of Indonesia, marked by the presence of *Nahdlatul Ulama* (NU) and *Muhammadiyah* as two influential civil society organizations that have political wings in the country until today. Christians (which hold the majority in certain areas, such as North Sulawesi, Batak, Nias, and Mentawai in Sumatera, Tana Toraja in South Sulawesi, East Nusa Tenggara, Maluku and West Papua), Hinduists (which hold the majority in Bali), and Buddhists (largely Chinese) are relatively in the minority, but are also politically engaged like the Muslims. Interestingly, the increasing trend of natural disasters in the past three decades has coincided with

the rise of local identity politics that in some cases has led to social unrest (Sontosudarmo and Tukiran 2003). The new democracy the reform introduced, then, opened the gate for political participation. As a result, within a very short period, Indonesia's administration has expanded through regional proliferation. The number of political parties increased dramatically from only three before 1998 to become forty-eight in 1999.

Good universities and universities are concentrated in Java. In 2008, the government released a list of 50 of Indonesia's promising universities to rise as centers of international excellence. Seventy-six percent (38 universities) of them were located in Java (see Appendix B-C). A similar concentration happened with the public international/pre-international standard schools (SBI/RSBI)—of the 378 general secondary schools listed as SBI/RSBI in 2010, fifty-nine percent (222 schools) were located in Java (see Appendix D).

1.4 Methodology

1.4.1 Methodological Discussion

The data used to address the research questions advanced in this study are a wide range of materials related to Indonesia's education reform between the 1990s and 2012, including the minutes of the People's Representative Council and the documents of the Ministry of Education, major Indonesian newspapers and magazine articles, mainly available online, and domestic and international scholarly reports. These data are used to describe and to analyze the dynamics of the education reform. They were first categorized thematically according to the themes of the reform, in chronological order according to the event timeline from the 1990s to 2012. By doing so, the story of the reform unfolded from the origin to the implementation, revealing certain outcomes.

Democratization and decentralization, for instance, were two main emerging themes when the neoliberal reform started. The data related to these themes were put together to describe and examine how democratization and decentralization progressed in relation to the government effort to liberalize Indonesia's education system. As the historical order was taken into consideration, sub-themes were not necessarily directly related to a central theme in terms of meaning. Thus, when I address the theme of school decentralization and standardization, I put data related to curriculum reform and teacher professionalization alongside school corporatization, high stakes national examinations and quality assurance under this theme. Even though these sub-themes carried individual policy proposals, as policy events, they historically occurred simultaneously under the same theme of decentralization and standardization. They therefore cannot be understood

separately. They are different policy events that reinforced each other to enhance the ongoing neoliberal education reform.

The challenge in putting these data together to speak to the research problems was that each type of resources reported the reform events from a different perspective. Indonesian newspapers, for example, often focused on problems that concerned the public in a critical perspective. They tended to challenge the government's claims of success. On the other hand, the documents produced by the government or their alliances tended to show the positive sides of their work, covering up the social and political dynamics of the reform processes.

In order to address question 1—how the attitude of the central government, new local leaders, and international organizations towards the crisis led to a problematic decentralization and democratization in general, and how the conditions they created resulted in a policy characterized by overreaction towards the emerging demand for reform in the form of school and university corporatization—I describe the structural change that Indonesia's politics, economy, and education system have experienced from the 1970s to 2010 in Chapter 3. I address events leading to the adoption of the neoliberal reform in Indonesia's education system, and demonstrate how the initial structure of politics allowed the crisis of 1997/1998 to open the gate for the liberalization of Indonesia's politics and economy system. I then show how the government of Indonesia and the international donors worked together to establish a strong base for the reform, focusing on deregulation and reregulation, and the reinvention of the governance system and principles. Democratization and decentralization were two key policies proposed and pursued to transform the political economy of the country. I also show how the emerging local leaders responded to both policies. I examine this process using data mostly from the World Bank reports, Indonesian governmental documents, and research on the Indonesian political economy.

From chapters 4 to 6, I describe the dynamics and the conditions under which the three main policies, education decentralization and standardization, vocationalization, and internationalization, were implemented. My description and analysis of this problem is mainly drawn from newspapers' and institutional reports from the government of Indonesia, the World Bank, UNESCO, and the Asian Development Bank.

To answer questions 2-5—(a) how the new local leaders created by the decentralization and democratization complicated the effort of the central government to implement school decentralization and standardization; (b) how different interest groups mobilized their resources to

prevent the government effort from corporatizing schools and universities; (c) how various policies, such as standardization, implemented under the decentralization and democratization project led the middle classes to maneuver around; and (d) how the development of these new dynamics generated less effective governance of education, and furthered inequality in educational opportunities—in Chapter 4, I demonstrate how decentralization and democratization have enabled the new local leaders to mobilize local resources for their political interests. The middle classes, on the other hand, have the ability to direct or access various resources to benefit them in education. This condition of course led to deteriorating education conditions and deepening inequality.

To deal with question 6, how such a well-planned project by the government to transform vocational schools to become national mainstream schooling led to unsatisfactory outcomes, in Chapter 5, I show that the strong support of the national and local government for the school vocationalization did not make secondary vocational education become popular among students and parents. Vocational education graduates were not highly valued in the job market, and the proposed partnership between the private and public sector in the development and improvement of vocational education did not work as it was intended.

To answer questions 7-8—(a) how school internationalization restructured educational opportunities in Indonesia's education, and (b) how the social class and the emerging conflicts of interests prevented the government from continuing to carry out the development of public international standard schools—in Chapter 6, I present how the government started the development of international public schools by introducing various types of school standards. They tried to incorporate several public universities in developing so-called centers of excellence through which they promoted international-oriented programs, such as international degrees, accreditation, and certification. Accordingly, a new hierarchy in education emerged. This class differentiation and discrimination attracted groups of individuals and organizations for social movements to mobilize resources to stop school internationalization.

Finally, drawing on the theory of neoliberal globalization, state, and education, and a set of studies on the late education reform in different countries presented in Chapter 2, in Chapter 7, I draw conclusions in which I develop a theoretical base to explain why the reform inevitably led to unsatisfactory outcomes.

The purpose here is not to evaluate the success or failure of the education reform in question, but to explain how it has progressed in order to understand the changes that occurred and consequences that accompanied it. In doing so, assessing its achievement using evaluative terms is inevitable, and it is expected to reveal how local and national agendas in Indonesia interface with the global force of neoliberalism. This study explains how Indonesia's recent education reform transformed the national education system into its current condition. I do not mean to perform a policy evaluation, but rather, I would like to emphasize some important aspects of the reform in order to explicate the underlying politics of it. Even so, in many cases I will not be able to avoid bringing in some kind of evaluative description of policies in order to demonstrate what is happening on the ground.

The relationship between the state, market, and civil society is an important aspect in my analysis because education is one of the state's activities as well as an important player in the formation of modern states (Whitty 1997). When the neoliberal reform started in Indonesia, the state needed to redefine its role in education and the role of education itself for the state in relation to the market and society.

Having been colonized by European power for a long period, especially Java, the Indonesian elite from the beginning realized that in order to support nation-building processes Indonesia should make education an integral part of development activities. The 1945 Constitution therefore stipulated education as a basic right for all citizens. So, education became a subject and object of the state at the same time. It became impossible to imagine the existence of Indonesia without educational activities. But, the state was aware that education as an activity must be provided in a way that allowed education to become a tool for nation-building, especially to serve the need for obedient and hard-working citizens. In order to ensure this, education had to be treated as a social service that the state must provide, away from market mechanisms. The notion that education is a basic right and the state is the sole provider for education, however, was seriously questioned when the neoliberal reform started. The reform wanted the state to change this paradigm to become market-oriented, by which education would be treated as a commodity and citizens would become buyers.

The demand for this new paradigm would never be easily satisfied because both the old and new paradigms served different interest groups. The change had to go through negotiations and renegotiations to reach a settlement. Therefore, the story of the education reform in

Indonesia, as in other places, is not a neat account. It is a complex story, full of contradictions and conflicts. According to Ball (1990), a good presentation of such a story should, “capture the messy realities of influence, pressure, dogma, expediency, conflict, compromise, intransigence, resistance, error, opposition and pragmatism in the policy process. It is easy to be simple, neat and superficial and to gloss over these awkward realities. It is difficult to retain messiness and complexity and still be penetrating” (p. 9). This task becomes more difficult because in Indonesia, both state and civil regime are weak. Therefore, this produced an even messier reality in which it is not easy to grasp the elements involved and how they contributed to the processes.

Involvement of the state in the global economic system allowed international economic and donor organizations to play an important role in setting the arrangements of the reform. Although I take this global perspective into consideration in the analysis, at the same time, I stress that local actors played a very important role in negotiating global pressures for homogenization (Davies and Guppy 1997). These interest groups came from both within the state (i.e., political parties, government, and teachers) and outside the state (i.e., business sectors, media, people, and non-governmental organizations), and were involved in directing the development and implementation of the reform. These local actors, holding their own local motives and interests pertaining to the local politics and history, mediated the effects of the global trend on the Indonesian education system. Therefore, in my analysis, I try to specify the nature of the global force affecting the Indonesian education reform (Dale 2000). At the same time, I will describe how local actors were relatively autonomous in reacting to the actual conditions to support or to resist change. In doing so, I will keep in mind that education reform is not only about what people think is ideal for change, but more importantly is a political process. It is decisions that are made based on many considerations, which are often symbolic and do not necessarily have real effects on society. The conditions under which reform is made are always changing such that policies are often implemented because they are easy to, not because they are beneficial to the public. An influential organization or institution can have an ability to change or to resist a reform, and moreover, the history and culture of a nation itself can be influential on shaping policies (Levin 2001:22-23).

Interestingly, under the effort to build a democratic society as mandated by the *Reformasi*, different legal institutions were established. One of these institutions was the Constitutional Court (MK), established in 2001, mandated in the third amendment of the 1945

Constitution. It was believed that an institution responsible to review the constitutionality of laws was required to mediate constitutional disputes among state institutions or citizens. This institution has a powerful legal role in four areas, where it becomes the first and last level court with final and undisputed decisions: (1) to review laws against the 1945 Constitution; (2) to decide the case on disputes among state institutions receiving authorities from the 1945 Constitution; (3) to rule the dissolution of political parties; and (4) to resolve the disputes of the general election results. In addition, the MK has an obligation to conclude on the People's Representative Council (DPR) view whether the President and/or Vice President have infringed laws, including treason to the state, corruption, bribery, crimes, or misconduct; and/or to give an opinion that the President and/or Vice President are not eligible anymore (Article 24C, 1945 Constitution) (Constitutional Court 2009b). This Court played an important role in the processes of the recent educational reform, as we will see.

Taking both global forces and local dynamics into consideration in the analysis makes a class dimension inevitable in understanding the direction of the reform. The recent emergence of middle classes in Indonesia created a new demand for education, and the strategies that they used to maintain and promote their class position in society through education often directed the path of the policy reform. More importantly, globalization enabled the interaction between transnational and local business classes. Both classes had capital interests in the reform, and the way these interests were channeled in the reform was not always symmetrical.

The data used in this study are mostly texts that carry overt or covert ideological and political directions and bias (Taylor et al. 1997). They need to be deconstructed with an adequate understanding of their context in order to help address the research questions. As many stories are adopted from daily newspapers reports, I use them carefully to avoid the misreading of reality. These reports often take a critical standing towards policies undertaken by the government, especially when they touch the concerns of the public. In such situations, I will look for the same stories in governmental documents to become supporting data.

1.4.2 Definitions and Concepts

Several categorical terms used in this study need further clarification when applied to the context of Indonesia's education reform. The Indonesian experience indicates some similarities in content to the global trend when these terms are translated into practices; however, some elements and characteristics of them are absent or weak.

1.4.2.1 Decentralization

The meaning of decentralization has been changing over time from focusing on the deconcentration of the government hierarchical structure to the higher political participation of civil society (Cheema and Rondinelli 2007b).⁵ Decentralization is always about politics because it is directly related to the changing of rules that regulate resources, and responsibilities at different levels of government. Therefore, the parties involved have to fight to retain their interests (Eaton, Kaiser and Smoke 2011). The World Bank team on decentralization defined decentralization as “the transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent government organizations and/or the private sector” (Decentralization Thematic Team 1999c:1).

There are four different types: political, administrative, fiscal, and economic or market decentralization. Political decentralization aims to allow people and their representatives to participate in public decision-makings. In order to enable them to exercise this power, reform is required in the areas of constitution, the political party system must become pluralist, the legislatures must be stronger, local politics units must be created, and effective participation is need from public interest groups. Administrative decentralization, on the other side, transfers responsibilities to lower levels of governments or authorities to carry out planning, financing, and management of certain public services. This type of decentralization comes in three forms: (a) deconcentration, which is the redistribution of decision-making authority and financial and management responsibilities among different levels of the central government; (b) delegation, which is the transfer of responsibility to units of semi-autonomous organizations that are accountable to the central government without being fully controlled; and (c) devolution, which is the transfer of authority to quasi-autonomous bodies of local government that have a corporate status. This is the strongest form of the administrative decentralization that underlies most political decentralization. Fiscal decentralization is about the revenue needed by the lower governments to carry out their new responsibilities stemming from the decentralization process. This can be found in several forms: self-financing or cost recovery, co-financing or co-production, expansion of local revenues through property or sale taxes, or indirect charges, intergovernmental transfers, and authorization of municipal borrowing. Finally, economic or market decentralization is the transfer of the responsibility of the government to businesses and community groups, cooperatives, private voluntary associations, and other non-government

organizations. This type of decentralization comes in two forms: privatization and deregulation. This is the most complete form of decentralization (Decentralization Thematic Team 1999c).

Manor (1999) emphasizes that the recent experiment of decentralization was mainly the transfer of resources, power, and tasks to lower level authorities accompanied by elements of democratization.

Indonesia has been experiencing political, administrative, fiscal, and economic or market decentralization at different levels across sectors. Education as a public service has been heavily influenced by decentralization and democratization. The pluralist political system that occurred after the reform made education an important domain of debate among different political parties at different levels of government. Administrative authority of education was transferred to the governor, mayor, and district head. This was followed by a policy of balancing financial distribution between central and local government. Along with these processes, marketization also occurred, identified with the increasing participation of the private sectors in the provision, financing, and management of education. Educational responsibilities have become increasingly shared between the government and the private sector or civil society in general through various programs.

1.4.2.2 Vocationalization

Vocationalization in recent discourse in general represents neoliberal ideas. Giroux (1999), for instance, described vocationalization of higher education as an emerging phenomenon of the corporate culture in educational institutions. Corporate culture for him was “an ensemble of ideological and institutional forces that function politically and pedagogically both to govern organizational life through senior managerial control and to produce compliant workers, depoliticized consumers and passive citizens” (p. 148). Financial problems led many countries to reduce aid for the educational sector. Governments sought for partnerships with business leaders so that business leaders, rather than society as a whole, would define the meaning and the goal of education. Principles of efficiency and control replaced the idea of democracy in education, removing ethics and justice considerations from the picture.

In a more practical sense, vocationalization refers to “the subordination or accommodation of the educational system to the supposed need of the economic system” (Bills 2009:127). Vocationalization covers various educational practices and policies that are expected to increase the economic value of schooling, and can involve preparation for entry-level

occupations for middle skilled and professional positions. The policy of vocationalization is believed to increase partnership between the business community and school. Despite that different nations have taken different approaches to vocationalization, this policy has always led to subservience to the demands of the workplace (Bills 2009). Therefore, economic considerations will be increasingly incorporated into policymaking and curriculum design and content.

Vocationalization in developing countries at the primary level often takes the form of curriculum ruralization, a combination between education and production, and the introduction of manual work. At the secondary level, it is often in the form of introducing practical subjects into the academic curriculum or developing pure vocational schools offering technical or occupational curricula (Psacharopoulos 1987). Nowadays, the main parameter in developing countries to determine whether a vocational education is a success or not is whether the money spent on it generates economic return or not (Lewis 2009).

In Indonesia, after the reform, the definition of a school principal or university president and other educational leaders has been transformed to become a manager rather than an educational leader. They are supposed to look for different financial resources other than public resources by using their managerial skills. They have to run their schools and universities in a way that resembles a corporate manager, and have to be accountable to the stakeholders in restrictedly economic terms by demonstrating measured economic outcome. The curriculum is developed to train students to think and act practically, rather than academically; subjects learned have to enable students to apply them in a practical context. At secondary school and university level, independent vocational schools are developed and expanded in opposition to the general schools.

1.4.2.3 Internationalization

Hayden and Thompson (1995) mentioned that Husen & Postlethwaite (1985) defined international education as “all educative efforts that aim at fostering an international education in knowledge and attitude” (p. 228). Internationalization in US schools is an establishment of specialist high schools that teach, along with their normal courses, foreign languages and international dimensions of several subjects, like history and geography. The European Council of International Schools (ECIS) characterized international schools as diverse in size, location, student population, and curriculum. They are often independent of government control, absent of

competitive entry, catering to a range of needs and ability and to children of multinational organizations or government agencies, and tending to use English as the language of instruction. However, international education does not always have to be in international schools.

International education is an education that seeks to give students skills to see the world from a wider perspective than what is offered in the national system. The International Association of School Librarianship (IASL) in 2009 suggested several criteria for international schools to meet. They are (a) students can be transferred across international schools; (b) the schools have a portion of moving population that is higher than national schools; (c) they have a multinational and multilingual student body; (d) they have an international curriculum; (e) they have international accreditation; (f) they have transient and multinational teachers; (g) they have non-selective student enrollment; and (h) they usually use English or bilingual instruction (Skirrow 2009).

Recently, as globalization caused the emergence of interdependence among universities, international education has expanded to include new dimensions and scopes. Internationalization has been increasingly associated with higher education, and much discussion concerning the internationalization of higher education has emerged in the last decade. The internationalization of HE has been driven by the advancement of communication and technology, transnational labor mobility, market liberalization, knowledge economy, decreased public support for education and the notion of lifelong learning. Globalization has provided an unprecedented environment in which the internationalization of HE has become more important. Nevertheless, this has affected each nation in different ways due to variations in political and social history and in social structure (Bartell 2003; Knight 2004; Knight 2005).

Unlike previous conceptualizations, internationalization now is increasingly defined in the context of higher education, rather than lower levels of school. Jane Knight and de Wit initially defined internationalization of HE as “the process of integrating “an international/intercultural dimension into the teaching, research and service functions of the institution” (Knight and Wit 1997:8). Recently, Knight (2005) slightly reworked the definition to become “the process of integrating an international, intercultural or global dimension into the purpose, functions or delivery of post-secondary education” (p. 11), which is applicable to the national, sectorial, and institutional level. This process falls into two different categories of activities: activities occurring on the home campus and activities happening across borders.

Knight warns that definition is not an approach to internationalization. An approach should be flexible, reflecting the values, priorities, and actions that are displayed in implementing internationalization (Knight 2004; Knight 2005).

Elkin et al. (2008) suggested nine dimensions to characterize internationalization: “(a) undergraduate international students; (b) postgraduate international students; (c) student exchange programs; (d) staff exchanges programs; (e) staff interaction in international context/attendance at international conferences; (f) internationally focused program of study; (g) international research collaboration; (h) support for international students; and (i) international institutional links” (pp. 242-3). In Canada, the Association of Universities and Colleges of Canada and the Bank of Nova Scotia since 1997 have been jointly granting awards for excellence in internationalization based on the following criteria: (a) international student participation; (b) curriculum change; (c) international partnerships; (d) mobilizing financial, human and technological resources for internationalization; (e) university-private sector partnerships; (f) faculty contributions to internationalization; (g) contribution of research to internationalization; (h) contribution of university internationalization development projects to internationalization” (Bartell 2003:58).

In Indonesia, internationalization occurred at both the school and university level. This phenomenon presents different elements of internationalization than are characterized above. At the school level, English was used as the language of instruction at public internationalized schools. Schools introduced international curricula and examinations such as International Baccalaureate or Cambridge International Examinations, and pursued international certification and accreditation for their programs. However, they did not have a high proportion of moving population or multinational teachers, except for English teachers. More importantly, while normally international schools have non-selective student enrollment, Indonesian internationalized schools on the contrary had very selective student enrollment still controlled by the government.

At the university level, the integration of an international or global dimension into educational activities and organizations has been enhanced. Elements of the HE internationalization are present. Student and staff international exchanges, staff interactions in international contexts, international research programs, international institutional links,

university-private sector partnerships, and contributions to internationalization are all promoted, especially at good universities.

1.4.2.4 Privatization, Corporatization, and Marketization

Privatization of social services has become a trend in the last three decades. Most welfare states have tried to reduce their involvement in financing public services due to budget constraints. This reduction in state involvement does not necessarily mean that these states are losing autonomy. Rather, these states are reconstructing their approaches to public policies (Ajzenstadt and Rosenhek 2000). “The debate over privatization is essentially the debate over the relative efficiency of the state versus markets and private property in the allocation of resources” (Tan 2008:1). In educational services, privatization has been a key reform strategy adopted by different nations for improvement.

In Britain, the privatization is done by selling educational improvement to consultants and advisors, who will help in transforming schools into a new organization. Secondly, education and consultancy businesses are firmly integrated in the decision-making and policy deliveries. Thirdly, continuous efforts to expand the business opportunities abroad through internationalization, especially in developing countries, are made through international economy institutions, such as the World Bank and WTO. Commitments to GATS, advocacy of the World Bank, and to various bilateral agreements has led to the liberalization of public services in many countries (Fusarelli 2003).

The 1988 Education Reform Act in Britain introduced the policy of quasi-markets in the form of open enrollment. Thus, parents were able to enroll their children in any schools they liked. Schools received fund allocations based on the number of students enrolled, and the local management model allowed schools to spend as they wished. Schools were able to get rid of local authority control. At the university level, higher education institutions had to bid for funds, raise student fees, stop grants, and introduce top-up loans. These practices are identified as quasi-market practices. They are quasi because they are different from conventional markets where the providers and the purchasers are involved in direct exchanges; they are markets because they remove the role of the state as sole provider. In this quasi-market model, non-profit organizations often have to compete with for-profit organizations to win public contracts; consumers buy not by cash, but by voucher, and they are often represented by agents in buying products (Grand 1991:1259-60).

Privatization should be an “active and conscious transfer of responsibility from the public to the private realm that should form the core of the concept” (Lundqvist 1988:1), regardless of the principles and level of provision of goods and services. The state retreats from directly managing public services, so-called the rolling back of state activities, by reducing its provision, subsidy and regulation. Different methods are used by the state to scale down its responsibilities: (a) use of proprietary services, (b) support of voluntary agencies to produce services, (c) fee charging, (d) de-institutionalization and wider use of family, community, and informal care, and (e) curtailing national economic management and returning nationwide programs to local communities (Lundqvist 1988). This is part of a wide economic and social movement that suggests market forces as a solution for a wide range of problems in society (Weil 2002).

Corporatization has also become an important part of the privatization process. Corporatization is “the transformation of a government-administered service into a legal entity of a joint-stock company. This company may still be state-owned, but in contrast to the past it now enjoys a measure of autonomy from the state.” This transformation is often followed by a “transfer of shares or functions from public to private hands,” which is a form of privatization (Levi-Faur 1998:688).

When corporatization and other forms of privatization emerge, education can be marketized through a process “whereby education becomes a commodity provided by competitive suppliers, educational services are priced and access to them depends on consumer calculations and ability to pay” (Mok 2000a:112). This process usually takes two forms: bringing academic wares into the commercial world, and restructuring educational institutions based on business and on business principles. When market-oriented policies are in place, several practices occur: fee paying, reduction in state provision, subsidy and regulation, revenue generation activities, market-driven courses and curricula, parental choice, and managerialism (Mok 2000a).

Based on cases in many countries, Whitty and Power (2000) suggest that it is difficult to say that education has been privatized significantly. Therefore, quasi-marketization is a more appropriate term to represent what has been happening recently in many countries. For examples, a combination of parental choice and school autonomy with greater or lesser government control and public accountability has been implemented in many countries. Although marketization and privatization are not mutually linked, marketization can create a good environment for market activities. Several aspects of marketization can lead to the increase of privatization: making

people believe that private actors are more effective than public actors, promoting the operation of public services in the form of private management, and encouraging private decision making in bureaucracy.

Many of these practices have been present in Indonesia's education system during the reform. Along with the government effort to redistribute educational responsibilities and to increase community participation in the provision of education, the private sector has become more engaged in education activities. The government has tried to transform public education to become independent legal entities, and the system of governance has been reinvented to create a conducive environment for the educational market. These processes, however, have not put education provision into full privatization or marketization. They have only created a certain degree of quasi-privatization and marketization.

1.5 Chapter Outlines

This study consists of seven chapters. In Chapter 2, I begin by giving a general description of globalization theories, and how globalization is related to education, state, and class. I demonstrate that neoliberal globalization has transformed the education system of many nations, both advanced and non-advanced, to conditions where the state has retreated from directly providing and managing educational services, but still remains the driving seat of any educational activities. I then describe and examine how other countries have been undergoing neoliberal education reforms in the form of school decentralization and autonomy, vocationalization, and internationalization in the West, Latin America, Africa and Asia. Despite the fact that neoliberal reform was a global trend that every nation wanted to apply, every nation had different political conditions under which the reform was undertaken. Finally, I locate Indonesia's experience in comparison to those countries. I argue that what was unique about Indonesia was the extreme social and political instability it was undergoing when the reform started. In Chapter 3, I describe how global and domestic forces produced a reform that was expected to generate a market mechanism through democratization and decentralization in Indonesian education. International economic agencies were active in providing support during this period through international loans. They directly attached these loans to Indonesia's commitment to carry out democratization and decentralization programs. Both programs embodied a new paradigm of educational management, emphasizing wider civil participation and economic efficiency. People's demand for democratization and distribution of power to local

leaders in the middle of a multidimensional crisis corresponded positively with the recommendations of the international economic organizations for Indonesia to pursue a neoliberal reform. With the emergence of new local powers, the government made a quick movement to institutionalize education decentralization and corporatization through regulations and laws. This movement, however, encountered some challenges stemming from conflicts between local and national leaders, and between the populist nationalist and the government. In Chapter 4, I demonstrate how the emerging local leaders and class relations produced challenges for school decentralization and standardization. Both policies allowed the rise of new local leaders that had the ability to mobilize local resources, including principals, teachers, finances, and evaluation, for their own political interests. Class relations, on the other hand, prevented the state from achieving the objectives of the reform. The middle classes had the ability to direct how the government should spend public budgets on education. They also had the capacity to avoid regulations in order to access different sources of funding. This situation led to the deterioration of education conditions and the deepening of inequality. In Chapter 5, I lay out how the nature of class-based demand in education prevented the government from making vocational secondary schools a mainstream national form of schooling. Despite the strong support of the national and local government for school vocationalization, secondary vocational education failed to become popular among students and parents. In addition, vocational education graduates were not highly valued in the job market. Furthermore, the government did not manage to develop a cohesive and sustainable partnership between the private and public sector in the development and improvement of vocational education. In Chapter 6, I present how the Indonesian government undertook an internationalization program at the school and university level, and how this program created a widening inequality in access to good education among citizens. The government started the development of international public schools by introducing various types of school standards. At the university level, they tried to incorporate several public universities. These universities represented themselves as centers of excellence through which they promoted international-oriented programs, such as international degrees, accreditation, and certification. As a result, a new hierarchy in education emerged. With the development of this class differentiation and discrimination, groups of individuals and social movement organizations, representing the poor and the populist nationalist, mobilized resources to stop school internationalization. On the other side, a conflict between local and international business classes occurred. The local

business class opposed the idea of opening Indonesia's education to foreign education providers. The internationalization project transformed public education to different conditions, and to some extent destroyed public education because most public expenditure and resources were given to a few pre-international standard schools, and the universities left most public education institutions to lose quality. Finally, in Chapter 7, I develop a conclusion that conveys the theoretical and practical implications of the study. The reform has transformed the Indonesian education system; however, it has not resulted in satisfactory outcomes. Such unexpected outcomes were driven by the nature of neoliberal reform, which tended to create inequality, and by the political and social conditions under which the reform was taking place.

I hope that this study will contribute to the understanding of neoliberalism in education in a weak state in order to help people in general, and policy makers in particular, to respond to any future policy proposals in a way that will lead the nation to solve its problems in a more comprehensive and democratic fashion. A nation should react smartly to any form of reform proposal, rather than simply join the cause without thoughtful measure, in order to avoid possible negative consequences. This is especially important in a nation with high diversity and weak capacity.

CHAPTER 2

THEORETICAL FRAMEWORK

The education reform that happened recently in Indonesia cannot be separated from similar neoliberal policies undertaken by many developed and developing countries since the early 1980s. Although Indonesia's experience was shaped by this global trend of neoliberalization, local processes created by domestic politics and history, reflecting reactions of various local actors involved towards global pressures for change, played an important role in determining the reform outcome. In this section, I will review literature on globalization, state, education, and class followed by a review of the experiences of various nations in reforming their education systems under the influence of neoliberalism. Finally, I will describe the experience of Indonesia based on several studies available.

2.1 Neoliberal Globalization

Globalization is often defined by intensified worldwide social relations (Giddens 1991) in which time and space are compressed (Bauman 1997; Bauman 1998; Harvey 1990), causing the blurring of borders (Sassen 2007). It is intensified cultural, political, and economic relations driven by different factors, both historical and political (Appadurai 1996; Giddens 2000; Holton 2005; Meyer et al. 1997; Watson 2004). Globalization, nevertheless, can become more than just intensified worldwide relations to transnational interconnectedness and interdependency driven by global productive forces (Apple 2001b; Harvey 1990; Harvey 2005a; Hill and Kumar 2009; Howard and King 2008; Singh, Kenway and Apple 2005; Steger 2009). It can be a socially necessary phenomenon stemming from the capital demand for deepening and expanding the global market.

Although globalization, due to technology and information advances (Giddens 2000; Olssen 2004), will take place no matter what, globalization and neoliberalization are twin processes that reinforce each other and allow for the creation of an environment conducive for expanding transnational business activities. Neoliberalism believes in a free market as the best solution for many economic, political, and social issues (Apple 2000; Harvey 1990; Harvey 2005a; Hill and Kumar 2009; Howard and King 2008; Sassen 1991; Sassen 2003; Singh et al. 2005; Steger 2009; Torres and Schugurensky 2002). It conceives of the capitalist market as the greatest mode of distribution because it can satisfy the desires and needs of the greatest number

of people with the minimum cost and state intervention (Carl 1994). The leading light of this ideology is Friedrich Hayek (1999) who argues that “The more the state ‘plans’ the more difficult planning becomes for the individual” (p. 35), and Milton Friedman (1982) who asserts that “The role of government just considered is to do something that the market cannot do for itself, namely, to determine, arbitrate, and enforce the rules of the game” (p. 27). It is “an advanced liberal mode of social governing that idealizes efficiency and productivity by promoting people’s free will and self-sufficiency” (Song 2009:x), emphasizing the importance of financial capital and functional intervention of the state (Harvey 2005a; Howard and King 2008).

A state system with a set of institutions is then one of the most effective entities available to help free market activities function productively (Giddens 2000). The stronger the state is, if it has the intention to facilitate the market under a supportive configuration of different forces, the more likely it is to become useful for the market (Evans 1997; Mok and Yep 2008). A strong state is one that has a cohesive structure in terms of stability, government, bureaucracy, institution, and has the capacity to play the role of inclusion and exclusion (Vu 2007). A strong state structure allows the state to play out its potential in reality (Evans 1995). In a plain language, Beeson (2009) defines state capacity as “a state’s ability to design and implement policy” (p. 10). The challenge, according to Beeson, is how to explain why “some broadly similar states ... do this more or less effectively while others find it more difficult” (p. 10). It is worth noting that state capacity is sectorial and not just a single entity. Being strong in one sector does not necessarily mean that a state will be capable in other sectors; it is dependent on the historical and political conditions under which certain state sectors or institutions were forming.

2.2 Neoliberalism, State, Class, and Educational Reform

How can global neoliberalism affect education across nations? The global rationalization approach⁶, without denying economic forces, emphasizes “the idea of a unitary cultural system” (Davies and Guppy 1997:436). The driving force of the tendency towards convergence is global rationality. This perspective assumes that “school systems will adopt broadly similar forms because of increasing global rationality” (p. 436). Different nations choose to adopt certain similar global policies because they think that these policies are the most rational choices available. This creates institutional diffusion among education systems across the world. The economic globalization approach, on the other hand, stresses “the imperatives of market competition and global capital” (p. 436). Strategic need to stay superior in the global competition

promotes a tendency to converge in organizational arrangements inside and outside nation-state institutions, including education systems. Institutions use a competitive economic way of thinking to decide whether they will adopt a certain policies or not.

True, global cultural diffusion has long existed among education systems throughout the world. However, economic imperatives to remain competitive in the global economy have also been powerful in pushing nations to develop certain education policies. Policy and research institutions have been working hard within nations and across national borders to make an impact on decision-making. In the US and Canada, for example, the US Business-Higher Education Forum and Canadian Corporate-Higher Education Forum were established in 1978 and 1983. These forums actively helped the harmonization of university activities with the market. In developing countries, the World Bank for example has a tremendous capacity to mobilize its fund and the technical capacity to influence national programs and policies (Torres and Schugurensky 2002).

Education policy in the contemporary world, especially in the advanced Western countries, has been heavily defined around neoliberal ideology. Neoliberal proponents, so called the New Right in the United States and Britain, used a combination of neoliberal and neoconservative⁷ values and practices to make the problem subtler and more difficult to challenge. Their troops were nationalist middle classes, religious middle-classes, bureaucrats, and skilled managers (Apple 2000). Mediated by these groups, neoliberalism and neoconservatism, especially in the US, mutually reinforced each other to protect capitalist class interests through education policies. Carl (1994) showed how conflictual the conception of education among neoliberal and neoconservative proponents in the US and Britain was. Neoliberalism, from one side, perceived the student as a maximizer, a product, a worker; parents as consumers; teachers as producers; a school as a shop and a firm; curriculum as a variegated product of supply and demand; and the state as a referee and a deregulator. Conservatism, from another side, looked at the student as a child; parents as guardians; a teacher as an authority and a foot soldier; a school as a sanctuary; curriculum as a canon, a tradition, and a set of a common values; and the state as an enforcer and a defender (p. 302).

Curriculum, contents of subjects, and organizational management in developed and developing countries were expected to follow models that were internationally recognized in the form of standardization, quality assurance, and internationalization propaganda (Singh et al.

2005; Torres 2009) to boost state competitiveness in the global economy (Ball 1998; Mok and Welch 2003). Free and tight competition among education providers was demanded to increase the educational competitiveness of the nation. Freedom and rational choice were used as principles of legitimacy for market efficiency (Peters, Marshall and Fitzsimons 2000). With the advent of a knowledge-based economy, nations increasingly emphasized innovation and entrepreneurship in education. Educational enterprise was required to support research, development, and innovation to create new economic values (Howard and King 2008). Under neoliberal direction, education has shifted to become a medium for producing free enterprising individuals (Olssen and Peters 2005).

The neoliberal model of reform is a new technology of power promoted to create a new space for political, economic, and cultural control (Foucault 1991). It mobilizes the discourse that globalization is inevitable such that in order to survive everyone must be free to choose and to take over responsibilities in the areas of care that used to be covered by the government (Davies and Bansel 2007). It does not follow a predetermined path in its development and implementation in every nation, except that it always values the virtues of the private over the virtues of the public (Gordon and Whitty 2010), indicating the embeddedness of neoliberalism in society (Birch and Mykhnenko 2010; Cerny, Menz and Soederberg 2005). Neoliberalism, then, needs politics in the form of market policies. Thus, educational reform is a political process in the form of policy understood as an “authoritative allocation of values” (Taylor et al. 1997:27), coming from the nation state or unit within it. It is the state, not market pressure, that can lead this process of generating policies to create markets (Hirst 2000; Olssen 2004). Therefore, “market is simply not an allocative device ... It is a political device” (Peters et al. 2000:127). Apple (2004) emphasizes, “[Market] must itself be “marketed” to those who will exist in it and live with its effects ... Markets are marketed, are made legitimate, by a depoliticizing strategy. They are said to be natural and neutral and governed by effort and merit” (p. 18).

Despite that globalization has allowed capitalist institutions to challenge the autonomy of the state through penetration into the political economy in many countries, the state remains relatively independent. The state has, however, allowed itself to adopt certain measures promoted by global institutions in order to increase its competitiveness and make itself attractive to the flow of global capital (Carnoy and Rhoten 2002). Harvey (1990:170) describes this situation,

The state is now in a more problematic position. It is called upon to regulate the activities of corporate capital in the national interest at the same time as it is forced, also in the national interest, to create a 'good business climate' to act as an inducement to transnational and global finance capital.

The state, however, still holds its authority to regulate business activities within its territory. Businesses that operate globally remain dependent on the willingness of the state to spare temporal spaces for their operations (Sassen 2007). The state remains a locus for social and class force contestation (Beeson and Islam 2005; Carnoy and Levin 1986). It tries to protect its legitimacy by looking at both transnational and national events. Instead of becoming weaker, the state, according to Meyer et al. (1997), may become more mature in dealing with new complexities created by globalization. From this perspective, the state often takes initiative to adapt to incoming global forces. It makes policy measures that can protect its legitimacy, such as harmonization of domestic policies to transnational policies, and privatization to withdraw from public responsibilities. The state, then, remains "a pact of domination, as an arena of conflict, and a purposeful actor that must select among competing political projects" (Arnove et al. 1996:141), and as such it often favors the interests of the capitalist system. Mok (2007a) argued that how neoliberal reforms were carried out in the case of some East Asian countries was determined by the state's intention and capacity. Research on Asian developmental states informs us that such states have the ability to have transformative goals, insulated pilot agency and competent bureaucracy. They also have institutionalized government-business cooperation (Weiss 2000:23) and autonomy "embedded in a concrete set of social ties" (Evans 1995:59). This autonomy facilitates the binding of "the state to society that provides institutional channels for the continual negotiation and renegotiation of goals and policies" (p. 59). The neoliberal state has not then "eschewed away from intervention; rather [it] has changed its modality" (Gordon and Whitty 2010:455) from controlling input that requires heavy intervention in the planning and implementation to controlling output that requires intervention in management, processes, and evaluation of the outcome within a decentralized system (p. 455). Strong intention to carry out a fundamental reform is therefore problematic when the state is highly conditioned by global forces because the state capacity to define it and carry it out will be constrained (Arnove et al. 1996).

The above general assumption of the relative autonomy of the state as a political institution is associated with the nature of stateness in a capitalist economy system. In the context

of globalization and education, Dale (1996) argues that the state “does not go away in the process” (p. 247). It will stay “the driving seat” that funds, regulates education, and coordinates work. The process of devolution and reorganization, in line with Meyer’s notion of state maturity and global complexity, reveals its strength rather than its weakness.

The education system, like other state organizations, according to Dale (1989), must involve in three problems intrinsic to the state in capitalist societies, namely supporting capital accumulation, continuously maintaining expansion, and legitimating the capitalist mode of accumulation. Offe (1984) has developed this line of argument. The modern capitalist state is in a continuous contradictory role of increasing efficiency to support capital accumulation and maintaining legitimacy through democratic processes. In performing these conflicting roles, the state is independent. If it seems to support capitalist interests, it is because the state needs capital accumulation to maintain its existence (Codd et al. 1996). When the state has to deal with tensions among individuals and interests groups in the process of policy development, then it has to find a way to balance between the need to make sure that capital accumulation continues to work and the need to accommodate democratic demands from different groups to guarantee legitimacy through temporary settlements (Taylor et al. 1997).

These temporary settlements in the era of global neoliberalization occur in governance reforms in the form of deregulation and re-regulation to create a regulatory capitalist state. Neoliberalism at the ideological level, according to Levi-Faur (2005:14), promotes deregulation. At the practical level, it is accompanied by new regulations. The result of this dual process is usually contradictory and unintended in the social, political and economic realm. This regulatory capitalism is built upon an understanding of the relationships between state, market, and society. The state is embedded in economic and social order so that the operation of the state reflects the current order of society and the economy, and vice versa. The re-regulation that often accompanies neoliberal deregulation is actually complementary to the simplistic understanding in neoliberalism of the relationship between the state and the market— smart regulations are needed to make the market work efficiently. The state, in this process, is needed to support the legitimacy of capitalism by mitigating its negative effects through social regulations. In a regulatory capitalism system, the state is responsible for “steering” and the business is responsible for “the function of service provision and technological innovation” (Levi-Faur 2005:15). “Regulation is a necessary condition for the functioning of the market, not only a

compromise between economic imperatives and political and social values” (p. 19) and the degree to which this regulation enhances competition determines whether policies are liberal or neomercantilist. This regulation, understood as an important mode of government intervention, can be distinguished into two types: a regulation that aims at the introduction of competition (regulation-of-competition) and the creation of markets (regulation-for-competition).

The first is a liberal type in which the state intervenes to correct the market under the assumption that “markets are self-constituting entities and the scope and frequency of market failure are limited” (Levi-Faur 1998:668). The latter is a neomercantilist type in which the state rises to become a competition state where “the role of the state is not to correct market failures but actively to generate markets where they do not exist” (p. 674). Regulation and competition nowadays are then not “rhetorical friends and deadly enemies” (p. 675) anymore because they can serve each other well to the extent the state is capable and intends to intervene effectively. The creation of the relationship between the state and the market in the form of regulation-of-competition or regulation-for-competition depends on “the degree of intervention by state authorities and ... the capacities of the state to monitor and enforce competition” (Jordana and Levi-faur 2004:6). The latter, however, needs far more intrusive capacities of the state.

Based on the above typification of regulatory capitalism, Mok (2008) suggested that the increasing influence of globalization “in pressing the modern states to become more competitive and entrepreneurial” led to the rise of different regulatory regimes according to the social and political conditions of certain nations. He developed four types of regulatory regimes emerging from state regime and civil regime. First, a state-corporatist regulatory regime, in which both state and civil regulations are strong, embodied in corporatist bodies. Second, a civil society regulatory regime, where the state regulation is weak and civil-society-based regulation is strong and well organized. Third, a command-and-control regulatory regime, where the civil society regulation is weak and spontaneous, and the state regulation is strong. Finally, a coordinated market regulatory regime, where both state regulation and civil society regulation are weak and spontaneous. With this typification, Mok argued that Singapore and Malaysia could be defined as market generators rather than market facilitators like Hong Kong. While Hong Kong was far more committed to free market principles by enabling markets through corporatist bodies to function, Singapore and Malaysia intervened in the market, not just to remove inefficiencies, but also to create and accelerate market forces selectively. Hong Kong represents an example of a

regulatory regime that acts based on the notion of regulation-of-competition. Singapore and Malaysia, on the other hand, demonstrate cases of a regulatory regime that applies the concept of regulation-for-competition.

Most analysts identify the state in relation to neoliberal globalization as a locus of conflictual relations; nevertheless, social class is not often emphasized in their framework. Social class is an important category to include in understanding the political dynamics of education reform under the influence of neoliberal globalization. Reform represents a fundamental change through which different classes compete to affect the outcome so that their interests are fostered. International economic organizations that represent the interest of global capital cannot internalize their influence unless the interests of the local classes are strengthened. Due to the importance of local class actors, their interests can shape how global capital should operate locally. Even more, the local classes might be able to influence how transnational classes should operate in the global world. The importance of the local classes in understanding the economic development of a nation, in addition to the world system and state, was asserted by Koo (1984) in the case of South Korea. For him, the global force of capitalism when it entered a particular host nation would “become internalized” (p.42) by a distinguished domestic configuration of class relations and interests that had developed through long historical processes of class differentiations and struggles.

2.3 Neoliberal Reform and Class Strategies in Education

Neoliberal reform in education, then, has created a new environment that has been growingly emphasizing market competition. Education has more and more become the base for social division in terms of increasingly specialized and differentiated jobs, lifestyles and consumption. Along with the decreased role of the state in providing social security, neoliberal reform introduced the notion of “flexible specialization” where the mode of learning and work are expected to correspond well to one another. While the place of production requires labor that is “multiskilled, capable of innovation and the improvement of products and processes” (Ball [1990] 2012:126), school is expected to generate workers that are capable of working collectively, have the ability to solve problems, and are able to use project-based methods. There has been a change in production from an emphasis on machinery to labor as an asset, a change from a Fordism mode to a post and neo-Fordism mode. The machinery has become a cost of production (Harvey 1990). This change has led to a significant restructuring of the relationship

between learning and work, a process of restructuring that may affect a range of social relations. In different countries, there have been trends to integrate education and work through work-based learning and mentoring programs (Green 1997a). In Australia, for example, this kind of transformation led to intensifying inequalities along gender, class, and ethnicity lines in work places (Kenway and Kelly 2000).

People have progressively recognized that educational credentials are convertible to other forms of capital, especially economic capital, through social interactions (Bourdieu 1984; Bourdieu 1986; Bourdieu and Passeron 1990). Stromquist (2002) explained this increasing value of education in relation to neoliberalism.

Within the framework of neoliberalism, education - and especially formal schooling - is given a key role for the attainment of social mobility under the assumption that the market does not discriminate and that the merit of individuals will naturally come to the surface, enabling the best and brightest to be recognized. (p. 28)

In other words, neoliberalism tends to naturalize education as the most important path to social mobility, but at the same time, it emphasizes the importance of competition in educational pursuit. People feel that they have to mobilize their resources to move up or maintain and reproduce their social classes through a variety of privatized and commodified educational activities. More people expect that educational attainment will guarantee their class positions or increase their odds for social mobility. They miss the fact that in order to convert education attainment into a higher class position, they cannot rely on educational attainment alone, but must also depend on other factors, such as social background, social network, and inherited nobility connected to different forms of capital. Meritocracy in commodified education has portrayed the existing differentiated structure of opportunities as equal for all citizens, regardless of their social and economic backgrounds. It has also explained inequality based on differences in intelligence and scholastic achievement (Apple 2005; Bowles and Gintis 1976), rather than on social and economic differences.

This meritocratic assumption in the flexible market of education is problematic because the ones who will survive in free competition are only those who have higher access to forms of capital and information. Having this kind of access enables families to arrange class strategies, leading children to better chances of educational attainment and careers (Ball 2003). This does not mean that education does not have equalizing effects among citizens, especially when the state is strong and capable of implementing its social programs to realize substantive democracy

and justice. Yet, neoliberalism has substantially undermined this equalizing function. Neoliberal policies and state regulations allow “the metaphors of free market, merit, and effort [to] hide the differential reality that is produced” (Apple 2001a:115). Social safety and poverty reduction programs introduced by transnational economic institutions in the form of grants often turn out to be lip service or do not serve the objective of helping the disadvantaged students (Klees 2008).

Apple (1996; 1999; 2001b; 2004; 2005) suggests that neoliberal policies that rely on differentiation and diversification strategies have widened inequality among social groups in developed nations. This effect is worse in poor countries that have very limited economic resources. The differentiation and diversification of education is often made using contradictory discourses, such as competition, markets and choice alongside the increased use of a uniform national curriculum and standardized testing. While people are promised wider opportunities through market competition, they are required to meet a set of standards for the sake of accountability. This standardization as a result makes the process of diversification work against its objective, the freedom of choice. In this situation, the social groups that benefit most in educational attainment are the middle classes, as they have the knowledge and skills to exploit market mechanisms.

2.4 Research on Neoliberal Education Reform

The driving force of the reform in many countries seems to be associated with the financial constraint that reduced state ability to provide sufficient public services, or with the need of the state to remain globally competitive, such as Singapore. In Indonesia, like in Latin American countries, this problem was accompanied by political democratization and market liberalization. The way reform progressed in each country was different, however. Each nation had its own domestic agenda influenced by its political and historical development. Education reforms in Latin America, for example, demonstrated that although they originated from the same structural pressure created by the global market, they often interfaced with different local dynamics (Hanson 1997). The United States, Britain, and New Zealand, implementing neoliberal education reform in the 1980s, revealed local variations as well due to differences in political and social structure. Education neoliberalization in New Zealand, due to its colonial history, was not about privatizing education. It was more about restructuring the governance of its education system, as having been colonized by a foreign power in the past had created a culture of egalitarianism (Carl 1994). In several East-Asian countries, despite similarities in cultures and

ethnicities, education reforms under the same global trend of neoliberalism were nonetheless affected by their national peculiarities (Mok 2003c; Mok 2004b; Mok 2006). Though not having experienced much political change, Hong Kong and Singapore for instance had different approaches to the neoliberal education reform due to differences in political history. Hong Kong has a higher inclination toward the Western idea of liberalism because of its long ties to European power as a British colony (Mok 2008). The same is true between Singapore, South Korea, and Taiwan. While neoliberal reform in Singapore was mainly caused by global economic change, in South Korea and Taiwan it was also driven by the change of government political systems towards democracy (Kwon 2005; Mok 2003b). While in Taiwan, the reform was manifested in a competition between the Ministry of Education, civil-education groups, and the Commission on Education Reform to set the reform agenda, in Hong Kong, it was the Commission that led, supported by other parties concerned (Law 2004). Each nation has its own peculiarities in the reform process, influenced by its local agendas.

2.4.1 Globalizing Themes of Education Reform with Differences in Processes

Since the 1980s, many countries have introduced different strategies to reform their education systems due to increasing financial constraints and weakened state capacity to provide public services for citizens (Mok 2004b). Under this condition, Apple (1998) said that in the United States there was a fear of losing global economic competition and of losing jobs and money to other nations, urging it to find solutions for its education system, which was failing to produce students that possessed market and traditional values. There was also a feeling of urgency to reinstall pure Western traditions due to fears of cultural loss in the face of other nations in Latin America and Asia. This motivation, I think, applies to other nations as well, especially advanced nations, as they are globally competing to gain and dominate capital accumulation.

This shift, according to Green (1999), was caused by several common factors prevailing in many advanced countries, namely the aging of the population and workforce⁸, economic restructuring from a capital based economy to a knowledge based economy, and the change and pluralization of lifestyles, cultures and values. Education was seen as a potential part of the solution by developing a strong link between economy, culture, and education. Therefore, many advanced countries restructured their education and training systems to support national economic development along with the development of a knowledge based economy. This

direction was represented in the notions of neo-Fordism and post-Fordism. The former “can be characterized as creating greater market flexibility through a reduction in social overheads and the power of trade unions; as encouraging the privatization of public utilities and the welfare state; and as celebrating competitive individualism,” and the latter “can be defined in terms of the development of the state as a ‘strategic trader’, shaping the direction of the national economy through investment in key economic sectors and in the development of human capital” (Brown and Lauder 1997:176). This notion of post-Fordism is similar to the concept of the regulatory regime state developed by Levi-Faur (Levi-Faur 2005).

This common condition led different nations to raise common policy discourses and themes, though not necessarily with common objectives and processes, aimed at improving cost-efficiency in the provision of education. These themes included decentralization of education, funding and governance, internationalization of education, the importance of quality assurance measures, and the need to make education relevant to work and to the market (Apple 2006). All of these are different mechanisms to facilitate the privatization and marketization of education. Privatization in general can be defined as “a transfer of responsibility and resources from public to private sector institutions” and marketization as an “adoption of market principles and mechanisms” (Mok 2004b:8) in education. Both inter-related ideas are rooted in the neoliberal ideology initially advocated in the administration of Reagan in the US and Thatcher in Britain (Harvey 2005a; Harvey 2006; King and Wood 1999; Whitty and Edwards 1998), which was introduced by education analysts such as Chubb and Moe (1988) to the field of education. They viewed private schools as superior to public schools because they had a simpler and less constraining environment, higher autonomy, and more control over their work. This suggested that in order to improve public school performance, education institutions should be allowed to compete through market or public choice mechanisms. This idea can be traced back to the work of Friedman (1955) on the role of government in education, where he suggested that inefficiency of public provision occurred in the US because the government inappropriately provided subsidies for public education (Adnett and Davies 2002).

School privatization and marketization subsequently occupied global discussions of educational reform across nations. However, as it was argued, this similarity in ideas and themes of educational policies did not result in uniform motives, objectives, and processes. In the case of decentralization, for example, Fiske (1996) observed that case studies around the world

demonstrated that almost every nation had its own individual stated and unstated reasons to perform decentralization⁹. In a comparison of England, Sweden, Australia, New Zealand, and the United States, Whitty and Power (2003) explained that although there was a common trend towards neoliberalism, differences were present in the degree to which education was reformed and in the political complexion of the reforms¹⁰. Mok (2003c; 2004b) proposed a similar argument in the case of Chinese societies and certain other Asian societies, including Hong Kong, Taiwan, Shanghai, Singapore, Macau and mainland China, South Korea and Malaysia. He argued that not all societies responded to globalization in the form of marketization and privatization in the same way. While the reform strategies that happened in these societies held similarities on the surface, in reality, they carried different motives and agendas according to the peculiarities of each nation. This implies, according to Mok, that the state is still playing an important role in resolving global-national conflicts.

Although each nation had its own historical and political condition, the market principle as a common model for education reform was globally accepted. For developing countries, as Easton (2001) argued, neoliberal policies were mainly triggered by the systematic pressures of democratization, economic liberalization and the preferences of transnational economic institutions. The expansion of neoliberal education policies across nations was a political and ideological process that did not have a direct relationship with the real educational problems on the ground. Carnoy (1999) asserted that “Globalization enters the education sector on an ideological horse, and its effects on education and the production of knowledge are largely a product of the financially driven, free market ideology, not of a clear conception for improving education” (p. 59). Green (1997b), for example, found that whether it was centralized or decentralized, the system of education did not really matter for educational achievement. It was the broad cultural characteristics of the national education system that influenced national achievement. Countries that were undertaking concerted nation building tended to deploy education to the extreme to boost their economy, leading to higher national achievement. The absence of strong empirical support for positive relationship between decentralization and education performance, however, did not deter many countries from adopting decentralization as a political tool to restructure their governance system and generate an environment favorable to the market.

This change in global economy has had a direct impact on the education systems of developing countries. The World Bank and IMF have been actively sponsoring lending policies for these countries with the demand of structural adjustments through reduction of the public sector and expansion of the private sector. In advanced countries, on the other hand, the reform has been more about a shift from a Keynesian welfare-state to a neoliberal state (Dale 1996). When the advanced countries in the West started losing faith in the Keynesian and socialist approaches to their economic problems, the public choice school gained popularity. They then began experimenting with democratic decentralization, a governance model that represented a free market system where ‘buyers’ (i.e., citizens) and ‘sellers’ (i.e., decentralized institutions) authority met. This wave of democratic decentralization reflects privatization as one of the main features of neoliberalism. Since the 1990s, on the global level, there has been a reversed wave to create regulatory agencies (Levi-Faur 2005). Western donor agencies began promoting good governance practices in developing countries after they had been pressing these same countries to democratize and decentralize in the early 1980s (Manor 1999). This political pressure might be part of the reason why, despite the fact that there was very strong opposition from the people against neoliberalism, several Latin American governments decided to adopt neoliberal policies (Grindle 2004).

Apart from the World Bank, IMF, and WTO, regional organizations such as APEC, the EU, and NAFTA have played important roles in disseminating educational ideas, and are able to have more profound effects on the less advanced members (Dale and Robertson 2002).

2.4.2 Neoliberal Experiments in Different Nations

In order to locate Indonesia’s experience, I will examine the experiences of other nations in adopting the global trend of neoliberal reforms, with particular focus on public choice and school autonomy as two major globalizing themes in education. The trend started from developing countries in Latin America, and then spread to Western advanced and Asian countries. With similarities in development, some nations in Latin America experienced similar patterns of neoliberalization to Indonesia. Vocationalization and internationalization did not expand at the same level of the trend of public choice and school autonomy, but they did demonstrate a global increase with changes in nature and orientation.

2.4.2.1 Public Choice and Autonomy

2.4.2.1.1 Latin American Countries

The first experiment in neoliberal state formation started in Chile after Pinochet's coup on September 11th of 1973. This coincided with the exhaustion of capital investment in the United States. Therefore, there was a pressing need to expand the capital market to other parts of the world, especially Latin America and Africa (Harvey 2005b) to solve the demand problem and create new profit (Harvey 2010). It is then not accidental that countries in Latin America dramatically restructured their education systems from the mid-1970s to the mid-1980s using neoliberal strategies (Hanson 1997).

Grugel and Riggirozzi (2009b) explained that attempts to transform Latin America into neoliberal states with stable and inclusive democracy encountered enormous difficulties because this new model of governance conflicted with established political practices and state behavior. When neoliberal policies were implemented, "the effect was often quite different from what was expected" (p. 10). Arnove et al. (1996) mentioned that when structural adjustment policies were implemented in Latin America, they caused a number of crises. The role of the state in providing basic social services decreased, and as a result, most marginalized populations were deprived of their social safety net. The cleavage between the rich and the poor widened. Decentralization and privatization of education caused the rise of user fees for educational services that had been free before. Competition and choice policies led more and more affluent families to send their children to private schools, often subsidized. These schools were better than the general public schools to which the poorer children went, and thus the gap in scores widened between schools attended by the rich and those by the poor. While experienced teachers left the schools for other occupations, less experienced teachers were left behind to solve the challenges of change. Arnove (1995) described the situation in Nicaragua as a battleground of opposing social forces that had unintended consequences because the political regime that wanted to integrate the country into the world capitalist economy tended to dismantle the whole system. They destroyed the existing programs that had worked well by replacing them with similar programs. They did not respect the principle of continuity, which would have enabled them to selectively maintain education programs that had been initially developed by the concerted efforts of educators from all political groups.

Balarin (2008) reported a similar trend in the case of Peru. There was a radical discontinuity in policy making. The state could not maintain a stable continuum of policy making because its weakness coincided with the “less organized demands for change from the users of public education services” (p. 167). This condition left the door open for international donor organizations to play a dominant role in directing the processes of policy making. However, their strong neoliberal agenda had not found relatively equal domestic partners to establish a regulatory regime. The neoliberal policy was disrupted by a deep institutional weakness and by group interests that had been historically generated in the process of state formation. Since the state could not provide legitimacy or popular support from the people in performing any particular reform agenda, the international institutions remained a hegemonic power in the policy making. This reform brought about unintended social consequences in which good education became a privilege of families who had the resources to maneuver around the new policy rather than a public good for all citizens. While public schools were left to the poor children, the rich children poured into private schools.

Hanson (1997) argued that moves to programs of education decentralization in Colombia, Spain, Venezuela, and Argentina in the 1980s and in the 1990s were mainly driven by the interests of elite politics and education leaders in order to gain political legitimacy. Real problems of the local people were not the main concerns of these leaders. These countries faced the common threat of a return of military intervention in their newly civil governments, and so the national leaders of these countries saw that the only way to maintain stability and legitimacy was to let citizens participate in determining the future course of their countries. Another very important reason for educational decentralization came from international donor organizations. The World Bank, for example, was often asked for help. They usually required a country to decrease its national debt before it could receive a loan. Decentralization was one of the recommended ways to reduce national debts, by dispersing them to local governments. This policy had a critical impact on the school systems in these countries. It shifted educational finance from expense mode to investment mode, where every penny had to be counted, and it accelerated student enrollment because of the new increasing fund sponsored by international donors. It changed the nature of the academic curriculum in order to accommodate values of democracy, critical thinking, and creativity. More importantly, it dismantled the concentration of power and authority from central to regional and local levels.

In Chile and Mexico's education reforms in the 1990s, Kubal (2003) found similar priorities set out by multilateral donor institutions, advocating social and political transformation. In spite of differences in political systems, Chile as a unitary and Mexico as a federal state, both nations transferred their school, policy, and personal administration to sub-national governments. Yet, the central government in both nations continued to be the main source of funding in education. Comparing Chile, Mexico, Argentina and Nicaragua, Kubal saw a tendency for the ministries of education and international donor institutions to play dominant roles. Their focus was on how to strengthen decentralization at the school level, rather than on how to help sub-national governments become more capable of organizing their education affairs. However, some variations at the national level existed among these countries. Nicaragua, for example, was considered to be more successful in autonomous school programs. Variations such as this, according to Kubal, may be explained by the nature of linkages between national-level politicians and local politicians, by education ministry attitudes towards decentralization, and by public sector unions. While weak teacher unions in Argentina and Nicaragua caused decentralization to be faced with much less resistance in its implementation, stronger teacher unions in Chile and Mexico were able to shape the process of decentralization in these countries. More importantly, the level of economic dependency on donor institutions, as in Nicaragua for example, caused the country to be more receptive to the international donor agencies.

Cuéllar-Marchelli (2003) questioned the extent to which decentralization and privatization of education in El Salvador helped achieve the greater efficiency, access, and social cohesion that had been expected. Educational decentralization in this country redefined the role of the ministry of education and reinvented the legal base of the education system. A new school-based management model promoted democracy and efficiency by giving quick responses to local demands. Privatization, on the other hand, allowed private participation in sharing the provision of educational services. Teacher education was transferred to private sector agents with the approval of the government. Like in other Latin American countries, decentralization of tasks and responsibilities in El Salvador suffered from lack of cohesive coordination, as the distribution of duties was not clear and the change required was faster than the improvement of the technical and organization capacity of the government institutions could keep up with.

In line with this criticism, Rounds (1997) explained that in Chile the decentralization was incomplete. Even though the school administration was decentralized to the municipal level of

government, several education functions stayed centralized. The central government remained dominant through the provincial departments of the ministry of education in the operation of basic curriculum, teacher training, education standards, and student testing. Decentralized decision making and authority did not give much benefit to local people because it was concentrated in the hands of mayors who represented the interests of the central government rather than local interests. Ten years of decentralized decision making did not change school principals and local education administrators into having independent thinking and attitudes. They continued to follow the regulations and duties assigned from above.

Tatto (1999) explained that in Mexico the role of the central government remained dominant in the allocation of the educational budget, the design of the curriculum through free textbooks and teacher manuals, the operation of teacher training, upgrading and career promotion, the design of the national examination, and the monitoring of the basic education system. This is in spite of the decentralization and civil participation reform that was undertaken. The Mexican technical councils produced an “environment where teachers’ and principals’ personal agenda prevail” rather than “a collegial environment where open discussion and trust predominate” (pp. 261-2) to improve teacher professionalism. These councils did not leave room for creativity because they operated under a governmental statute regulating meeting time, planning, preparation and execution. Tatto (1999) said that the importance of the curriculum reform in Mexico should be understood through two central reform policies, which were decentralization and teachers’ professionalization. Within this context, teacher reform was dilemmatic because they, on one hand, were prepared to become good critical thinkers and problem solvers. On the other hand, they were also expected to improve their teaching and their school by following a set of centralized standards under the central government’s control.

As in Indonesia, international organizations were active in setting up the reform in these Latin countries. The World Bank advocated democratization and decentralization. Chaotic conditions caused the governments to perceive such policies as the only way to retain stability and legitimize power. Similar attitudes by the central government and by teachers were also present in Indonesia— the central government remained dominant in several functions, and the so-called professionalized teachers became busier with technical issues to achieve the national standards that had been set. Rather than spending their time on students’ learning, teachers became preoccupied with administrative and managerial issues. In addition, due to the rise of

standardized testing, teachers and students alike falsely believed that doing test drills was more important than learning and solving problems critically.

2.4.2.1.2 Western Developed Countries

The United States, Britain, Canada, New Zealand, and Australia decided to reform their education systems in response to the new global market economy in the 1980s. Neoliberal principles underpinned the reform strategies that they undertook. Apple (1996) characterized this process in the US and Britain as a conservative restoration in the form of privatization, centralization, vocationalization, and differentiation. In both countries, there had been a new hegemonic alliance that was constitutive of four main groups to enhance the reform. First, the dominant political and economic elites who wanted to transform the existing economic system. Second, the economic and cultural neoconservatives who wanted to revive high standards, discipline and competition. Third, some working-class and middle-class groups who had lost trust in the state, and were concerned with security in economy, values, and traditions. These formed the authoritarian populist groups. The fourth was certain middle-class groups, such as professionals in medicine and engineering, who did not necessarily agree with other groups, but depended on the use of accountability and management in their career advancement (Apple 1996:22). The criticism of this New Right, addressed to public schools, gave rise to the popularity of parental choice as a solution to several educational problems. This criticism received a good momentum due to a prolonged global economic recession, school problems related to increasing juvenile crime and low academic achievement, failures of education to materialize quality and equality, and the problem of public school bureaucracy that caused alienation of working class children (Carl 1994). Against this backdrop, the view that “individuals know their own business and welfare best” and “the government is ineffective, inefficient, unaccountable and overbearing” (Dale and Jenny 1993:64) gained popularity.

Whitty and Edwards (1998) found that there was a convergence in education policy making between the US and Britain. A similar emphasis was given to parental and school choice by removing zoning to create an open enrollment system and by extending the publicly funded services into the private sector. Similar types of schools were created by the Milwaukee parental choice experiment that subsidized access to education for poor children and the assisted places scheme (Whitty, Power and Edwards 1998), by site-based management of school and local management of schools, by charter schools and grant-maintained schools, and by the New

American School Initiative and City Technology Colleges (CTCs). This school diversification promoted a partnership between the government and the private sector. In doing so, the reform aimed at reducing the monopoly of public provision for education services by providing choices for consumers and closely responding to local demands.

In both countries, there was a process of making some educational institutions more accountable to the central government and of making other parties directly face market forces. Either way, consumer interests were prioritized over provider interests. Standards were raised through a competitive market in which consumer demands determined what standards autonomous schools should strive for. Even though both the US and Britain had peculiarities in their education reforms due to differences in history, structure, and traditions, their education reforms commonly marked a shift away from a bureaucratically uniform system of schooling to a diverse one where different autonomous schools competed for customers. So, although these countries had different aspects of reform, they both demonstrated a common tendency towards marketization and privatization of education by promoting school autonomy and decentralization (Whitty and Power 2000).

The main reason behind the policy convergence of the US and Britain, according to Whitty and Edwards (1998), was the existing policy networks. Dale and Jenny (1993) also found similar trends between Britain and New Zealand. However, they reminded us that the New Right should be read critically in explaining the convergence in these countries. Otherwise, it would conceal rather than reveal that the New Right that underpinned the reforms in Britain and New Zealand were two distinctive strands. In New Zealand, the encouragement of privatization was almost absent. In Britain, both strands of the New Right ideology, namely neoliberalism and neoconservatism, could be traced. In New Zealand, the focus was more about the reform of the role of the state and of public administration in general, which education was a part of, and had less to do with education policies themselves. This is because New Zealand initiated a neoliberal reform when it found that the previous neo-Keynesian model could not help the country to solve its greater economic and social problems. In Britain, it was a movement back to a previous educational regime that was considered an effective solution for the economic, political and social problems it faced. Education was blamed for many social and economic problems, and the reform was to make education more responsive to economic needs. The 40-year experience of an egalitarian education system had empowered subordinated groups and allowed the voices of

some self-interest groups, such as trade unions, to dominate. These factors had dismantled the previous hierarchy of society; thus, the reform came to restore the status quo using a combination of liberal and neoconservative elements. These differences between New Zealand and Britain, according to Dale and Jenny (1993), were not due to “different shades of meaning attached to ideologies, but to how those ideologies are interpreted in translating the problems the world economy presents to the particular nation-state into a set of political problems” (p. 65).

Comparing the Labor coalition in New Zealand and the New Labor party in Britain, Thrupp (2001) argued that although there had been policy borrowing between both parties, it did not appear that they pursued a similar line of policies. The Labor coalition approach to education policy was less market-oriented, less managerial and populist compared to New Labor a year after the election. The Labor coalition terminated the open enrollment system to discourage market competition in 1997. Their policies were also less supportive of private schools than the New Labor party in Britain. Thrupp (2001) suggested two main reasons behind this national variation. First, there were factors related to the political structure of the party. The Labor coalition had support from teachers, and many of their members in the parliament were former teachers. Furthermore, it was a coalition between a Labor and left-wing alliance party, and thus the Labor coalition’s trajectory was different from the New Labor party. The political views of the Labor coalition were not defined by the former national government as much because they succeeded the Labor Government of 1984-1990. This was different from the New Labor party in Britain, which came into power after a conservative government. Second, there were differences in class histories and structures between the two societies. Intense middle class anxiety over class reproduction was powerful enough to give the New Labor party in Britain a chance to have a conservatizing effect on the direction of education policy. In New Zealand, on the other hand, “a self-conscious post-colonial egalitarianism” (Thrupp 2001:203) as a result of British colonialism remained influential.

Similar policies were also undertaken in Sweden, France, Germany, and the Czech Republic. The governance model experienced a shift from intervention to steering mechanism through evaluation and assessment from above, and through reporting from below. Despite that reform measures taken by these countries were in a uniform direction, the way they were translated into policies was not context independent. Decentralization, for example, was more radical in the Czech Republic and Sweden, compared to that in France and Germany, where

much decision making and authority was moved to the municipal and school levels (Daun and Siminou 2005).

Davies and Guppy (1997) compared Canada, Australia, and New Zealand. They found that these three countries adopted similar policies in three main areas: (a) multicultural education, skill-centered curriculums, and standardized testing, (b) skills training and curriculum redesign, and (c) standardized assessment. They noticed that globalization had “squeezing power from the middle” (p. 459). Power had been redistributed upward from education professionals, teacher unions, and ministry officials to more senior state officials, and downward to local groups. This paradox, according to them, reflected not only the growing role of the state, but also the role played by the local and minority groups that became more active and organized.

According to Whitty and Power (2000), with respect to the reform outcome, Britain, the US, Australia, and New Zealand demonstrated that educational marketization and privatization led to mixed results. Countries undertaking these policies claimed that the benefits, particularly the diversification of provision, increased efficiency and equity. Marketization and privatization were interpreted as a reclaim for citizen rights by giving emphasis to consumer rights as promised by democracy. The decentralization of education provision was supposed to make private schools an accessible choice in order to achieve social justice. Little evidence, however, showed that extending opportunities to attend private schools could benefit all groups. A voucher scheme that was intended to open up opportunities for poor children to attend private schools led to the opposite result because these schools became more selective as their enrollment expanded. Once they became more selective, they could charge more add-on payments in addition to vouchers. Choice policies in Britain did not foster greater diversity of provision; rather they showed a tendency towards greater uniformity (Starke 2006). The traditional hierarchy of the school system remained unchanged. Additionally, although local management of schools allowed the school to use its resources effectively, teachers became more occupied with administrative issues rather than students’ learning. Furthermore, academic achievement remained the locus of attraction to schools. People were attracted to schools based on physical and public image rather than changes in teaching and learning. Finally, encouragement of an increasingly selective admission policy caused increased opportunities for cream-skimming, bringing about inequality as better off students were concentrated in selective schools, leaving disadvantaged students behind for non-selective schools. Gordon and Whitty (2010) argued that the rhetoric of neoliberal

policies in Britain and New Zealand was disconnected from reality, and might remain so today. The political parties in both countries only mimicked the rhetoric of the New Right parties. The radical reform did not address the actual social problems; rather, it removed the opportunities to act collectively.

Even though these Western countries had much stronger economic and political capacity than Indonesia, the ways they translated the neoliberal reform into actual policies varied from one nation to another nation due to differences in historical and political configurations. Such variations represented both the limitation of global neoliberalism and the conflictual interests of the different actors involved in its implementation. This shows that an ability to realize the objectives of a neoliberal reform does not only apply for a weak state like Indonesia, but also for a strong state as well. It differs, however, because when a reform deviates from its original objective in a strong state, there is often a powerful group that redirects it to a predictable direction. In a weakening state, no single powerful group has the capacity to dictate a reform. In Britain, for example, when the New Labor party came to power, it was predictable, despite problems on the way, where the direction of the education reform would be taken to. In Indonesia, it was difficult to tell which direction it would go because the way politics operated was pragmatic in nature, depending on variable interests shared by various groups involved.

2.4.2.1.3 Asian Countries

Mok (1997a) suggested that even though Asian states would not abandon public sector responsibilities, it was evident that market forces had recently been influential on educational policy and development. Since the mid-1980s, China has gradually reformed its education system so that non-state actors have started assuming more responsibility for education with the emergence of community-based schools. Recognizing its financial limitation to continue providing full subsidies, China adopted neoliberalism in restructuring its education system. It introduced a user fee principle, which was followed by a rise of private sectors and the commercialization of education in the form of private tutoring and extracurricular classes. Decentralization and diversification of education services were supported to create a room for the growth of private education. Local government subsidies and funds from overseas Chinese were introduced to support the policy.

According to Mok (1997b), however, this privatization did not create an internal market where the distance between the purchaser and provider was clearly defined, as in the Western

countries. Mok (2000a) argued that the Chinese experience in marketization of education did not emulate the Western ones because it had not yet entirely been managerial in approach. The Chinese experience of marketization was more about an institutional transition in which a highly centralized economic planning system was shifted to a market economy. The state tried to mobilize private sectors and local governments to participate in public services. Yet, it was clear that the reform brought about an increasing education inequality. China tried to create a balance between economic growth that increased inequality and social development that required equal access to education for all people. This effort was not without problems (Mok et al. 2009) due to the nature of neoliberal policies, which often had a strong inclination to increase inequality. The state needed to act in order to retain political and social legitimacy through policies that would mitigate this social consequence.

In the case of Taiwan, Mok (2000c; 2002) argued that even though the introduced policies of marketization and decentralization were under the influence of globalization, this did not mean that local factors could be ignored. In fact, in Taiwan's case, local factors had been the main reasons why it adopted the policies of global trends. Taiwan's government reduced the state burden on education through the increase of student tuition fees, the reduction of subsidies, and the enhancement of relationships between school and industrial and business sectors. This trend at first seems to be similar to the global trend seen in decentralization and marketization. With a closer look, however, Mok revealed several local factors that were more important than this global trend. Taiwan's transition to democracy was the driving force behind its education decentralization and marketization. The earthquake in 1999 led the government to adopt a neo-classical approach to public management its philosophy of governance, while the rapid expansion of student enrollment and financial constraints led the government to decentralize and to denationalize public services. Later, simultaneous rapid expansion of students, private schools, and universities produced a concern with quality. Therefore, the government developed a quality assurance system to ensure efficiency and quality in Taiwan's education system. In spite of the decentralization and marketization, the state in Taiwan did not retreat from the education domain, but rather developed a proactive way to build an innovative education system.

Singapore (Mok 2003a) experienced similar educational restructuring under the influence of the global trend of decentralization and privatization. Its reform, however, like Taiwan, could not be thoroughly understood without taking local factors into consideration. Singapore's

education reform was linked to “the unique governance policy” that Singapore had adopted since it was founded as a city-state (p. 362). Singapore perceived from the beginning that education must play an important role for its survival in economic development and social harmony. In 2000, the Singapore government developed the School Excellence Model to enhance the competitiveness of Singapore in the global market. This model is a self-assessment model where schools should be able to objectively identify and measure their strengths and weaknesses against national benchmarks (Tee 2003).

Hong Kong (Mok 2000b) also aggressively adopted a quality assurance model for higher education. Hong Kong experienced a trend of budget cuts similar to developed countries such as Australia, the US, and Britain. At the same time, Hong Kong’s higher education system was rapidly expanding. This condition created concerns about quality, and thus quality assurance was taken as a policy to create a balance between financial constraints and quality issues. In so doing, Hong Kong imported education models and practices from Britain. Singapore, though it used similar language such as accountability and value for money, adopted the quality assurance policy for its education for different reasons. Unlike Hong Kong, it did not experience a rapid expansion of its higher education institutions, but rather needed to make these universities become self-assessing and self-regulatory institutions so that they would not rely on monitoring and reviewing driven by external pressures anymore. While Hong Kong needed to make its education institutions operate effectively and efficiently under financial constraints and high demand for access, Singapore was not concerned over financial issues. Quality assurance was adopted in Singapore as a means to enhance its global competitiveness rather than a means to justify public expenditure for education. It is worth noting that alongside this development, Singapore expanded its higher education from only two institutions in the 1990s to seven institutions in 2011.

Comparing Japan, Korea, and Hong Kong, Ho (2006) found that education decentralization in Hong Kong was school-driven. Japan and Korea had centralized models in which external authorities were more dominant in making school-related decisions than school independent bodies. Compared to the PISA (???) average, the three counties practiced a higher level of decentralization in budgeting, student affairs, and curriculum, and lower level of decentralization in salary setting. While Hong Kong showed the highest level of school

autonomy in staffing affairs, Korea demonstrated the highest level of decentralization in curriculum and instruction.

Along with this trend of decentralization and marketization, Malaysia has experienced a rapid change in educational policy in the last three decades. Rapid expansion of private higher education, corporatization of public universities, and a spread of transnational education embodied the transformation of the education system in Malaysia. Increasing domestic demand for higher education after the financial crisis in 1997 led the government of Malaysia to mobilize private sectors in education development as well (Lee 2000).

2.4.2.2 Vocationalization

Vocational education in secondary and post-secondary settings evolved in several advanced countries, especially Germany and the United States, as a consequence of social and industrial development. In Germany, vocationalization was backed up with an ideology perceiving work as an important dimension of citizenship along with laws, morals, religion and the state. In the United States, vocational education began around the beginning of the 20th century when the social efficiency movement emerged. It was supported by an ideology of competence in which academic and technical skills should be blended. Similar to the German idea of work, vocational education should not be limited to economic work. Rather, it should encompass also the work of being a contributing member to the community (Lewis 2009).

Education vocationalization has been a global trend over the last three decades. Vocationalization of education in the past was often defined as one dimension of education for daily life and for decent living, where broad skills and knowledge are taught to equip students with the capacities needed for productive work. About four decades ago, UNESCO identified three main dimensions of vocational education: as an integral aspect of general education, as preparation for occupation, and as an aspect of continuing education (Akyeampong 2002:2).

Recently, a new form of vocationalization has been defined as a function that drives its purpose and rationale from economic needs. It is awareness of the lack of synchrony between human needs and production, and between manpower and economic growth. Since the early 1970s, many major industrialized countries, such as the US and Britain, began the vocationalization of curriculum to fulfill the need to bridge the assumed gap between educational provision and economic needs. Three trends generated an impetus for the US and Britain to adopt vocational or work-based education: the popularity of the constructivist pedagogy, the

development of psychology that emphasized the importance of learning in context, and the superiority of the German and Japanese economies resulting from their strength in work-based learning. Nowadays, although the last economic rationale has become less relevant, the pedagogic rationale still seems to be relevant (Akyeampong 2002).

This trend was also experienced by developing countries in order to produce working forces that served the needs of development projects (Bailey, Hughes and Moore 2004; Skilbeck, Connell, Lowe and Tait 1999). Vocationalization in developing countries is often defined as linking school and work, in which the school curriculum should only contain relevant practical problems waiting for practical solutions. This comes in various forms, such as curriculum ruralization, the combination of education with production, and the introduction of manual labor. Developing countries faced problems in implementing these types of vocationalization. Parents rejected the ruralization of the curriculum because it contradicted with the real opportunities planned by central authorities. In Ghana and Nigeria, graduates who were trained to do manual work such as agriculture often did not pursue jobs relevant to their training; rather, they looked for alternative opportunities instead. Another issue was that vocationalization was perceived to be anti-intellectualism. Even though introducing vocational elements into the school curriculum was conducive to economic development, it required higher expenditure compared to general education. In order to solve this puzzle, according to Psacharopoulos (1987), economic consideration is needed. On the supply side, it should be clear “where best vocational education should be provided” (p. 201), and on the demand side, which groups of people need to be vocationally trained (Alaezi 1985; Psacharopoulos 1987).

Many argued that vocationalization of school curricula did not help students to make a difference in terms of job opportunities and economic return. Psacharopoulos and Patrinos (1993) nevertheless tried to demonstrate that education vocationalization gave significant advantages over general schooling. Vocational education in Brazil and other developing countries, they claimed, provided significant earning benefits for individuals with relevant employment compared to those with academic schooling. They also claimed that returns given by private vocational schools were higher compared to general secondary schools. They admitted, however, that introducing cost to curricula and estimated social returns to the equation resulted in much lower returns for vocational education. Msiska (1994), for instance, found that the curriculum vocationalization of general academic schools in Malawi failed to solve the unemployment

problem. Vocational education costed twice as much as general schooling. Schools that adopted curriculum vocationalization could only produce a limited number of graduates who were ready for job opportunities. In addition, jobs that were continuously changing were a real challenge for schools to adjust to. Msiska proposed that in order for vocational training to be effective, it should be conducted by specialist institutions outside general education and should be employment-based. Similarly, in Ghana, the vocationalization of schools was part of a 1987 education reform. This direction was widely accepted by the Ghanaian people as one of the key solutions to economic decline that would equip students with the skills for employment. The benefit of this vocationalization, however, remains unclear (Akyeampong 2002).

In the history of Korean economic development, vocational education was part of an effort to synchronize structural adjustment to revitalize the Korean economy in the 1970s. During this decade and after, the Korean government developed vocational training programs, which were cooperative training that tried to imitate the German dual system, and the Chang Won Industrial Masters' Colleges, which took after the Meister craftsman system in Germany. Jeong (1995) argued that this copying failed to produce the desired industrial skills because it ignored the broader context of social structure. The German social context was composed of two important elements: "(1) a corporatist industrial relations order building and implementing the vocational training system, and (2) a German corporate labor policy demanding highly and polyvalently skilled workers" (p. 238). Both supporting elements were absent in Korean society. In Korea, industrial relations were dominated by the state in building and implementing vocational education policies, and corporate labor policy did not show a lot of interest in systematic and long-term training.

Jeong (1999) mentioned that vocational schools in Korea enjoyed an elite status until the 1970s because there were many national elites who were graduates of the vocational schooling. Culturally, it also fitted well into the indigenous Korean culture that valued learning and working hard. Later development changed this condition when large companies began to dominate the labor market. Enrollment in vocational schools dramatically decreased until the 1990s. Although state intervention managed to increase this rate for four years, it failed to maintain or improve the image of vocational education among Korean people. Restrictive employment practices and on-the-job or in-the-job training gradually destroyed vocational schooling. During the time of economic expansion, despite labor shortage, vocational schooling lost its market value.

Educational practices were attuned to the needs of the large firms, leaving small and middle size businesses suffering from skilled labor shortage. Currently, the government of Korea has been trying to break through the challenge of providing well-trained and educated workers for both small-middle and larger enterprises and deal with the declining attraction of vocational education to the people. To this purpose, in 2007, they changed the name of vocational high schools to professional high schools, and allowed vocational school graduates to pursue higher education at the college and university level. In that same year, 43 percent of the vocational graduates continued on to junior colleges, and 25 percent to universities (Kuczera, Kis and Wurzburg 2009). However, the results of this change need further examination.

Russia, meanwhile, started promoting lifelong and quality vocational education in 2004 as part of a recent intensive economic reform. The government perceived that general and vocational education should be more responsive to the changing labor market of the country. Russia vocationalized its educational system at the secondary school level through the introduction of competencies and a system of profile schools in the last two years of schooling. Competencies in Russia were understood as specific and comprehensive knowledge and understanding that were suitable for the Russian education tradition, and at the same time provided a scientific vision of the world of both spirituality and social activity. They had broader meaning than just competencies related to training and working. This conception of competencies was quite different from the generic definition of competency, which focused on the ability to perform in different contexts and to transform knowledge and skills to a new environment (Pavlova 2005:348-49). Russia seemed to translate vocational education according to its economic and nationalist agendas.

Woronov (2011) found that urban vocational secondary schools in China became the site for the creation of a new social class in urban areas. This new class was excluded from the opportunity of social mobility that derived from economic development. For Chinese families, children were a valuable asset to generate capital accumulation, and parents invested in educating children to generate dividends in the future in the form of high academic achievement, high-paying jobs, and prestige. Testing was thus a decisive tool to screen children for higher education, such that the only thing teenagers did was study to prepare for school exams. In this system, low achieving students started to be increasingly enrolled in secondary vocational schools. Originally, as in Korea, vocational schools were prestigious schools established in the

Mao era to train mid-level bureaucrats and technocrats. Their graduates were considered intellectuals, respected for their contribution to work and to the nation. Nowadays, however, vocational schools have become a choice for students who were not accepted to general schools because they could not afford private preparation schooling. A large number of students, as a result, choose vocational schools as a last resort.

2.4.2.3 Internationalization

Internationalization does not have a fixed definition because the way it is used is always in certain contexts that evolve from time to time and vary from place to place. What is clear about internationalization is that it is a phenomenon that has been increasingly prominent due to the growing mobility and interdependence of people. ISC Research recorded around 6,150 international schools in 236 countries. More than half of these schools were in Asia, and 177 of them in Indonesia (ISC Research 2013). The Council of International Schools, however, listed only 11 international schools in Indonesia (Council of International Schools 2013). This difference reflects lack of clarity in defining what is international and what is not. International education, according to Husen and Postlethwaite (1985) quoted by Hayden and Thompson (1995), can include “all educative efforts that aim at fostering an international orientation in knowledge and attitude” (p. 328). In 1974, UNESCO released a set of recommendations to define international education: global perspective at all levels, respect for all people and cultures, awareness of human interdependence, international solidarity and co-operation, individual problem-solving for the community, nation and world (Bernardo and Malakolunthu 2013:59). Some argue, however, that what makes an educational institution international is its curriculum. For OECD, internationalization of curricula is “curricula with an international orientation in content, aimed at preparing students for performing in an international and multicultural context, and designed for domestic as well as foreign students” (Elkin et al. 2008:241; Vidovich 2004).

International education started in the 1920s in Europe. When different nationalities were concentrated in Geneva, a high demand rose for the most advanced teaching methods to prepare a generation that had a strong belief in cosmopolitanism. Consequently, an international education system was established in Geneva in 1927. In 1947, a similar situation occurred in New York among children whose parents were assigned to work at the United Nation headquarters. The United Nations International School (UNIS) was established then to address their demand for an education in the spirit of the United Nations Charter. In the 1960s, when foreign aids and

investments were pouring into developing countries, expatriate families demanded a form of education that would enable their children to reintegrate into the national education systems of their countries of origins. Expatriate communities normally ran these schools. However, they were also open to local enrollment, especially for local affluent families.

The growing interest in international education transformed its nature into profit-oriented education run by transnational companies. International schools in the developing world, for example, adopted the IB (International Baccalaureate) system. Such schools targeted affluent local communities as well as expatriate communities. In 1967, the government of Chile adopted the IB system to be developed as a nationwide comprehensive school project. Similarly, in 1980, Mara College, a public post-secondary school in Malaysia, participated in the IB system to improve its standards in science education. In Kenya, St. Mary's School, an independent national school in Nairobi, adopted the IB system to become a prestigious school of the nation. All cases made public education an exclusive institution in system and structure under the name of searching for creative alternatives (Fox 1985).

Vidovich (2004) compared the nature of internationalization between two private schools, one in Singapore and one in Australia. Both schools were rich in resources and autonomous in management, and highly competitive in selection. They decided to adopt the IB curriculum at the beginning of the 2000s as an effort to internationalize their orientation. Vidovich found that the global economy had a more direct effect on the curriculum in the Singaporean school through strategic partnerships between the school and business enterprises, such as the Apple and Fujitsu corporations, and between the school and several universities overseas, such as Harvard University. While the school in Australia also accepted the importance of internationalization, its main concern was more with education rather than economic changes. It adopted the IB system because it viewed it as a curriculum that gave it access to international input. In the Singaporean school, the source of curriculum change came from the Ministry of Education. Even though the change was under the control of the MOE, with the reform the MOE gave the school more autonomy. In the Australian school, the new regulation was mandated to be implemented in all states. The desire of each school to be superior within their state in fact became the impetus for it to adopt the IB curriculum. Furthermore, in contrast to the Australian school, parents in the Singaporean school had a very limited influence on the curriculum change. Vidovich suggested that both schools were not critical enough in adopting the IB system. When they decided to apply

the IB curriculum, they should have considered the quality of the curriculum internationalization by asking questions, such as Whose knowledge is this? For what purposes, and benefitting whom? (p. 460).

Mok (2007b) suggested a similar view in the case of Asian countries that had been significantly influenced by Western public management towards marketization and privatization as ways to improve their education systems. He argued that although “internationalization is desirable for university education, we should not simply understand internationalization merely as following the American or Anglo-Saxon standards and practices” (p. 438). Education institutions should look for critically good practices that can merge well into their systems.

In the last two decades, international education has also become a growing trend in developing countries. In the Philippines for instance, the government listed 122 international schools out of 8,764 private elementary and secondary schools. These schools added the word “international” to their names in order to announce that they used curriculum copied or bought from an English-speaking country, such as the US or Britain. In some cases, they adopted a curriculum that enabled the assimilation of foreign students into the local culture. Other schools attached the word international to their names as a marketing tool to attract customers without a strong commitment to applying the standards of international education (Bernardo and Malakolunthu 2013).

Recently, there has been a growing amount of research on the internationalization of tertiary education as opposed to pre-college education (Knight 2004; Vidovich 2004). Discussions on the internationalization of higher education have been closely related to globalization, which has pushed higher education towards greater international engagement. The emergence of a knowledge-based economy transformed higher education institutions to become centers of development and innovation, the production places of highly skilled manpower. Highly educated people tended to move around the globe to compete in the marketplace, and university education at the same time came to be perceived as a commodity to be freely traded across countries. The GATS (General Agreement on Trade in Services) agreement among WTO member countries thus facilitated the transnational supply and consumption of higher education. The motives behind this internationalization were mainly profit earning and some cultural understanding through research and knowledge exchange. Countries experiencing financial problems, such as the US, Britain, and Australia, established their franchised and collaborative

programs overseas with local universities, mostly in developing and middle-income nations, in order to support their higher education. On the other hand, developing countries like India, the Philippines, Malaysia, and China sought to attract international students to their universities to gain international prestige and earn income. Several universities from developed countries thus established branch campuses in these developing countries (Altbach and Knight 2007).

The rationale driving internationalization has shifted from an emphasis on sociocultural, political, academic, and economic elements to stress on the branding aspect to improve international reputation in the competitive world (Bartell 2003). Marginson (2004) argued that in the past competition among universities, especially research-intensive universities, was social in nature rather than economic. In the current neoliberal era, competition has become more marketized, in which it is mediated by the individual's ability to pay. Education has been transformed into a transnational commodity for which the issue of equality in access to education as a public good has become irrelevant. Consequently, hierarchy among international universities has widened to the point where the universities of the advanced countries are dominant. Within individual countries, tighter competition has been happening, in which a few winners are inclined to take all the advantages. Education institutions have been competing to increase their market share in the recruitment of international fee-paying students, selling education and training programs, including language certification and study program accreditation.

This tendency, however, has not removed the importance of national and institutional interests in the internationalization of higher education. Nations need to improve their brainpower to stay competitive in the world of the knowledge-based economy. They are developing strategic alliances among nations and regions to enable commercial trade in education across borders. Some countries have interests in exporting international education, and others in importing it to enhance nation building. Both to some extent need to build cultural understanding by promoting national identities. Colleges and universities at the institutional level seek to build international profile and reputation, perceiving internationalization as a new way to improve their staff capacity in skill and multicultural understanding. They also need to develop strategic alliances through networks to increase opportunities for income generation. New problems and issues are increasingly viewed as a collective responsibility which no single nation would be able to address alone. International collaboration is thus enhanced in research and knowledge production (Knight 2004). Interestingly, global hegemony has produced a distinguished

combination and inversion of national and global roles in higher education. According to Marginson (2004), “What is national in America becomes the global in the rest of the world. What is national in the rest of the world is subordinated to the American national-global project” (p. 230).

Internationalization of higher education has also been a trend in Latin American countries. Alongside the trend of decentralization and privatization, higher education institutions and the state have increasingly perceived a knowledge-based economy, advanced education, and research as key factors to improve and maintain competitiveness. Private higher education has occupied about 40 percent of the market share in education, and both private and public higher education institutions have encouraged the mobility of academicians and skilled people. However, this process has caused a brain drain in these countries because the exchange activities between these countries and advanced countries have created an unequal flow of skilled people. Young potential academicians have tended to stay in their hosting advanced countries after participating in exchange programs, leaving older generations of scientists struggling with their original countries’ problems (Holm-Nielsen, Thorn, Brunner and Balán 2005). Thus in Argentina, for instance, transnational education has come to be considered inimical to its national education and market. Although international education cooperation was understood as a sign of institutional capacity and vitality, the university community was more concerned about national sovereignty than its educational system (Theiler 2005).

Asian societies have experienced a similar trend of internationalization in their higher education institutions as well. Hong Kong, Singapore, and Malaysia reinvented their higher education governance through marketization and privatization. They created regulatory regimes to facilitate the education market. This trend of reform, however, was significantly influenced by the political structure of each country. Compared to Malaysia and Singapore, Hong Kong adopted a more liberal approach to its governance by allowing market forces to direct the market. This good market condition attracted transnational education providers such as the US, Britain and Australia to compete in the market by opening joint programs with Hong Kong’s higher education institutions. Singapore gave more autonomy to its universities to act independently in the market, but with strong control by the state. Malaysia, also with strict monitoring, offered significant opportunities for private sectors to take larger market shares in education and invited several foreign universities to operate within the country.

Mok (2008) argued that both in Singapore and Malaysia, the state played an interventionist role as a market generator, rather than as a market facilitator as in Hong Kong. Rather than embracing a market model approach, they intervened in order to accelerate market forces and remove market inefficiencies. Both were performing decentralization and centralization policies simultaneously to selectively locate places where market forces should be emphasized. Although this strategy was less consistent in Malaysia than in Singapore, both countries represented a strong regulatory regime adopting a new form of market-accelerationist model, demonstrating that neoliberal globalization had not entirely dismantled the developmental states in East Asia (Mok 2008). For weaker states, however, neoliberal globalization created mixed outcomes. In the case of Vietnam, for example, George (2006) found that adopting a competitive approach with a weak institutional structure of higher education led to unintended consequences, such as greater inequality, in the midst of a great need for educational improvement for all. George suggested that it would be better to spend available resources on collaboration and capacity building rather than to compete with each other under the neoliberal policy. Intervention was required to direct selective policies in higher education in a developing country like Vietnam.

2.4.3 Indonesia

Indonesia's education system also experienced a trend of neoliberalization. This experience was unique, however, because it occurred when Indonesia as a nation was facing a multidimensional crisis, not only in finances but also in politics and society. In such a chaotic condition, Indonesia was left without an alternative but to carry out various forms of neoliberal policies for its education system, which were decentralization and school autonomy, vocationalization, and internationalization. These policies were followed by the rise of standardization and performance-based evaluation. Representing both the marketization and privatization of Indonesian education, these policies were developed and implemented under the direction of a weakening state and civil society with the support of international donors.

While bearing similarities to the reform in Chile, which experienced the most dramatic neoliberal education reform in Latin America in the 1980s and 1990s, Indonesia's case is different in terms of its political conditions. While the neoliberal reform in Chile started and was implemented under a military regime, Indonesia's education reform occurred at the time of a dramatic transition to democracy after Suharto's military regime collapsed. This reform in

Indonesia combined the two phases of the Chilean reform into one movement. Therefore, while the reform in Chile presented some degree of continuity from the first phase to the second, the reform in Indonesia constituted a certain degree of disruption from the initial stage. The conditions of the second wave of Chilean neoliberalism in the 1990s were closer to the reform in Indonesia, except that the Chilean one still sustained a higher level of continuity from the initial reform (Arnove et al. 1996; Brunner and Briones 1992; Grugel and Riggirozzi 2009a).

Aside from political concerns, another thing that made the neoliberal reform in Indonesia challenging was its cultural and geographical setting. The social, cultural and political conditions in Indonesia are much more heterogeneous than those found in other nations experiencing neoliberalization. This complicated the creation of a cohesive large-scale change. It was especially difficult for the state to deal with the reform because market liberalization, political democratization, and governance decentralization were all occurring at the same time in a nation that had not yet developed a sustainable political structure for development (Vu 2007). Indonesia is a nation that is still struggling to define itself. It is constantly facing serious threats of disintegration due to the rise of separatist groups and the emergence of new transnational religious groups. While the state has had to maintain its legitimacy and national integrity built upon the virtues of the public, which its creation was historically based on, neoliberalism has directed it to produce policies built upon the virtues of the private (Gordon and Whitty 2010). Mismanaging this historical consensus in the middle of neoliberal ascendancy could trigger further rises in separatist sentiment.

2.4.3.1 Decentralization and School Autonomy

Even though Indonesia is very diverse in ethnicity and culture, large in population, and vast over a number of separate islands, it adopts a unitary rather than federal system. Provincial and local governments are the creation of the central governments rather than the creation of people from below. Several initial attempts at decentralization took place in 1974, providing a legal basis for local governments to get involved in public services, and in 1984, through urban development projects. In 1994, in order to implement Law No. 5/1974 concerning decentralization, the government launched a pilot project for 26 areas to become a model of decentralization. These efforts were not a genuine decentralization, however. Rather, it was the central government's effort to deal with its fiscal problems in financing public services. Politicians and bureaucrats also understood that giving relative autonomy to the local

governments would not bring about an immediate threat to the central government. However, international intervention and the complex environment complicated these attempts. Politicians and ministers of different sectors were competing for power and donor funds. The central government often mistrusted local governments and did not provide them with enough incentives to facilitate the process of decentralization. Out of these dynamics, decentralization during these periods was caused by political and economic pressures in which the central government had to maintain the provision of the public services with declining resources (Smoke and Lewis 1996). Thus decentralization in Indonesia, like many developing countries, was heavily influenced by the support of international donors.

Looking at the conditions under which these decentralization attempts were made, Devas (1997) asked whether Indonesia was decentralizing or not and what decentralization meant to Indonesia. Several issues remained unresolved in this decentralization: the absence of a proper legal framework, unclear division of functions and responsibilities between levels of government, the limited revenue of local governments and their high dependency on the central grant, the proliferation of funding arrangements, and finally, the absence of a coherent attempt to solve these problems. The National Institute of Administration in Indonesia commented on this decentralization, “Never think that decentralization is the distribution of authority, it is the distribution of services. The distribution of authority means nothing but creating new levels of bureaucracy” (Devas 1997:161). This view reflects the government’s understanding of decentralization. Decentralization for them was not a political decentralization that involved transfer of power or authority. It was about economic gains. Without a strong institutional framework, it was hard for the government, however, to realize this economic goal. It was believed that local governments lacked competence in carrying out responsibilities. Unfortunately, the central government’s main concern was not how to help local governments develop their competence, but how they could use public funds properly. The government was reluctant to accept a genuine decentralization as it might curtail their income-earning and rent-seeking opportunities. They worried about national unity, and culturally they were obsessed with the notion of centralized power supported by paternalism and patronage (Devas 1997:366).

This wide arrangement of decentralization in the 1990s led to a curriculum reform in Indonesia’s educational system. Increasing demand for knowledge and skills in the job market created an urgent need to expand opportunities for higher education and to reform the

curriculum. The demand to expand basic education and decrease the dropout rate at primary and junior schools increased. The new curriculum was expected to equip students with creativity, adaptability, and the ability to work with information technologies. Furthermore, when the trend of globalization and marketization emerged, the government realized that Indonesia was rich in natural resources and traditions. Therefore, for them, it was important to encourage students to appreciate, preserve, and capitalize on this potential to become part of the global world through curriculum reform.

In 1994, the government introduced the Local Content Curriculum (LCC) to adjust to the global trend and to provide provincial governments with more autonomy to meet their local needs. The government tried to change the administrative structure of the curriculum of basic education by transferring 20 percent of their authority to the provincial level. This 20 percent contained several subjects, such as languages, work skills, and local traditions and customs. The monitoring program by the Curriculum Development Center and by a few case studies concluded that even though there was a significant change in the administrative structure of the curriculum development, actors involved in its implementation did not change. Local actors, namely teachers, principals, supervisors, and the regional office of MONE, were given degrees of autonomy but could not retain this autonomy. Teachers who were developing curricula to match student needs did not take advantage of opportunities to increase their authority and influence in the implementation. Parents and interest groups were not involved in the design of the LCC as was mandated by the LCC policy. In general, these problems were due to the gap between province and district, lack of teacher training, teachers' attitudes toward the LCC, and limited resources and funding allocation (Yeom, Acedo and Utomo 2002:64).

Bjork (2003; 2004) concluded that the decentralization project had not worked to its expected level. His ethnographic fieldwork on the case of the Local Content Curriculum showed that the authority given to teachers starting in 1994 to autonomously compose local curricula did not make them independent teachers. Teachers continued to wait for directions from the central government. He proposed some analytical explanations for this counterproductive phenomenon. First, although giving more freedom to teachers usually proved to make them more proactive in teaching affairs, Indonesian teachers had not grasped this opportunity. Bjork (2004) explained,

... Entrenched beliefs concerning the connection between public schools and the state had the most direct impact on the actions of LCC teachers. Since the time that the Indonesian

public school system was formed, teachers' duties to the state were emphasized over their obligations to students and parents. The government went to great lengths to ensure that educators did not forget that their primary allegiance was to the national cause. That stress on the teachers' duties as civil servants produced a culture of teaching that values obedience above all other behaviors. (P. 252)

Despite that the structural change in Indonesia's education gave freedom and choice for teachers to be innovative in developing their own teaching contents independently, they failed to utilize this opportunity. Not because they rejected the change, but due to the institutional or cultural inertia left by the previous political order that had instilled in teachers a culture of blind loyalty to the state.

Second, although the central government showed strong support for decentralization and did not block it intentionally, they did not provide a conducive environment for teachers to perform their authorized freedom. Bureaucrats from the central government were often unaware that their actions impeded the implementation of the decentralization that they supported.

The inability of MOEC officials to recognize the ways in which their actions contradicted the philosophy and objectives of the LCC points to cultural rather than political obstacles to the transfer of authority. Bureaucrats working in the capital had great difficulty adjusting their attitudes, behavior, and manner of interacting with sub-national actors to fall in line with the philosophical underpinnings of educational decentralization. Circumscribed in institutional and societal frames that respect vertical hierarchy and reward obedience to authority, those officials were generally unaware of the repercussions of their actions. This situation emphasizes that transforming institutional cultures is an enormous undertaking, and that decentralization reforms are not likely to succeed unless core values and routines are modified. (P. 254)

Even though this cultural explanation makes some sense, it is important to look at the power relations between the central and local officials. I think, in addition to such cultural problems, the central officials were well aware that giving too much power and authority to the teachers would potentially threaten their traditional privileges of receiving loyalty and respect. Letting teachers be empowered would enable them to be critical towards decisions that were not relevant to their interests. Such conditions would take away many material interests they had in the existing weakness of teachers.

Third, power dynamics in Indonesia's education system did not support the development of values that could empower teachers to support decentralization. The teaching values that teachers adhered to were imposed by the state, for which actions inside the classroom and in schools were not important as long as they did not act in a way that threatened the state's power.

“Throughout the New Order period, discussing politics on campus could mark the end of an educator’s career, but failing to show up for scheduled classes was condoned. Teachers learned to follow the rules established by the MOEC and organize their behavior accordingly” (pp. 256-7).

Fourth, educational decentralization was embedded in a wider context of decentralization where the nation was expected to move from an authoritarian system to a participatory democracy entailing the distribution of power. Decentralization for education was intended to democratize educational activities. This process could not be isolated from other sectors of governance. Like the Ministry of Education, other government agencies were facing similar challenges (pp. 257-9).

The dramatic political and economic liberalization following the financial crisis of 1997/1998 led to a big bang decentralization that demanded the decentralization of public sector management in 2001. School-Based Management (SBM) was integrated into the decentralization of educational management, where local district governments were expected to play significant roles in school planning, management and finance. Through the SBM model, school management was expected to respond quickly and directly to local needs and concerns. Decentralization was thus supposed to improve effectiveness and efficiency in the education system. It was also believed to enhance democratization because local community members would be able to participate in determining their educational needs. This at the same time would help the central government to reduce its financial burden, as the local governments could contribute more to the share of education expenditure.

Indriyanto (2003) revealed that SBM as a policy scheme in education management faced serious challenges to succeed because the majority of school principals and education administrators were still heavily influenced by the old management style. Several problems were associated with this style. For instance, most bureaucrats thought that the central government was still responsible for the development programs. Contradictory to the ideal of decentralization that promoted local autonomy, this attitude created dependency on the central government. Furthermore, schools were not well equipped with textbooks, and teachers were paid little, putting them in a situation where they could prepare someone else’s children to go to higher education but could not do so for their own children. Paperwork criteria for promotion were also problematic. Some school principals might receive a good promotion without demonstrating their ability to improve schools, while others who succeeded in improving their schools were denied

promotion because they did not fit the paperwork criteria. Moreover, a new centralism emerged at the district government level. The new model of decentralization erased the old hierarchical relationship between the central and local governments in terms of accountability, and local district governments were held accountable in their development programs to the District House of Representatives instead. To be considered successful in their development program, an approval from this House was necessary. In some cases, members of the House did not care enough about the educational development issues in their areas, while at the same time local governments and schools expected to have their political support.

Along with these issues, Sumintono (2006) explained that the decree that legalized the SBM policy lacked clarity. It was unclear about the model of SBM that the government sought to apply, and recommended a model that did not take school differences into account. Even though decision-making and authority were transferred to district level governments, the SBM policy was not accompanied by clear regulations and guidelines at the local level. The old paradigm of education management thus remained the same, and school practices stayed similar. The education council and the school committee, two new independent bodies introduced within the SBM policy, were symbolic rather than real. Their members were selected based on politician and bureaucrat preferences. Some school principals misused both bodies in order to justify decisions, especially in matters related to school fees and budgets.

Bandur (2012) found that most decisions in the school committee were made through a consensus procedure. He suggested that even though democratic principles had been applied in the process of decision making, further measures were required to generate a sustainable improvement. Bandur (2011) found that there was a lack of coordination in decision-making between the school principal and the school committee that was responsible for earning external funding. Thus, conflicts of interests between the district education department and the school principal often happened. Such conflicts slowed the execution of decisions taken by the school. Additionally, the broader community of members of the school, including parents, had a low level of participation in school decision-making. Most teachers did not have comprehensive knowledge about the SBM model, and so they tended to passively follow instructions from the higher authority.

Amirrachman et al. (2009) argued that what made the Indonesian experience of the decentralization distinctive was the external pressure it received, especially from international

donors, as well as its colonial and post-colonial history. In spite of the diversity of the country, it was always characterized by centralization both before and after independence, and the trend of decentralization exacerbated a long-standing problem of inequality among regions. The already stark contrast between rural and urban schools increased. Schools in urban areas often had much better opportunities to maximize the advantages of decentralization with optimism. They were also often privileged to have the patronage of the leading local politicians. Due to unclear guidelines and the pessimistic attitudes of most principals and teachers, transparency and accountability were largely absent in rural areas. Different stakeholders tended to have different views on the form and extent of participation in a decentralized setting in schools. Further structural adjustment that was proposed by the international donor agencies deepened the level of differences in educational opportunities. “Under this new regime of structural adjustment, or economic globalization, wealthier and more powerful communities with greater cultural and financial resources have extended their advantage. Decentralization has further licensed this cleavage” (p. 147). Declining state capacity and increasing demand for autonomy, Amirrachman et al. (2009) argued, made the decentralization unlikely to succeed. The sudden introduction of the decentralization in Indonesia would come to failure because it was implemented in a nation with little experience in local democracy, unclear guidelines, low local capacity building, fractional politics, and the spreading resistance of interests groups among local officials, politicians, and school principals. More importantly, this sudden decentralization gave advantages to a limited number of wealthier districts and institutions, furthering the existing social class and rural-urban cleavages. As a result, the promises made by the decentralization were unfulfilled (p. 154).

2.4.3.2 Vocationalization

The latest neoliberal education reform of the Indonesia’s education system introduced a new vocationalization program. It was different from past vocational education because it made vocational education a medium to develop partnership between the public and private sector and between school and private industries, including transnational companies, so that the state would be able to reduce public expenditure for education. As in other countries, vocational education in Indonesia was intended to improve labor market outcomes in order to solve unemployment. It was believed that vocational education was more capable for providing industries and services with well-trained and skilled workers.

In Indonesia's school system, junior high school graduates must choose whether to enroll in a vocational or general secondary school. Both school types are different in terms of curriculum with the exception of limited subjects such as English and Bahasa Indonesia. Vocational education in general offers different majors, namely business management, machinery and information technology, agriculture and forestry, community welfare, tourism, arts and handicraft, health, and marine studies, or a specialized field, such as aviation and shipbuilding.

It was reported (Newhouse and Suryadarma 2009) that in the selection system to enter secondary schools, students were sorted based on the test scores that they obtained from the exit test of the junior high school. While the students with the highest scores tended to enter the public vocational and general secondary schools, the students with the lowest scores tended to choose the private vocational secondary schools. Parents with higher education tended to choose public general secondary schools for their children. Due to better school quality and peer effects, public secondary school graduates enjoyed a wage premium of about 20 percent. The private vocational secondary school graduates, however, demonstrated more favorable outcomes than those of the private general secondary schools. More recently, male vocational school graduates have experienced declining returns compared to female graduates due to the decline of technical and industrial majors in terms of quality and relevance to a market that has become increasingly service oriented. Newhouse and Suryadarma also reported that vocational education was about 28 percent more expensive for the government to pay than general education. The government spent more money for the public school than the private school. Private public schools were the most expensive, followed by public and private vocational schools, and then public general schools, the least expensive. The enrollment rate for secondary vocational schools had thus been declining during 1999-2006 from 1.6 million to 1.2 million. In 2007, when the ratio between vocational and general schools was 24:76, the government started to implement a policy to reverse the ratio to 70:30 by 2015. In order to pursue this policy goal, the government constructed new vocational schools and converted some general schools into vocational schools. The enrollment rate for vocational schools has since slightly improved.

The most difficult task for the government was to convince parents that it would pay off to send their children to vocational education. In spite of the new vocational schools that were

opened, public attitudes towards education remained the same, preferring general education to vocational education.

2.4.3.3 Internationalization

Within the context of the recent reform, the government of Indonesia introduced school internationalization by enriching the national school standards with certain international standards adopted from the OECD countries (Fahmi, Maulana and Yusuf 2011; Sakhiyya 2011). School internationalization in Indonesia was not about how to export the Indonesian education to the world. Rather, it was an effort to bring educational standards in from outside. It was also not about how to attract international students to Indonesian schools, but how to attract middle rich class people to these so-called pre/international standard public schools.

As with public schools, the government also supported the internationalization of Indonesian higher education. They defined international collaboration as a criterion to rank Indonesian HEIs, understanding that internationalization was a means to improve national competitiveness. Some institutions, however, decided that the continuous quality improvement of individual institutions was far more important than the internationalization itself. Several indicators of the new tendency towards internationalization among Indonesian HEIs emerged: websites in English, reliance on information and communication technology (ICT), acknowledgement of internationalization in their vision and mission statements, internationalization of the student body, internationalization of the academic and staff collaboration, and internationalization of the curriculum. In order to support this orientation, the government and higher education institutions promoted programs such as accreditation from international bodies and exchange and double degree study programs in collaboration with various universities overseas (Soejatminah 2009).

Marginson and Sawir (2006) made a problematic, if not unfair, comparison between the University of Indonesia and the National University of Australia in terms of internationalization in order to reveal the dynamics of global stratification between higher education institutions in a developing and developed country. HEIs, according to them, did not stand alone in the marketplace. Their capacity was bound to a particular nation because it was the accumulated product of past nation building; the government was the main regulator of the HEIs, and the national capacity conditioned the capacity of universities. The study showed that the University of Indonesia and the Australian National University had many commonalities— both were

nation-building universities trying to improve their international position through broad networking with international universities, and leaders in both universities supported intensive and extensive development of their global capacity. Globalization for them, especially UI, was associated with the business model of the university. Both universities were also experiencing a growing disjunction between the global elements of their goals and strategies and the resources they derived from the national government and local students, which remained the main financial resource for them to fund their international programs. Despite these similarities in agenda, ANU had a thicker global networking and was supported by a much better institution and infrastructure. This difference implies that global competition has created institutional stratification.

At the regional level, the position of Indonesia's HEIs is dilemmatic. Despite that they were expected to play a major role in the regional networks of ASEAN universities, their contribution and knowledge share to regional higher education has been peripheral. According to Welch (2012), this was because of the nature of Indonesia's international engagement with China and the Islamic world. China and certain Islamic countries, such as Malaysia and Egypt, are among the main destinations of Indonesian students to study abroad. Furthermore, this can also be attributed the expansion of higher education in Indonesia, which has created a larger system but has not been well regulated.

2.4.3.4 Marketization and Privatization

Education marketization and privatization has been occurring in Indonesia at the school and university level. It should be kept in mind, however, that marketization and privatization were not narrowly defined as a full transfer of ownership from the public to the private. Instead, they were a general move towards more market-oriented policies through deregulation and reregulation. Therefore, it is more appropriate to consider them quasi-marketization and quasi-privatization processes.

During the reform, there was an increasing tendency to introduce competition among schools. In the past, public schools had been considered relatively accessible to all citizens, as they were given a uniform status to serve all citizens regardless of their social and economic background. With competition, however, while they were in general still better in quality compared to most private schools, the public schools introduced policies that were only popular among private schools in the past. For instance, they charged expensive school fees, and instead

of opening the gate to all citizens, they adopted market-oriented strategies, such as opening excellent class programs and international standard schools. In order to enter into these classes, students were selected not only based on their academic performance, but also on their economic advantages (Fahmi et al. 2011). On the other hand, more and more private schools became an important exit for the middle-rich class people who did not find a place in good public schools due to the restricted selection system or who thought that they did not fit into the culture of the public schools. Public schools were considered normative or conservative in their approaches to teaching and learning, while middle class people were more attracted to schooling that promoted collaboration, independency, and creativity. As the educational demand of the middle class grew, both public and private schools competed to attract the best resources using market tools such as school table leagues and media advertisements.

For higher education, Azra (2008) argued that despite the opposition from certain groups in Indonesia, the transition of the public higher education institutions to become private entities was inevitable due to domestic demands and global forces. He also asserted that whether Indonesia's universities changed their status to state-owned legal entities (BHMN) or not, tuition fees would continue to increase. Welch (2006) explained that over the last two decades, the balance of public and private higher education in Indonesia had shifted sharply. Private higher education had expanded dramatically due to limited financial resources and the spiraling demand for higher education. This tendency to further privatization was accelerated after the Asian financial crisis in the later 1990s. External pressures for further structural adjustment on the part of international donor agencies enhanced this tendency. This development, according to Welch, complicated Indonesia's efforts to improve quality, equality, and regulatory capacity.

Since the 1950s and 1960s, private higher education has been accepted as part of the national higher education system. The new Regulation No. 30 in 1990 on higher education shifted the balance of public and private higher education, with the state supporting the private sectors through this law to increase their share of the provision of higher education. This direction reflected how the state could not afford to meet the expanding demand for higher education all over the separate islands of the country. The policy caused a dramatic growth of private higher education institutions from less than 400 in 1975 to around 1,200 in 1995, and student enrollments from around 100,000 in 1975 to over 1.4 million in 1995. As of 2009, it was estimated that there were a total of at least 2,900 private HEIs compared to less than 100 public

ones, and student enrollment of 2,532,278 (58.39%) at private HEIs compared to 1,804,761 (41.61%) at public HEIs. Most private HEIs were found to be much smaller in size (Welch 2006).

Traditionally, the state did not actively promote synergies between public and private institutions. After the reform, the government adopted strategies to put both sectors on the same bar to compete for public funding. Private and public partnerships were promoted in the areas of engineering, science, agriculture, economics and law. Both public and private institutions raised their tuition fees and promoted competition to enter high quality universities. While higher education institutions were competing to obtain the best brains, students were also competing for the best universities to attend. However, this new environment weakened the general quality of higher education because the reform was performed under poor regulatory standards. It also further marginalized bright but poor students in access to higher education. Higher socio-economic class students already dominated public higher education institutions, with some 80 percent of the enrollment on average coming from the top quintile of society (MONE 2009c; Welch 2006). This trend of marketization and privatization of higher education, according to Susanti (2010), needs to be better regulated.

2.5 Conclusion

The advancement of information and communication technology has created a new level of dramatic globalization in the world. It has created a new environment that enables the mobility of capital across nations, and in order to facilitate this mobility, the state and people need to be transformed to become more flexible and at the same time reliable and trustworthy.

Neoliberalism is the underlying ideology behind this economic and political direction. It is an ideology that prioritizes individual freedom over collective interests. It is also, however, in great need of security. Therefore, the state is an important partner in achieving this task. Furthermore, the state inevitably needs capable humans and enough financial resources to perform this task; it cannot do it by itself. The capitalist, however, will not be fully helpful for the state to accomplish any reform because it may interrupt their capital accumulation. They will only support the state in areas and to the level that will protect their economic interests. Therefore, with its legitimate power, the state invites individuals to participate in sharing the financial burden of the reform. This strategic idea has become the dominant reform principle around the globe since the 1970s. It began with American neoliberalism in Chile, and spread to Western developed countries, Asia,

and Africa. It reached Indonesia in the 1980s and affected it dramatically in the late 1990s when the financial crisis occurred. It was then implemented through decentralization and democratization programs, followed by education vocationalization and internationalization. With these policies, the state must function as a place where global rationality and competition are enhanced and promoted through a depoliticization strategy, while it is also expected to intervene in order to correct or create a new market in sectors that it sees necessary.

CHAPTER 3

ENABLING MARKET THROUGH DEMOCRATIZATION AND “BIG BANG” DECENTRALIZATION IN INDONESIA’S EDUCATION

Political democratization and large-scale decentralization in governance were two main structural processes that recently changed the nature of the relationship between the state and society in Indonesia. Before the reform, Indonesia was a highly centralized state where the local people did not have authority to govern and plan their local needs and affairs. Democratization and decentralization transformed the governance system into a form that could allow a higher level of civil participation in the provision of education. The initial centralistic system, however, did not make this a simple process.

In this section, I will describe and examine how global forces and emerging domestic conditions led to the adoption and development of decentralization and the corporatization of the education system in Indonesia. First, it will be important to describe the nature of the initial relationship between education and state formation. This relationship directly reflects the existing state capacity to deal with the education reform.

3.1 Education and State Formation

Apart from economic constraints, differences in ideologies and cultures prevented Indonesia from having a homogenous education system from the beginning of its creation. Within the state, a split between secular and Islamic education system was fundamental. Various cultural and religious groups established their own educational system in which the state did not have sufficient control (Hing 1995; Saridjo 2007). Well-established civil society and religious organizations, such as *Nahdlatul Ulama* (NU) and *Muhammadiyah*, have had the ability to challenge the state hegemony, even to pose counter hegemony. This condition, however, has not created a well-organized civil society movement.

The condition became worse when Suharto’s regime tried to subjugate this fractured education system to serve its political interests. During this period, education became treated as if it was under the full control of the state. In reality, this was not the case. Through a large-scale economic development project in the 1970s, Suharto’s regime built schools and universities all over the country to generate well-educated people to support nation building, emphasizing

economic dimensions while at the same time undermining the political improvement of the people. This, however, did not converge with the pre-existing fractured education system into state control. Instead, the state developed its own public education system that virtually excluded non-state schools. This created a cleavage in the education system, because the old non-government system managed by the community with different cultural and religious backgrounds occupied a significant share of the education provision. As of today, the two largest Muslim civil society organizations, *Nahdlatul Ulama* (NU) and *Muhammadiyah*, have about 13 thousand and 10.5 thousand schools (Lampung Post 2013; Muhammadiyah 2013) respectively. A combination of demand for expanded education and pressure to liberalize the education market led to a dramatic increase of private schools and colleges (MONE 1996). It is worth noting that most private education organizations financially relied on public funds. This caused an “anarchic situation” in Indonesia’s education system, a phrase used by Fuad Hassan, the Minister of Education (1985 to 1993) to describe the phenomenon. There was a serious discipline problem (Suara Pembaruan 1988), as increasing the number of new schools and colleges, mostly private, was not often followed by quality improvement. Different institutions ran educational activities unregulated by clear rules and norms. At the same time, the state, under neoliberal pressure, needed to redefine its relation with people in terms of responsibility to provide education services (Kompas 1988). The outcome might have been different if the state had managed to include these educational institutions from the beginning through cohesive collaborations.

This fragmented education system generated a non-conducive environment for education development. The trust between the state and the non-government providers of education did not exist. When the regime exercised ideological and political control on education, they imposed it on both state and non-state owned educational units, and a hidden curriculum that fostered the state’s hegemony was enforced. Education bureaucracy became a political tool for the ruling regime to make sure that the ruling party remained in power. This policy brought about a rise of identity politics within the education system. Darmaningtyas (2002) suggested that this culture of sectarianism and primordialism galvanized in schools and universities in turn became a serious barrier for any substantive reform proposed as this friction shaped the structure of power within the state bureaucracy.

Pressures to adopt market principles alongside with the increasing demand for education access in the 1980s, however, forced the regime to allow private sectors to open new schools and

colleges. Unfortunately, the government did not develop a cohesive regulatory system to monitor the expansion process. As a result, the expansion of private schools and colleges was sporadic. This development seemed on the surface to serve the interests of the state in meeting the increasing demand for education access, as the state was financially constrained. In reality, this was not the case, because many of these private actors set up new schools without a sincere commitment to help the government. Instead, they were seeking opportunities to have access to public funds provided by the state or paid by the community.

It therefore, rather than reducing the state burden, this introduced a new financial and managerial issue. The state was not only facing financial constraint, but also private schools and colleges were suddenly spreading out all over the country without any clear direction or control. Consequently, the increasing number of new institutions to accommodate the increasing rate of the school enrollment did not facilitate the creation of quality education. It in fact worsened the condition of Indonesia's education, not to mention the high discrepancy in school quality among regions and between rural and urban areas. In such a situation, the government had no choice except to turn to international economic organizations for financial and expert support. Unfortunately, it was a group of corrupted bureaucrats that became involved in running the international loan arrangements. These bureaucrats did not have sincere intentions to improve the condition of national education. Their main concern was how to earn financial benefits from the large amount of loan money available. Daoed Joesoef (2006), the former Minister of Education (1978-1983) revealed in his memoir that the regime actually did not have a good plan for education development. They only had money. He was under constant pressure stemming from the regime family circles to allocate educational projects for them, such as school uniform production.

Against this backdrop of the relationship between the education system and state formation, neoliberal education reform set out.

3.2 When Global Forces Meet with Local Conditions

Democratization is a political and social process that has dominated the general atmosphere of the global world since the mid-1970s. It became stronger after the collapse of the Soviet Union due to increasing support from the United States and European countries for democratization in developing countries, the emerging presence of the global middle classes (Huntington 1991), and the impressive advance of technology and communication (World Bank

1997a). Decentralization, after democratization, is another social and political process that became phenomenal in the global world, especially in developing countries, when international institutions such as the World Bank and Groups started to advocate it in the early 1980s. Decentralization reflects the economic and political reform that has been happening around the world (World Bank 1997a). It is closely related to the contemporary wave of globalization. Decentralization is believed to be the direct implication of the global wave of marketization and democratization. Globalization and technology drove many countries to adopt a market or quasi-market economy, including authoritarian nations.

Good governance came to be seen as transparent, representative, accountable, and participatory systems of institutions and procedures for public decision-making. From this broader perspective on governance new concepts of decentralization emerged as well.” (Cheema and Rondinelli 2007b:2)

From 1999 to 2003, the United Nations held five global forums on the topic of reinventing government. The underlying argument developed by the forums was that globalization gives more benefit to the world because the more a state is integrated into the global system, the more chance it has to develop and provide prosperity for citizens.¹¹ International agencies presented democratization, decentralization, and marketization as a package that should be inclusively integrated in the governance of a state. In the changing world, according to the World Bank (1997a), the state could not provide social and public goods as it used to.¹² Decentralization for the World Bank was a solution to help the state provide public goods for citizens. This idea went back to a new paradigm in governance called new public management.

Cheema and Rondinelli (2007b) explained that the new public management movement of the 1990s in richer countries shaped the way international development organizations operated. This movement led many public officials from developing countries to begin to “think about what governments should do and how they should perform” (p. 4). They argued that the work of David Osborne and Ted Gaebler, *Reinventing Government* (1992), was also influential in other countries. Both argued, “National, state, and local government should be innovative, market oriented, decentralized, and focused on offering their “customers” the highest quality services” (p. 4). They and advocates of new public management asserted that the “governments should encourage local groups to solve their own problems by deregulating and privatizing those activities that could be carried out by the private sector or by civil society organizations more

efficiently or effectively than by public agencies”(p. 4). At the heart of this approach to government, according to them, was “the notion that it [the state] had to be decentralized in order to achieve all of the other goals; that is, it would be most effective working through participation and teamwork among government agencies at different levels and with groups outside of government” (p. 4).

This global direction was not just a theory, but also a policy model that many nations adopted. In the early 2000s, 80 percent of developing countries had adopted decentralization regardless of their social and economic conditions (Ayres 1999). Despite this clear global campaign and movement, international agencies made the impression that these events were neutral and objective according to the internal conditions of each country. Although the World Bank viewed that political concerns in these developing countries caused most of these events, they also argued, “The main reason for decentralization around the world is that it is simply happening”. It was design issues that made a difference in implementing decentralization in different countries (Decentralization Thematic Team 1999a:para. 2). Another study from the World Bank (1998) suggested, “The debate on whether decentralization is “good” or “bad” is unproductive since decentralization is a political reality worldwide-one that varies greatly in form within and among countries” (p. 3). Decentralization is a global trend and a right choice for any country that wants to adjust to global change. The question is not whether a country should adopt it or not, but how it should implement it.¹³ In a report, the World Bank (2008) emphasized that the World Bank and other development organizations did not get involved in any political events that forced a country to choose whether it would be decentralized or not. However, in the case of Indonesia, international development organizations like the World Bank and others used decentralization and democratization as a prerequisite for financial support. A work on the Indonesia’s decentralization sponsored by the World Bank mentioned,

The urge to accelerate governance reform also came from countries and international donor agencies. Experience of failures in lending and aid in countries was due to poor governance practices. This encouraged them to make governance reforms a necessary condition to obtain access to grants and loans from international financial institutions... Implementation of regional autonomy was expected to accelerate the realization of better governance in the region. (Dwiyanto 2003:2-3)

This document clearly mentioned that international donors used decentralization as a precondition for a country to receive grants and loans. The World Bank celebrated the fact that

many Asian countries, regardless of their economic development, had adopted decentralization as a necessary measure to reform. In these countries, the key question is no longer whether to decentralize. It is how best to design intergovernmental structures and manage the implementation process to achieve optimal results (World Bank 2005c:1). Although the nature of the adoption of decentralization and democratization varied from country to country relative to the individual domestic conditions, it was definitely a global neoliberal project that transnational economic institutions had been supporting in order to expand the market.

Kalin (1999) mentioned reasons behind why most developing countries adopted decentralization: “the greater efficiency and accountability of local governments; the positive effect such authority-shifts have on local development; the enhancement of democracy and protection of liberty that local governance has on the citizens; and the greater ability to protect the rights and values of minority populations” (p. 49). Interactions occurring over this process between local and central government created legitimacy for the state as a whole (p. 49).

Between 1993 and 1997, 12 percent of World Bank projects completed involved transfer of responsibilities to lower levels of governments (Litvack et al. 1998). Of these projects, urbanization occupied the highest proportion, 43 percent, compared to education, 9 percent. World Bank’s involvement in decentralization was in a variety of programs: loans to sub national governments, structural adjustment loans to central governments, reports on decentralization and related issues in specific regions and countries around the world, and providing more assistance strategies for countries giving greater prominence to decentralization. In 2008, a study on 20 countries revealed that of the US\$22 billion financial commitment for 203 lending activities, 34 percent or US\$7.4 billion was on decentralization related activities (World Bank 2008). The global waves of decentralization did not only change the governance approach of these countries, but also changed the way the World Bank approached these countries as customers. Ayres (1999) explained that the World Bank developed more flexible procedures to adapt to the needs of local communities.

Both international development institutions and receiving countries had to create more flexible and responsive environments to facilitate the expansion of global capital. Thus, decentralization gave legitimacy and the benefit of efficiency for the national government as well as for the international economic institutions. In the field of education, decentralization promised efficiency, responsiveness to local demands, higher people participation, expansion of access,

and better quality. Increasing user fees was one of the methods the central government used to reduce fiscal burden (Decentralization Thematic Team 1999b).

Thus, it is demonstrated here that decentralization, along with democratization, is not only about a policy action, but also about a discourse system that transnational economic institutions have promoted in their own global economic activities.

3.2.1 The Formation of Neoliberal Policy in Indonesia

From the early 1970s to the early 1980s, the New Order regime managed to resist the pressure from global institutions such as the International Monetary Fund (IMF) and the World Bank to liberalize Indonesia's economy in order to adjust to the new international division of labor and solve the saturation of Import Substitution Industrialization (ISI). The domestic capitalist groups supported this regime policy because they needed state protection from the threat of foreign capitalists.

Oil and gas revenue played the most important role in supporting this economic policy. It helped the regime to undermine external and internal pressures for market liberalization, and even contributed to the creation of new domestic capitalist groups that had the capacity to build international networks beyond the state entity. Such powerful corporate groups emerged in the early 1980s. When they were excluded from the New Order regime circle, they expanded or moved their investments overseas.

In the early 1980s, the established mutual relationships among capitalist groups around the state were challenged for the first time since 1965—the price of oil was declining. This meant that there was an increasing chance for international capital to put pressure on the state to deregulate and integrate itself into the global capital system, threatening the interests of the domestic capitalist. This also meant that the state capacity to support the provision of infrastructure and capital investments for the domestic capital class, and to protect the weak through subsidies, was under threat. As a result, under international pressure, Indonesia abode by several of the World Bank recommendations to change from the Import Substitution Industrialization (ISI) to the Export-oriented Industrialization (EOI) model in order to solve the state's balance of payment. This took place through increased aid and borrowing, increased non-oil exports and domestic non-oil revenues, cuts in expenditure, especially subsidies and large public projects, and mobilization of domestic savings. This transformed Indonesia's economic

development model from a nationally controlled and integrated industrialization to a model that relied on comparative advantage and effective allocation.

Despite all of these measures taken, this did not mean that the regime had lent Indonesia to a free market regime. Instead, the New Order regime reaffirmed that it would not allow international capital to control the national economy. International capital was only offered certain opportunities, with strong control by alliances of domestic businesses and politico-bureaucrat leaders, to get involved in high cost investment such as oil and gas drilling, as the regime domestic alliances did not have enough capital to invest in such a huge project.

The financial crisis in 1997/1998 marked a new stage for the New Order to reorganize its relationship with international capital and society. Collisions between domestic politico-business groups and international markets, however, led to the New Order regime's collapse. For international agencies, this was a total blow-up of the Indonesian interventionist crony-capitalism. Suddenly, after more than three decades of efforts to free the market, international agencies, namely IMF and the World Bank, were able to force Indonesia's large corporate companies and political cronies to accept terms of policy and institutional changes in letters of intent,¹⁴ which were agreed to by the government on October 1997 (Robison 1990; Robison 2009). This agreement demanded the Indonesian government implement deregulation and privatization programs as soon as possible. The government thus had to privatize most state-owned companies. While the government had to support domestic competition and privatization, and review the effectiveness and efficiency of public expenditure, they also had to secure a social safety net program for education and health to protect the poor from crisis (IMF 1997).

This condition was a tragic experience for the Indonesian people. It required a quick solution, as many people lost jobs in a very short period. From August 1997 to August 1998, the national statistics, the International Labor Organization (ILO), and the Ministry of Workforce report respectively showed that 4.2 million, 5.41 million, and 7.3 million people lost their jobs. People with lower education suffered more as many manufacturing and construction companies went bankrupt or had to lay off many workers to survive (Romdiati N.d.). A shift from formal sectors to informal sectors also emerged; in 1998, workers in informal sectors comprised 65 percent of Indonesia's employees (Bappenas 2002), which increased to 69 percent in 2008. With this increasing share of the job market in the informal sector, education level became more significant in explaining income inequality and job security (Akita and Pirmansah 2011; ILO

2010). Such phenomena made people believe more strongly that educational credentials and learning experiences were important for their life chances in the social and economic field.

3.2.2 Crisis as an Opportunity for Decentralization

Indonesia has been relying on international institutions for educational development from the 1970s to the present. The development project, including educational development, in Indonesia has been deeply integrated with the global economy system. Therefore, there is no doubt that what happened before and after the reform was always a big deal for global capital. Several long-term loan deals made from 1970 to 1997 reached the value of about US\$513.4 million.¹⁵ These loans were from the World Bank Group, intended to be repaid within 20 to 50 years. In 1994, Indonesia joined the World Trade Organization (WTO) and consequently ratified the Uruguay Round Agreement through Law No. 7/1994 concerning the agreement establishing the World Trade Organization. On February 7-25, 2005, in a WTO meeting in Geneva, Indonesia held meetings with Taiwan, Japan, the US, and the EU to discuss lists of services that would be included in WTO's General Agreement on Trade in Services (GATS) (Nandika 2007). Education service was included in that list, and consequently, Indonesia had to open its gates for the foreign institutions that wanted to run business in education services in the country. This binding agreement was then formulated nationally in Law No. 25/2007 concerning capital investment and Presidential Regulation No. 77/2007 listing open and closed business fields. With this regulation, education became one of the service types in which foreign investment could operate, with a maximum of 49 percent of the total investment made in the education legal entity.

The crisis of 1997/1998 accelerated the process of decentralization policy, both in politics and the education system. Although the movement towards decentralized management of schooling had been increasingly influential since the mid-1980s, big bang decentralization in the wider political context of Indonesia accelerated the process (ADB 2001; Behrman and Deolalikar 2002). Along with democratization, decentralization was the most important priority of the *Reformasi* movement following the collapse of the New Order regime in 1998. President Baharuddin Joesoef Habibie, the successor of Suharto, endorsed decentralization policy to parliament as he came to office, and no objection was found from the bureaucrats or political leaders against its adoption at the time. Habibie was seeking political legitimacy, as he was one of the main figures in the ousted regime. He needed to convince people that he was with them in building a new democracy. M. Ryaas Rasyid (2002),¹⁶ one of the conceptual architects of this

policy, explained that this new political model “was substantially intended to empower provincial and local governments” (p. 2) The main cause of the government failure to respond correctly to the financial crisis in 1997 was the “excessively centralized administration [that] had taken most of our time and energy to deal with domestic and local affairs” (p. 1). Local authorities, on the other hand, lacked the power and space to creatively respond to the crisis. Rasyid explained that Indonesia was seriously damaged by the Asian financial crisis in 1997/1998 because the central government failed to read and anticipate the symptoms of the global financial and economic crisis. They for a long time had been focusing only on domestic issues that the local government could have taken care of. Accordingly,

This is the price we pay for the implementation of the centralized system of government ... In order to restore the dignity of the people and to rebuild the image of government as the source of justice, ... we returned to use the paradigm of service and empowerment ... This change in paradigm can be considered as a movement back to the essential character of the government. (PP. 6-7)

Groups that worked with the international donor groups also held this argument. A book written by a group of Indonesian researchers funded by the World Bank (Dwiyanto 2003) argued that “the centralization of power in the hands of central government was considered as the main cause of prolonged multidimensional crisis”. Therefore, “the redistribution of authority is needed between the state, market mechanism, civil society, and between groups in order to build a new, more democratic Indonesia” (p. 1).

Dwiyanto (2003) clearly mentioned the direct relationship between decentralization and the market. Rasyid (2002), on the other hand, tied the idea of decentralization to the old national consensus of Indonesia as a nation state. He connected decentralization to the war against the remnants of the previous regime and to a legitimate relationship between the state and society and between the central and the lower governments, without mentioning the market. He identified decentralization with the idealized and normative role of the state to provide services and empowerment.

3.2.3 Emerging Belief in a New Model of Education Management

When the crisis hit the country, people believed that education reform was impossible without decentralization policy. They argued that one of the main reasons behind the failure of education development in the country was the over-centralization of the former regime. Having lived under the centralist policy of the New Order regime, the decentralization model was

extremely attractive to people. It was even more appealing when it was tied directly to democratization. As the large-scale reform started in 1998, this belief entered all social spheres of the country. Political leaders, bureaucrats, and intellectuals used the term “new paradigm” to designate the era of *Reformasi*. Anwar Arifin (2003), one of the intellectual figures and legislators that promoted the “new paradigm” slogan in the process of reforming Indonesia’s education, explained,

The most important demand of Reformasi was democratization. This could be addressed in two respects, namely community empowerment and empowerment of the local governments (regional autonomy). This meant that the government’s role would be reduced and community participation would be increased. Thus, the role of the central government that had been so centralistic over 50 years would be reduced by giving a greater role to local governments, known as a decentralization system. These two things had to be run simultaneously, and that was what the ‘new paradigm’ was about. This model replaced the old centralistic paradigm in which the central government role’s had been very big. (PP. 1-2)

It was amazing that the new paradigm discourse was internalized to justify the reform—a paradigm that was rooted in rationalism and managerialism, promoted by neoliberal international agencies and actors (Peters et al. 2000). People were pushed to believe that decentralization was the only way to a genuine democratic society (Hadiz 2010). At the time, there were almost no dissenting voices against this movement; instead, there was a widely accepted belief that both decentralization and democratization would bring Indonesia back to the right path of genuine justice and prosperity for all people, regardless of their differences in race, religion, and region. The democratization and decentralization that were transforming the political system and power relations in Indonesia were therefore celebrated.

In a very short time, about 16,000 public service facilities were moved to local regions (World Bank 2005c). The political party system suddenly changed from restricted party politics to open party politics, which led to an increased number of parties taking part in the 1999 general election—from three main parties in the New Order era to forty eight parties after the reform (Evans 2003). Local government bodies expanded quickly from only 27 provinces and 227 districts in 1998 to about 440 districts in 2001, and further expanded to 33 provinces and 491 districts in 2010 (Wasistiono 2010; World Bank 2005a). After the crisis faded away in 2004 and the economy started recovering, the number of the new middle classes, which had been growing in the late 1980s but was interrupted by the crisis, started growing again (Kompas 2011t). In sum,

despite the non-conducive political and historical environment that existed for the implementation of neoliberalism in education, the multidimensional crisis experienced by Indonesia as a whole seemed to become a catalyst for making people believe that neoliberal democratization and decentralization were the answer to the problem.

3.3 Decentralization and the International Economic Organizations

In order to support the implementation of this political decentralization, a new state ministry was formed, named the Ministry of Regional Autonomy. M. Riyaas Rasyid was appointed by President Habibie to serve as the first minister for this position. This movement necessitated the creation of two new laws: (a) Law No. 22/1999 concerning local government, which stipulates that all authorities will be decentralized, except authorities in the fields of security and defense, foreign affairs, fiscal and monetary, justice, and religious affairs; and (b) Law No. 25/1999, concerning fiscal balance between the central and local government (Wasistiono 2005). In order to facilitate the implementation of both laws by January 2001, the 1945 Constitution of Indonesia experienced four consecutive amendments from 1999 to 2001. With the assistance of the *Deutsche Gesellschaft für Technische Zusammenarbeit* (GTZ), the US Agency for International Development (USAID), and other international agencies, agreement on the list of authorities that would be decentralized was achieved. This agreement became the basis of Law No. 25/2000 concerning government. About 189 presidential decrees had to be made no later than November 2000 to implement the decentralization policy, and in order for the implementation to begin in January 2001, the central government was obliged to allocate 25 percent of the national income from domestic sources as a general allocation fund that would be redistributed based on five criteria: number of population, size of territory, geographical location, level of income, and natural resource potential. Ninety percent of this allocation was for district governments, and only ten percent for provincial governments (Rasyid 2002).

When the new President, Abdurrahman Wahid, was elected by the parliament in October 1999 to replace Habibie, resistance against the implementation of this decentralization policy began to surface. The Ministry of Regional Autonomy was shut down and merged with the Ministry of Home Affairs in August 2000 with the first three of Wahid's cabinet reshuffles. Rasyid's (2002) account¹⁷ showed how important it was for Indonesia to implement full decentralization, as it was part of the letter of intent with the International Monetary Fund (IMF). The story reflected how shaky the government of Indonesia was when the transition to

decentralization and democratization had to happen simultaneously. It also revealed how the IMF forced Indonesia to perform extraordinarily fast decentralization. National elites in the central government could not resist this change because local politicians and leaders at the time would assess the legitimacy of the central government based on how serious they were towards the implementation of decentralization. The local leaders were very pleased with this direction, as it would allow them to exercise political and economic opportunities that they had missed during Suharto's regime. During Suharto's regime, they had only been direct extensions of the central government, without any authority to determine their own affairs. It was no wonder that when a plan was issued to revise Law No. 22 and 25/1999, concerning decentralization and the fiscal balance, strong rejections came from district heads all over the country. Rasyid (2009a) described this plan as the continuation of a maneuver launched by the previous Minister of Home Affairs, who had rejected the establishment of an Autonomous Regional Development Board as part of the merger package between the Ministry of Regional Autonomy and the Ministry of Home Affairs.

The central government no longer felt responsible to implement the Law No. 22/1999. Parties who considered this law belonged to them were only the district heads and the city mayors with their respective local parliaments. It was bizarre, because the law actually was the product of the central government and the central People's Representative Council. (PP. 22-3)

In 2000, the People's Consultative Assembly (MPR) released a letter of recommendation to hold fundamental revisions of Laws No. 22 and 25/1999. They claimed that this decentralization law was a threat to the unity of Indonesia. Law No. 22 was indeed revised in October 2004. Unlike the old law, new Law No. 32/2004 emphasized more authority of the executive leaders over legislative leaders. Under the old law, district and city heads (*bupati* and *walikota*) had not felt politically comfortable because local people representatives had had the power to recall them when they found that the district heads or mayors had made a policy decision that did not serve their own interests. As a result, it had been very difficult for the *bupati* and *walikota* to develop a good plan and program for their local citizens. According to Wasistiono (2005), this revision was a return to Law No. 5/1974, concerning the local government that existed in Suharto's era when executive power was stronger than legislative power. These power dynamics reflected the institutional inertia established by the past, when the executive leaders centered around Suharto had dictated other state bureaucratic elements.

Regardless of this power reconfiguration, decentralization gave more power and authority to local leaders all over the country, and allowed people to elect their governors, mayors, and political leaders directly. However, this democratic empowerment also brought counterproductive results. After decentralization, Indonesia suffered from increasing ethnocentrism (Damanik 2010), the emergence of new local strongmen, the development of new local patron-client politics, the increasing spread of corruption, collusion, and nepotism, and the radical abuse of natural resources by local business and political leaders (Agustino 2011; Gonggong 2005). Hadiz (2005) described this situation,

... The unraveling of the New Order has not been accompanied-and probably will not for some time-by the establishment of a democratic regime in which transparency, accountability, rule of law or social justice reign supreme. The “something” obtaining in Indonesia today cannot be associated with idealized notions of liberal democracy, but is rather a form of democratic governance powered by money politics, bossism, thuggery and violence as practiced in Thailand or the Philippines. Indeed, analysts now frequently compare Indonesia to societies in which post-authoritarian politics have only problematically been characterized as democratic. (P. 121)

In another work, Hadiz (2002) explained,

The most notable aspect of this constellation is that the various interests of predators that grew up under Suharto regime patronage system that was so vast and centralized, extending from the presidential palace in Jakarta to the provinces, cities and villages are mostly still alive and influential. These interests reshape themselves through new alliances, both nationally and locally, and seize the democratic institutions of Indonesia to advance their predatory goals. Through control of the parliament and political parties, and through business alliances and diverse instruments of political power-which is a mixture of paramilitary groups and criminal organizations/youth-they build networks of decentralized patronage of new predators, competing with each other, and sometimes overlapping. (P. 295)

According to Hadiz (2010), even though these practices in Indonesia were similar to the experience of Thailand and the Philippines, post-decentralization events in Indonesia were distinguished by the ability of the weak local forces that were subordinated by central power to organize themselves into powerful political and business alliances in local regions.

This fashion of democratization and decentralization drove an unexpected rise of local demands for new autonomous local provinces, districts and cities across the country. Many of these demands were based on local political sentiments around ethnic, religious, and cultural identities. However, this problematic face of decentralization and democratization in Indonesia did not significantly affect the penetration of global capital as it was still during Suharto’s era.

Right after the financial crisis, the government launched a US\$600 million Social Safety Net Adjustment program with the support of the World Bank. Part of this loan was used to provide scholarships to individual students and direct block grants to schools (World Bank 2002). In 2005, the government launched another program called Initiatives for Local Governance Reform Project (ILGR) and proposed a US\$14.5 million loan, and made a US\$14.5 million credit to the World Bank. This project was to improve local governments' transparency, accountability, and public participatory practices in governance, financial management, and procurement (World Bank 2005a). Another very important project for global capital was National Programs for Community Empowerment (PNPM Mandiri), which was launched in April 2007. This program claimed to be part of a nationwide poverty reduction program to achieve the targets set for 2015 by Millennium Development Goals (MDGs), a UN-initiated global commitment made by Indonesia with 189 countries in 2000 and supported by various international development institutions, especially the World Bank. Both the Asian Development Bank (ADB) and the World Bank were involved in providing loans and credits for Indonesia to finance this program; in 2009, the ADB (2009) committed to providing an estimated US\$113.5 million to finance a second project of this kind.¹⁸

This program was clearly part of the decentralization and democratization project in Indonesia. In 2011, the World Bank began its fourth loan round for a similar project that had been launched in 2008, and provided US\$531.19 million for it. The World Bank (2011a) explained why this program was important for Indonesia and how the policy makers should tackle the problem.

While recent history has shown a positive trend in economic and political achievements, this still remains an incomplete transition. The challenge for policy makers now is to both make the investment effort and tackle the policy and institutional impediments that limit the effectiveness of Indonesia's institutions in delivering services and accountability to the populace and also those that constrain the poorest from benefiting more fully from growth and poverty reduction efforts. (PP. viii-1)

Indonesia's reform, for the Bank, had not been complete. The main problems were associated with institutional capacities and difficulties the poor faced in benefitting from the economic growth. In the Bank's description, the National Program for Community Empowerment (PNPM) was the most important program created by the government to reduce poverty. It was one of the world's largest community-based poverty reduction programs,

implemented nationwide and covering 60,000 villages. Alongside this, there were four other programs: two, PNPM-Urban and Support for Poor and Disadvantaged Areas, were financed by the World Bank, and the other two, PNPM Rural Infrastructure Support Program and PNPM Infrastructure for Socio-Economic Development, were financed by the Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA) (World Bank 2011a).

For education, the government launched different programs that were directly financed using loans or credits from the international development institutions. The ADB provided \$235 million for a project called Higher Education Project, launched in 2000 (ADB 2005). In the ADB's audit for the project, the ADB criticized the inability of the receiving institutions to raise their tuition fees.¹⁹ From this criticism, it is clear that the donor institution had a clear intention to put pressure on Indonesian education institutions to raise tuition fees for students in order to enable the education market to operate. It criticized the fact that the government of Indonesia provided a high percentage of its routine budget to higher education.

In 2005, the World Bank provided US\$108.1 million for another program called Managing Higher Education for Relevance and Efficiency. The World Bank (2005b) described this program as a competitive program to “to change organizational culture, promote innovation and improve efficiency” (PP. 7-8).²⁰ In 2007, the World Bank provided another Rp. 2.5 billion for a three-year project called the Local Basic Education Capacity (L-BEC) program²¹ (World Bank 2009a) to develop an effective system for making coordination between the lender and the borrower effective and efficient. Yet another program, BOS Knowledge Improvement for Transparency and Accountability,²² might be the most widely known program run since 2005 to the present. The World Bank provided US\$600 million for it in 2008, and additional US\$500 million in 2010. This program received high attention from the public because both the central and local governments used it to maintain their legitimacy and increase their electoral electability.

As of 2012, Indonesia recorded Rp. 1.937 trillion of foreign debt (about US\$215 billion), projected to increase to about Rp. 600 trillion in five years, with about 60 percent to public debt (Indonesia Bisnis 2011; Lensa Indonesia 2012; Panggabean 2012). In terms of ratio to the GDP, this was much better than that of 1998/99, which was 142.7 percent. The government argued that they had made significant progress by reducing this ratio. Critics said that this reduction so far had not brought a significant economic benefit to the people in general. It only reflected the

macro situation, not the real condition of many Indonesian people who did not have access to decent income and living. One of the reasons why the government continued needing new loans was the corruption of local governments across the country (Kompas 2011e). Strangely, although foreign debt was part of the central government's budgeting, the Financial Auditing Board (BPK) had not been auditing it, and in fact they just announced that they would start doing so in 2012 (Malik 2012).

3.3.1 Decentralizing an Ailing Education System

In terms of movement towards decentralization and democratization in education, political leaders collaborated with the international agencies, bureaucratic intellectuals, and public intellectuals in an array of efforts to make an effective transformation in education.

The World Bank released a very influential report on Indonesia's education on September 23, 1998 entitled *Education in Indonesia: From Crisis to Recovery*. The main objective of this report was to give policy advice to the Indonesian government on how to protect and maintain its previous development achievements in education under Suharto's regime, and at the same time what it should do during and after the crisis. This report was a breakthrough because it was the first time that an official report explicitly and publicly criticized the actual practices of education in Indonesia. Often in the past, such a critical report would be categorized as a classified file, and be circulated among exclusive people who worked for the Bank and the government only.

Before the release of this report, in 1997 the World Bank produced a working paper entitled *Indonesian Suggested Priorities for Education*. This paper indicated that there were three factors causing ineffective school management in Indonesia: (a) limited autonomy of principals; (b) unprofessional principals; and (c) lack of community participation (Sagala 2005). In other words, in order for Indonesian schools to be effective, school management should be decentralized, teachers and principals should be professionalized, and society should share with the government the burden of education provision. This paper was circulated internally among Indonesian bureaucrats and the World Bank staff.

While this paper focused only on the human capital aspects of Indonesia's education system, the *Education in Indonesia: From Crisis to Recovery* report encompassed more aspects. It started with what were called Short Term Strategies, focusing on the importance of keeping students in school at basic education levels. In order to achieve this goal, a five-year so-called Stay in School Campaign program with a total cost of about US\$382 million was conducted,

funded and sponsored by the World Bank, Asian Development Bank (ADB), UNICEF and bilateral agencies (the Australian Government's overseas aid program (AusAID) and the Asia-Europe Meeting (ASEM). Along with this campaign program, these international agencies introduced reform principles in tandem with market orientation, such as quality first, efficiency, civil participation, selective protection and empowerment, and decentralization (World Bank 1998:19-22).

The report, after stressing the importance of keeping children in basic education, emphasized that basic education was more important compared to other education levels because it prepared students for post-basic education and labor market adjustment, and because Indonesian graduates left schools without enough competency in numeracy, reading, and reasoning skills. Unfortunately, according to this report, Indonesia's basic education system suffered from several problems that impeded its way to achieving this goal. Among these problems were,

Incentive structures that do not adequately reward good teaching practices; low learning time in grades 1 and 2; insufficient resources, particularly for schools in poor communities; a large stock of teachers who are poorly trained in both subject matter and teaching processes; low levels and quality of textbooks and materials; an overloaded and unintegrated curriculum; insufficient assessment and evaluation of quality; current institutional arrangements; and ineffective school management, particularly as it relates to the role of the principal. (World Bank 1998:26)

These issues were not invisible in Indonesia's education at the time. This report only reemphasized what had already been a public concern in order to create a deep feeling of crisis.

The report proposed some solutions for the aforementioned issues, where it emphasized the involvement of the private sector, selection principles, quality over equity, merit over need, and active participation of society. Low quality of textbooks could be handled by inviting private sectors at the local level to provide books. Poor distribution and quality of teachers could be solved by hiring more contract teachers, changing the incentive system to become performance-based, and providing more training using a student-centered model to help students develop critical thinking and creativity. All of these suggestions were closely connected to economic principles in which assessment and evaluation become the main mechanisms in the game. According to the World Bank, "if funds are guaranteed, there is no incentive to depart from business as usual. The ... objective ... of providing autonomy to local levels while ensuring

accountability to the national level could be achieved through the introduction of performance-based grants” (World Bank 1998:45).

The World Bank went further for what they claimed as middle and long-term strategies, identifying chronic issues within Indonesia’s education system: organizational complexities, overly centralized operations, fragmentation and rigidity of the budgetary process, and ineffective management at the school level. According to the World Bank, this chronic weakness could be eliminated by giving autonomy to schools and “by moving accountability for service delivery closer to the beneficiaries and by changing incentive systems,” in which decentralization as a policy mechanism became a good choice. “Decentralization is not an answer to all education problems, but experience shows that it is a necessary, while not a sufficient, condition for improving teaching and learning” (World Bank 1998:69-73).

Although the World Bank’s language was only suggestive here, it actually celebrated this policy orientation. The major policy propaganda of the Bank in promoting reform in Indonesia’s education was around decentralization and autonomy, accountability, performance-based outcomes, and a consumer-oriented model. In line with this orientation, other international agencies, such as the Asian Development Bank (ADB), the Asia Foundation, and UNESCO emphasized the importance of giving decision-making power to schools (ADB 2001:7).

3.3.2 Responding to International Recommendations

In response to this, the National Development Planning Agency (Bappenas) formed five task forces to review and make policy recommendations based on the aforementioned World Bank report. In the forward page of this report, the head of the Bappenas, Junaedi Hadisumarto (Jalal and Supriadi 2001), wrote,

When the World Bank published a report entitled *Education in Indonesia: From Crisis to Recovery* (1998), Bappenas, in cooperation with the World Bank and the Ministry of Education, responded by setting up several working groups (task forces) to follow up on the report. To that end, Bappenas facilitated a series of meetings involving various stakeholders in education, from government officials to educational practitioners at the grassroots level. We believed that with the diverse membership of the task force, the aspirations and views about education could be accommodated. (P. xxix)

These task forces were headed by Fasli Jalal, a Cornell University graduate in the science of nutrition, who had been working closely with the World Bank and other international agencies through a variety of bureaucratic positions.²³ The task forces were divided into five to each work on a specified theme: (a) the framework of education reform, (b) the quality of basic education,

concerning school-based management and decentralization, (c) school personnel development (teachers and educational staffs), (d) higher education, concerning the implementation of the new paradigm, and (e) community-based education and the partnership of private and public education.

From the name of each task force, it is clear that ideas of these working groups closely reflected the ideas and recommendations made by the World Bank report. Each task force was required to display their report drafts in a panel discussion in Bappenas in January 1999, attended by the World Bank representatives and other international agencies operating in Indonesia, followed by a national conference on February 23-25, 1999 in Sahid Hotel, Jakarta. About 700 participants comprising a wide array of individuals and organizations attended this conference. They included Bappenas and MONE (representing Indonesia's government), donor agencies (World Bank, ADB, AusAID of Australia, and JICA of Japan), higher education institutions, province and district representatives, NGOs, and other intellectuals.

Donor agencies were not passive in this important transition. They took a very important role in the whole process, and across task forces, David Greene (World Bank), Richard Pearce (AusAID of Australia), Dean Nelson, Brigitte Duces, and Jamie William worked actively as expert consultants. It was not clear if these consultants had relevant expertise to Indonesian studies and education reform.

After the conference, there was a restructuring in the task force sections. The names of the task force sections before the first conference were in English, and were closer to the technical terms used by the World Bank in its report in 1998, with themes on the philosophy of Indonesian education and policy totally absent. Post-conference, these five task forces were scaled down to three: philosophy, policy, and national strategy of education; teacher and education staff empowerment; and higher education. Task forces on decentralization and school-based management were terminated because they were considered to have reached their objectives. On the other hand, the task force on community-based education and partnership of private and public education was postponed because it failed to reach a clear agreement on the issues of community based education (Jalal and Supriadi 2001).

Change in the language and structure of the task forces indicated dynamics of competition between the transnational agencies and the domestic forces that wanted to influence the reform framework as much as they could. International agencies and technocrat bureaucrats representing

the government focused on how to make Indonesia's education more effective and accessible to the market, while nationalist intellectuals cared more about the philosophy and national character of the education.

Interestingly, both parties easily reached an agreement on the issues of decentralization of education and school-based management. However, they found it much more difficult to reach a similar agreement on the issue of community based education, where civil participation and public and private partnership were encouraged. The main challenges to promote such an education model in Indonesia was that Indonesian communities had been involved in running their own schools, with different approaches according to their ethnic and religious backgrounds, before Indonesia adopted modern education in the 1940s. Specifically, Indonesian society had its own indigenous community-based education, mostly Islamic learning centers, that had developed a vision and mission that did not match the neoliberal community-based education model. For example, while in the neoliberal model, the community-based school should be led by someone with managerial skill, in the Indonesian model, such a school should be led by someone with religious piety and knowledge about Islamic teachings. Therefore, although the provision of modern education was not new to Indonesia, the effort to reframe it according to the new principles of neoliberalism faced issues of relevance and conflicts of interest.

3.3.3 Institutionalizing Decentralization Policy in Education

On the national level, political leaders showed a strong support for democratization and decentralization of power. This support remained active when bureaucratic intellectuals, managers, and international agencies were striving to develop policies and legal frameworks for the implementation of the decentralization in education. While waiting for more regulatory frameworks for this implementation in the education system, there was a quick move to convert all public universities into state-owned legal entities, presumably taking after the Japanese government model in privatizing its public universities. This movement was supported by the international development agencies through the Higher Education Project by the Asian Development Bank (ADB 2005) and the Quality of Undergraduate Education Project by the World Bank (World Bank 1997b).

As a result, Government Regulation No. 61/1999, concerning the establishment of state universities to become state-owned legal entities, was released to legalize this action. The operation of these universities would be removed from the state bureaucracy, though the Ministry

of National Education would remain a supervisor in the new governance. These universities were then prepared to operate autonomously in the same way as private companies, with an autonomous body called the trustee board, representing the government and community, managing the governance of these state-owned legal educational entities. This trustee board comprised elements of the Ministry of Education, the academic senate, the community, and the rector or president of the university. For supervision, an independent auditing council would perform both internal and external evaluation of the governance of the higher education. Initially, the Directorate General of Higher Education at the Ministry of National Education centrally managed the governance of public higher education. Four out of the 82 public universities at that time were selected to be in the pilot project at the beginning, with the hope that all public universities would have enough capacity to be independent in the future.

In order to catch up with the demands of Indonesia's newly decentralized and democratized political system, in early 2002, Commission VI in charge of education affairs in the People's Representative Council (DPR) began discussing a new education bill to replace Law No. 2/1989 concerning the national education system. This law was considered irrelevant in the new Indonesia because it was not compatible with what they called "an imperative demand of *Reformasi* era, globalization, and local autonomization" (DPR RI 2003c:xi). Later on, the Council found out that the government had prepared a similar law.²⁴ In other words, the bureaucrats that were working in line with the recommendations of the international agencies and institutions were competing with the lawmakers, who claimed themselves as the voice of the people in order to serve their main interests in the new laws of education.

The government of Indonesia received direct support in the form of consultation from UNESCO in preparing this new law (DPR RI 2003a). During this bill review, the government and the political leaders did not demonstrate any significant difference in terms of movement towards decentralization and democratization of education. The new bill emphasized the importance of democratizing education by expanding community participation in the provision of education services, and by strengthening commitment towards democratic quality education, equality between different school systems, and a competency-based curriculum. They called these elements a new paradigm in governance.²⁵ This bill did not create any substantial debate when was enacted in May 2003. The only serious controversy was around religious education,

and nothing was considered controversial in relation to the new paradigm being manifested in the principles of decentralization and democratization (DPR RI 2003c).

This new law stipulated three important policy directions that might be influential in changing the education system in Indonesia: (a) the decentralization model would devolve education authority to lower authorities under three mechanisms, namely school-based management, community-based management, and corporatization for higher education, and would affect how education was financed, how the curriculum was designed, how education was evaluated, and how teachers were managed; (b) in order to make this policy direction achievable, each education unit from primary school to higher education would need to operate under the umbrella of an independent educational legal entity that acted like a legal body; and (c) teaching jobs would need to be professionalized. Based on this, the education reform in Indonesia must be understood and explained in the context of decentralization, democratization, corporatization, and the professionalization of teaching jobs.

3.3.4 Making Decentralization and Corporatization Work

The decentralization of education, school corporatization in the form of educational legal entities (quasi-privatization), and professionalization of teaching jobs mandated by Law No. 20/2003 were the three main strategies undertaken by the neoliberal reform in order to allow for the marketization of Indonesia's education. While managing the transition to a decentralized system, the government was also working to prepare regulatory devices to support this process. The government considered two main legal products to keep this process moving ahead, namely regulation of teachers and lecturers, and of educational legal entities. Darmaningtyas, Subkhan, and Panimbang (2009) argued that there were three main regulations that were released by the government in order to enable the privatization and the marketization of education in Indonesia: Regulations No. 76 and 77/2007 concerning investments, and Law No. 9/2009 concerning education legal entities. However, I believe they missed the importance of Law No. 14/2005 concerning teachers and lecturers. This law shifted the teaching job to become a professional and modern occupation in an economic term when teachers and lecturers had to sign a job contract where the employer had the right to fire them when necessary according to their performance. This was a real change given the fact that most Indonesian teachers before the reform were recruited and given a civil servant status by the state. With a civil servant status, teachers were

guaranteed a permanent job based on their loyalty to the state, regardless of their job performance.

It is important to bear in mind that Indonesia's legal system had a thick hierarchy where lower legal products ought not to contradict higher ones. The expectation was that an important policy change must be governed by a higher law to give it legal power in order to bypass different authorities. The lower the law status was, the weaker it was in front of different authorities when it came to implementation (Thomas 1980). Although there had been significant change in 2004, where ministerial and non-departmental chief decrees lost their binding power except in their respective sectors as administrative decisions, the hierarchy still exists today as follows: the 1945 Constitution as highest, followed by laws/governmental regulations in lieu of law, governmental regulation, presidential regulation, and regional regulation (provincial/municipal/village level) (Indonesia Law Report 2009). Therefore, when Law No. 20/2003 concerning the national education system was passed, people demanded that the regulations needed for teachers and lecturers and for educational legal entities be at the level of a law, not just at that of a governmental or ministerial regulation.

Accelerated transformation in post-crisis Indonesia caused the occurrence of non-conventional processes in legal drafting. Normally, the government as an executive authority was responsible for drafting a legal bill. When they reached the conclusion that the draft had been refined after public hearing, they submitted it to the People's Representative Council (DPR) for further discussions and reviews. However, in the case of Law No. 14/2005 concerning teachers and lecturers, it was the People's Representative Council (DPR), not the government, that initiated the drafting and invited the government to send their representatives to participate in the process. Unlike the law on teachers and lecturers, Law No. 9/2009 concerning education legal entities, like other legal products, was initially drafted by the government, and then brought to the Council for discussions and reviews before it was passed. The latter nonetheless took a longer period to be finalized. While the law on teachers and lecturers only took about six months to pass, due to controversies on financing and organizational principles, the law on educational legal entities took nearly seven years to finish, from 2003 to 2009.

The main assumption underpinning the development of the teachers and lecturers law was that this legal device would be able to protect their right to a reasonable and convenient economic life so that they would perform better. No teacher questioned the adoption of this law. The law on

education legal entities, on other hand, presumed that the state must reduce its traditional intervention in the education system by allowing educational entities to operate autonomously. The latter, unlike the former, attracted wide debate questioning the state commitment towards social contracts and citizens' equal rights to quality education. State bureaucrats and political and business leaders were supporting of this flexibilization, but strong resistance came from nationalist intellectuals and students.

With the passage of Law No. 14/2005 concerning teachers and lecturers, for the first time in Indonesia's history, teaching jobs were legally regulated and redefined. Teaching had previously been perceived as an honorary job performed by those who had academic skills. Importantly, it was viewed as a public job by which the teacher as a civil servant worked to serve the state's development in the field of teaching and learning (Bjork 2004; World Bank 1998). With the new law, teaching became a contractual job defined around professional capacities proved via qualification, competency, and certification or a license. Certification became the most fundamental element of this new definition. Whether they were employed by a private school or a public school, teachers and lecturers normally received the same unit of monthly salary. Having obtained a professional certification as a teacher or lecturer from the government made a difference in terms of financial reward, with the monthly salary paid double that of their basic salary. Another important effect, under the principle of the decentralization model, was that teachers were devolved to districts and municipalities. If they were public employees, they would become local government employees, and if they were school employees, the local government would supervise them only (President of RI 2005).

While debates and discussions on the law bill concerning education legal entities were in progress from 2003 to 2009, several policy decisions²⁶ were made at the governmental and ministerial level to facilitate the decentralization and democratization processes. When it was passed on December 2008, Law No. 9/2009 concerning education legal entities was considered a real breakthrough in Indonesia's education organization and management. For the first time, each education unit from pre-school to university would be run under a legal entity that would operate using a corporate management model with the principles of a non-profit organization. This law created a collision between the poor and the rich and between the private and the public sectors. Consequently, it was nullified by the Constitutional Court (MK) on March, 2010, even as the government was trying to implement it (Kompas 2010c; Kompas 2010l).

The cancelation of this law epitomizes the enabling role of democracy to allow oppositional groups to challenge the state from within, as the Constitutional Court (MK) was part of the state institution. As of 2013, sixteen cases related to education had been brought to this Court since 2005. Thus, while Law No. 9/2009 on education corporatization took about 6 years from early 2003 to late 2008 to pass, about a year later, the Court nullified it. Individuals, social movement organizations, and private sectors whose constitutional rights were allegedly compromised by this Law collaborated to make a constitutional review against the state. The advantage of bringing constitutional cases to this Court was that a complainant citizen did not have to go to another lower court first, as MK was the first and the final court for any constitutional dispute. The arguments about the unconstitutionality of the Law were strong enough that the Court made its final decision in short time. This decision consequently had a huge impact on the ongoing reform, because without Law No. 9/2009, the corporatization of schools and universities became illegal.

Poor families complained that this law did not protect the social rights of the Indonesian people guaranteed by the 1945 Constitution to pursue appropriate education with equal access. On the other hand, the private foundations accused the state of breaking their constitutional rights to participate in providing educational services as they had been doing because the law forced them to transform their foundations to become education legal entities (Constitutional Court 2009a). Therefore, a law that regulated the managerial and organizational structure and principles of Indonesia's education was absent until a lower level of governmental regulation on the national system of education was released in January 2010, to be further amended in June 2010. The cancelation of Law No. 9/2009 was celebrated by the nationalist groups and poor people as a dramatic defeat for the government and for neoliberalism (Darmaningtyas 2008; Darmaningtyas et al. 2009).

Law No. 9/2009 had mandated the conversion of all education foundations to become education legal entities or education corporations. This was not an easy task to carry out, as about 97 percent of higher education institutions in Indonesia were private foundation-based institutions. This was also a threat to the privilege enjoyed by the people running these foundations. Through this law, they had to give up their initial economic and organizational power and authority, as the new law required the institutions to be organized using corporate managerial principles. However, this demand seemed to be contradictory because those foundations had been treating education as a market product from the beginning. Although they

had begun operating under the rhetoric of participating in the state's development project since the 1970s, most of these private schools in fact were established to seek economic benefits. In other words, converting the education units under foundations and charity organizations actually did not contradict with the spirit and aspiration of the BHP law and the original objectives of those private institutions, which was to marketize and privatize education. The issue lay in the possible consequences of changing from foundations to education legal entities. The change might threaten their traditional forms of organization, which could lead to the dismantling of the status quo in those foundations.

The state was in trouble because both groups, namely individuals or social movement organizations and private education organizations, used the 1945 Constitution to serve different interests. In a personal conversation with an important supporter of the BHP law from the Ministry of National Education in Jakarta, July 2010, my interviewee argued that the actual force and real beneficiary behind the cancelation of the BHP law was the alliance of the private education providers. They did not want to be ruled by the state. They wanted to preserve their privileges in education business. Actually, people from other countries had praised this BHP law as a revolutionary achievement in Indonesia's education legal devices. It was for the first time in history a law that regulated the relationship between state and society in detail was produced. It was held as a model for other nations (Anonymous 2010).

By the time Law no. 9/2009 was nullified, a dozen state universities and some new higher education institutions had been reinvented or newly established in accordance with the new policy management and requirements. The nullification of this law put these higher education institutions in a dilemma. They had to give their resources back to the state and change their status to become public service bodies within three years.

A public service body was defined by the government as "the agency within the government that was formed to provide the public a supply of goods and/or services sold without prioritizing profit, and to do activities based on the principles of efficiency and productivity" (Government Regulation No. 17/2005) (President of RI 2010).

This inconsistency in carrying out neoliberal agendas as planned following the *Reformasi* in 1998 created inequality among higher education institutions. The corporatization of education changed the reward system to become performance-based. A few good colleges and universities dominated the allocation of scarce public resources. Most higher education institutions were not

capable of competing. Even though the government created a special program to allocate additional budget for poor colleges, this effort was not sufficient to change the structure of opportunities. A similar trend happened for schools as well—schools that were converted to become international standard schools had financial and cultural advantages over regular schools.

Recently, there has been serious discussion at the MONE about a plan to unify the payment system of all public higher education institutions in order to avoid increasing inequality of access across the country, which would be effective in 2013 (Kompas 2012m; Kompas 2012n). Since the annulment of Law No. 9/2009, regulating both public and private management of school and higher education institutions, the state however has seemed to become very reluctant in regulating the private higher education sector. They have focused more on public higher education, which only occupies three percent of the higher education sector in Indonesia. This plan, therefore, would not prevent the 97 percent of private higher education institutions that accommodate more than half of all university students from operating based on market principles. In addition, the unified payment system would still discriminate between study programs based on their economic values. Medical and business programs, for example, would charge higher tuition fees than other study programs.

3.4 Conclusion

External global neoliberal forces and internal economic, political, and social crisis were two main factors that enabled the radical reform agenda in Indonesia. This reform should be understood and explained within the context of decentralization and democratization because both policy events became a tool of power to restructure the existing configuration of the government and its institutions, including the education system. It is important to bear in mind that prior to the reform, the nature of the relationship between this education system and the state formation was not cohesive. The mixture of decentralization and democratization was a good combination because it made decentralization not only a technical and mechanistic process, but also a political process. Its political face was represented in the democratization movement. Democratization energized the ideological and rhetorical power of the reform in the eyes of the public. When the reform took off in 1999, following the dramatic economic, political and social crisis in 1997/1998, the decentralization and democratization campaign was fostered to the level where people could not imagine the existence of democratization without decentralization and vice versa.

During the crisis, the people of Indonesia were led to believe that decentralization and democratization were two sides of the same coin. In order to convince them the viability of this choice, the central government often referred to the international donor agencies' recommendations. In doing so, they did not pay enough attention to the real problems of the people. On the other hand, international donors, such as the World Bank and Asian Development Bank, included decentralization, though not necessarily with democratization, as a precondition for Indonesia to become eligible to receive international funds. While exercising this political pressure, these donor organizations developed public communication strategies by which they portrayed the processes of decentralization and democratization as a neutral event driven by the internal conditions of Indonesia. In addition, they published studies and mobilized experts to work with the Indonesian bureaucrats. Although some domestic resistance surfaced when the decentralization started, it did not prevent the process from moving forward because the public had already built their political trust on the willingness of the government to pursue decentralization along with democratization. Whoever demonstrated their unsupportive attitude was more likely to lose their political legitimacy.

Decentralization and democratization of education in Indonesia came as a marketization package. Through decentralization, local government and its institutions were obliged to independently take care of their own local affairs. The central government would only play a facilitating and supervising role in the different public and development programs undertaken by the local governments. Interestingly, many new local leaders across the country exploited the emergence of the democratization euphoria to mobilize local political support, often loaded with ethnic sentiments, to propose the establishment of a new province or regency. Therefore, decentralization and democratization were followed by the proliferation of new provinces (*provinsi*) and districts (*kota/kabupaten*). The central government then was forced to allocate their scarce resources to these unexpected demands, rather than to the real needs of the local governments that were experiencing dramatic transitions. As a result, the central government had to provide additional resources that they had not anticipated in order to support the newly emerging provinces and regencies. At the same time, because these resources were limited, the local governments utilized all possible ways to generate new revenues. Many local governments still did not have adequate resources, though, and consequently, the central government had to turn to the international donors for financial support. In order to ensure that the government would be able to repay its loans, the donor organizations put pressure on the government to sell its services to the people, rather than to offer them to the people as

public services. As the government had a vested interest in maintaining its political legitimacy, it increasingly used loans from the donor organizations to fund public services, including education.

Within this context, schools and colleges were pushed forward through corporatization to become independent legal entities rather than remain public institutions. When a school or a university had been transferred to the authority of a new legal entity, this new entity would be responsible for all educational functions. This entity would then work to provide financial support and human resources. Because teachers would be transferred and employed by this entity, the nature of the teaching job had to be professionalized according to corporate principles. Teachers and lecturers, for example, had to be assessed and rewarded based on how well they performed and how much economic benefit they brought in. Therefore, during the reform, the neoliberal advocate worked hard to transform the school and university organizational system and the teaching employment system to become more flexible to market needs. This was regarded as a part of decentralization and democratization that had to be accomplished. However, the internal incoherence of the state, partly due to the initial problematic relationship between the education system and the state formation, complicated this process. The state's opponents used the Constitutional Court (MK), a new state institution, to stop the implementation of the Law No. 9 /2009 from legalizing the corporatization of education.

The changing configuration of the relations between actors involved interfered with the project of school and university corporatization (as seen in Chapter 6). At the beginning of the reform, international economic organizations advocated the corporatization of the Indonesian education system so that individual education units could independently plan and regulate their education activities. Due to financial constraints and the need for political legitimacy, the Indonesian government, including politicians in the parliament, supported this policy proposal. Once the real corporatization started, however, conflicts occurred among the transnational business class and local business class and the public, especially lower economic classes. Interestingly, even though the local business class and the international business class had the same interests, which was to expand capital accumulation, they had a different views on school and college corporatization. Local business groups opposed the idea of introducing new independent legal entities as the government and its international alliances proposed. They wanted the existing organizational arrangement of the private education institutions to remain in place. The nationalist populist groups, representing the lower class people, supported this view

with a critical attitude towards the commodification of education. With the annulment of Law No. 9/2009, both local class groups forced the state through the Constitutional Court (MK) to stop the education corporatization project.

The educational decentralization led the government to other important policies aiming at making sure that quality and control were in place. These policies were translated into the form of standardization for curricula and teachers, and quality assurance bodies. They were market devices to reinforce the market function of decentralization. Being decentralized and autonomous were not enough for the creation of a good market; the flexible system needed to be further controlled by a system of standards.

CHAPTER 4

DEVELOPING A MARKET IN A WEAK STATE: SCHOOL DECENTRALIZATION AND STANDARDIZATION

With the decentralization movement in 1998, beginning from 2001, the central government devolved responsibilities to local districts, municipalities, school governing bodies and councils (Bandur 2012). The fiscal balance between central and local government was agreed through public fund allocation (DAU) in the form of block grants, deconcentration of authority from provincial governments to district education offices, and subsidiary funds from the central government to districts. Following this trend, education governance was also decentralized to the lower level of governments, and most educational authorities were transferred by the central government to city mayors and district heads (Toyamah and Usman 2004). Prior to this political and administrative decentralization, individual school decentralization (Winkler and Gershberg 1999) had been underway since the late 1980s in the form of a School-Based Management (SBM) model. After the *Reformasi* in 1998, both forms of decentralization happened simultaneously.

In this section, I will examine the dynamics of school decentralization and the accompanying standardization policy as neoliberal reform strategies. I will describe how the efforts of the Indonesian government to create a market mechanism were complicated by different interest groups. At the end, I will address two educational practices, namely after-school classes and early childhood education, which have been growing well during the implementation of school decentralization and education standardization. Both practices resulted from the competitive environment generated by the decentralization and standardization.

4.1 School-Based Management: A Reversed Outcome

Although the school-based management movement was different from the decentralization movement, they reinforced one another in Indonesia's education. School-based management was started in the late 1980s to solve the problem of the complexity of decision-making processes. However, it was not integrated into a systematic national movement until the political decentralization began right after the financial crisis in 1997/1998. Decentralization for Indonesia's education led to a significant change in the distribution of authority in the form of organizational structures and how things should be done in three main domains of education:

provision, financing, and regulation (Mok 2004a). A strong consensus preexisted that the state should provide education services for all citizens. This does not mean that the state in reality was the only educational provider, because it was well known that the private sector or community was the dominant education provider in Indonesia with exception of basic education. However, before the reform this provision was done by civil society voluntarily. Now, the law on the national education system stipulates that educational provision is a shared responsibility between the society and the state (DPR RI 2003b). Parents were originally involved in financing education only, but within the current system, parents along with other school elements are expected to engage in all aspects of school governance through independent bodies at schools. In order to allow this new management model to operate, the government turned to the School-Based Management (SBM) model.

Caldwell (2005) defined School-Based Management (SBM) as,

A systematic decentralization to the school level of authority and responsibility to make decisions on significant matters related to school operations within a centrally determined framework of goals, policies, curriculum, standards, and accountability. (P. 1)

This model of governance, according to Barrera-Orsorio, Fasih, and Patrinos (2009) from the World Bank, is to have all actors and stakeholders at school level to work together “in a collegial way to put school-based authority and accountability into practice” (p. 11). In other words, SBM is defined as a managerial approach that places the school as “the primary unit of improvement” with an underlying assumption that a redistribution of decision-making authority is necessary to support and sustain that improvement. In order to realize this approach, “varying degrees of power and authority to make decisions in the domains of the school’s mission, goals and school policies relating to financial, material and human resources” (Gamage and Sooksomchitra 2004:291) related to educational resources are transferred to the governing body of the school where the school community, principals, teachers, and parents work together to reach goals.

Hanushek and Woessmann (2007) identified three aspects that could support learning outcomes in the school context: choice and competition, school autonomy, and school accountability. Parents who want to maximize learning outcomes for their children will find out which schools are the best choices for them, and will then send them to those schools. Schools, at the same time, will do their best to show that they are able to make students succeed in learning

*Table 1: Distribution of Authority after the Decentralization of Education**

	Description	National	Provincial	District	School
Organization of Instruction	Set instruction time	X			x
	Choose textbooks	X			x
	Define curriculum content	X			x
	Determine teaching methods	X			x
Personnel Management	Hire and fire school director			x	
	Recruit and hire teachers			x	
	Set or augment teacher pay scale	X		x	
	Assign teaching responsibilities				x
	Determine provision of in-service training	X	x	x	
Planning and Structures	Create or close a school		x	x	
	Selection of programs offered in a school			x	x
	Definition of course content				x
	Set examinations to monitor school performance	X		x	
Resources	Develop school improvement plan				x
	Allocate personnel budget			x	
	Allocate non-personnel budget			x	
	Allocate resources for in-service training			x	

*Classification of the education functions is made based on the OECD methodology for measuring education decentralization (Winkler and Gershberg 1999).

in order to survive in the market. Decision making at the local level and fiscal decentralization will help schools maximize learning outcomes by holding them accountable to the community and stakeholders. In other words, if service providers are held accountable to the customers or users, the quality can be ensured (World Bank 2004). Clearly, school-based management or autonomy is actually a governance model that can create a market mechanism in the education field. While it requests entrepreneurship among school principals and administrators, it promotes

choice and freedom to the community members to participate in the provision of education at the school level. Within this framework, there are different types of decisions that may be decentralized or transferred to lower authorities, from national to local level government. These decisions concern the organization of instruction, personnel management, planning and structures, and resources (Winkler and Gershberg 1999).

How were these types of decisions distributed in Indonesia's education decentralization, and which were transferred to school level under school-based management? Table 1 shows that most educational functions that were concentrated in the central ministry of education were moved to the lower governance bodies, especially districts and schools. In the organization of instruction, the central government provides general guidelines to be used by individual schools to organize their own instruction. In terms of personnel management, the district level government plays a more important role. For some functions, such as setting the teacher pay scale and determining the provision of in-service training, central and local governments have shared responsibilities. In planning and structures and in resources, the district government plays a dominant role, except in creating or closing a school, and in monitoring school performance. The district and central government coordinate to determine whether a school can be opened or closed, and to assess school performance. With respect to curriculum, teacher training, and evaluation, the central government still plays a dominant role. This picture reflects how the decentralization of government and the decentralization of schools caused substantive changes in the schooling and education system, since before the decentralization, educational authority and decision making had been highly concentrated in the central government (Kristiansen 2006).

4.1.1 New Roles, Old Attitudes

However, several studies showed that even though functions of education in Indonesia, as shown in Table 1, formally had been transferred to lower levels of government and to schools, there was no substantive change in the way education was run. Education practitioners and professionals still behaved in a way that hampered the actual goals of decentralization.

King (2004), in her three volume report published by the World Bank, found fourteen issues in the implementation of education decentralization in Indonesia.²⁷ These observations caught problems associated with institutional arrangements in education decentralization.

A study by Irawan et al. (2004) on the implementation of school-based management showed that school principals were still dominant players. Ideally, with the presence of school

committees as mandated by decentralization in education, principals as school managers should collaborate with the school committee in directing school processes. In reality, however, principals still positioned themselves as the center of power. They did not give enough opportunities for teachers, parents, and the school community to take part in decision-making processes. School committees found themselves unable to carry out their duties.

Under Ministerial Decree No. 44/U/2002 concerning the education council and school committee, school committees as independent bodies have four main functions: advisory, support, control and mediation between the government and community. However, these committees instead produced outcomes based on principals' manipulative actions under imperative pressure from the government to do so. School committees were created not based on the needs of the community, but on the obligatory duty to the government.

All this was possible because mayors and district heads had the authority to appoint or to fire a school principal. As a result, school councils often embodied the interests of the school principals and their local alliances, namely to legitimate their personal policies and activities.

Another important phenomenon stemming from school decentralization was the destructive creativity of school principals. According to school-based management principles, schools should be responsible for their financial affairs. All financial decisions must come from a collective consensus between principals, teachers, parents, and the community. The annual budget of the school must be clearly written and included in the school budgeting. It was nevertheless found that schools did not include all their budget plans in the school budgeting. As a result, school councils could not monitor the principal on the use of school funds. In other words, the school-based management that was expected to increase school accountability did not work. School principals made a double budgeting system to avoid school community scrutiny, leading to unclear allocation of resources, ineffective use of budgets, and embezzling of non-budgetary funds.

This phenomenon became more complex when school principals and local governments formed a political alliance. This latest development became very worrying as many school committees became a tool for the principals to collect money from the community and parents (Kompas 2012u). In fact, public schools that received school operational assistance (BOS) at primary and junior high level were not allowed to collect money from parents and the community. Yet, many school principals abused the school committees to do so because

according to Ministerial Decree No. 044/U/2002 concerning the education council and school committee, one of the tasks that the school committee is obliged to do is collect funds from the community to help the operation of the school. Ministerial Decree No. 60/2011, concerning the prohibition of collecting education fees for primary and junior high schools from the community, does not clearly specify an element of school community intended for the prohibition. It only mentions that a “school” in general terms is not allowed to collect funds from the community, with the exception of international standard schools and other rich schools that do not accept public funds from the government. Therefore, fee collection activities by the school committee were ignored by this regulation. Student parents often supported such actions because these parents also wanted to give the best learning facilities and experiences to their kids, like those enjoyed by kids going to popular expensive schools. “All parents, regardless of social class, want the best education for their children” (Carnoy 1993:170). In other words, due to the class interests vested in public schools, parents and the school community often tried to maneuver around the state regulations to achieve their class objectives.

Darmaningtyas, Subkhan, and Panimbang (2009) argued that the condition of school decentralization, manifested in the creation of school committees to mediate all school community members and stakeholders, got worse. They compared the Assisting Body for Education Performance (BP3), which had been active for more than two decades throughout the New Order regime, and the School Committee, which was an invention of the education reform after the crisis. They found that the current school committee was the same as BP3. The objective of making school more democratic and autonomous by having school committees did not happen. The school principals used the school committee, like the BP3 before, as a legitimizing stamp for any decisions that they made in their own interests. In many schools, members of the school committee often had personal relations with the school principal. This committee also became a burden for the school budget because members were entitled to transportation allowance. In this case, it was worse than BP3 because becoming a member of the BP3 was voluntary. Furthermore, following the release of the regulation stipulating that the assignment of school principals was by municipality and district heads (*walikota* and *bupati*), school committees, especially for public schools, were omitted or muted in some regional areas. Darmaningtyas, Subkhan, and Panimbang (2009) described the condition of school decentralization at the time:

Principal appointment remains in the authority of the municipality and district heads, not selected by the school committee. School principals are still afraid of the head of the local education office; teachers remain fearful to the principal; and curriculum and evaluation system remains centralized. A collective leadership of the principals, teachers, pupils and parents as a prerequisite for the implementation of the school-based management is not there. School officials still rely on the patronage of the education department. (P. 176)

School decentralization was utilized only for fee collection by the school principals. In other words, even though the formal system had been transformed to become decentralized, the culture of the school environment remained centralistic. Efforts to make real changes were blocked by a previous or new constellation of patron-client relations. This, of course, contradicted the promising expectations that had been proclaimed by many international agencies, such as the World Bank, ADB, UNESCO, and OECD, which supported this policy direction in education governance. The school-based management model did not help schools to be independent of local political pressures, nor did it build democratic schools. However, such conditions were often understood to be an institutional capacity issue that can be fixed by organizational reforms through a variety of empowerment projects. In addition, these conditions were presented to be an educational crisis. Indonesia therefore needed more financial support from these international agencies to develop this capacity through international loans and credits.

Bengoteku and Heyward (2007), unlike other reports, painted an optimistic picture of the outcome of educational decentralization in Indonesia. They found that, under the Decentralized Basic Education (DBE) project since mid-2005, where about 500 schools in 100 districts involved, School-Based Management (SBM) was proved to be successful in bringing school principals, teachers, parents, community members, and representatives of school communities to work together. This collaboration gave them a sense of ownership, a fact leading them to contribute Rp. 4 billion (US\$400,000) to improve education quality. However, another report by the World Bank (2010b) found that educational decentralization in Indonesia was still facing serious challenges. It did not increase the national share of the districts for education expenditure. Most school finance still came from the central government. Eighty percent of this budget was used to pay teacher and educational staff salaries based on seniority and types of tenure. There was not much revenue that could be used for the improvement of teaching quality. Thus, I argue that what Bengoteku and Heyward (2007) reported only represented a particular group of schools

that received special funding and technical consultancy. This special case does not apply to most schools, as the project is very difficult to deploy in the regular conditions of Indonesian schools.

4.1.2 Local Politics and Class Interests in Decentralized Schools

One of the main backbones of the decentralization program was a new financial package called School Operational Assistance (BOS) that was implemented starting in 2005 to funnel public funds for children of ages 7 to 15 at school. This fund was in the form of a grant transferred from the central government to schools, calculated based on the number of students in each school unit, including public and private schools (MONE 2009f; MONE 2010c). This program was the continuation of two previous governmental programs, called the Social Safety Net (JPS) Program (1998-2003), and the Compensation Program for the Reduction of Subsidy for Fuel (2003-2005), to help children complete the 9-year compulsory education that had been in place since 1994. From 2005-2010, the government received US\$1.1 billion for this project from the World Bank (2010d; 2011b; 2011d). For the World Bank (2010d), the BOS program was,

To improve access to quality education in Indonesia for all children of ages 7 to 15 by strengthening school-based management and community participation, improving existing fiduciary arrangements for greater transparency and accountability of the BOS program and, consequently, bringing about better utilization of BOS funds. (P. 1)

The government (MONE 2011e), on the other hand, stated that the goal of this program was “to ease the financial burden of public education in the context of 9-year compulsory education quality improvement” (p. 2). This was done by freeing students from any form of financial charge in both public and state schools.

While the Bank tied the BOS program directly to decentralization, accountability, and community participation, the government linked it to the students’ need for financial support. The government used this program as part of their political propaganda to gain performance legitimacy. Due to high potential for misuse, the government provided very specific guidelines for its use, namely fees for new student applications, references and required books for library collection, remedial programs, extra-curricular programs, fees for evaluations and quizzes, disposable learning tools, electricity and telephone bills, school maintenance, monthly salary for temporary teachers, professional development, transportation fees for poor students, operational fees for the BOS program, and 1 and 2 sets of computers for primary schools and junior high schools, respectively (MONE 2011f).

Despite this very clear and concise description, in its implementation, there were some issues with accountability and effectiveness. Some school principals were found misusing the fund for personal or political interests. Others used it outside the intended purposes (Akuntono and Wedhaswary 2011c). In 2010, Indonesia Corruption Watch (ICW) reported that in seven schools in Jakarta City, there was a graft of Rp. 5.7 billion (Asril 2010; Kompas 2010t). Local governments that were given the authority to transfer funds to schools from their local treasury under the decentralization law committed malpractice. Many districts were found lagging in the disbursement of the funds to schools, and put the funds in the bank for a certain period of time to generate interest for their personal and political interests (Kompas 2009f).

Due to the decentralization, the central government did not have the authority to intervene in the affairs of the local government. In 2009, the Ministry of Education sent more than one letter of warning to 22 governors of the 33 provinces because they did not transfer the funds as scheduled. None of these governors gave positive feedback to the ministry in time (Sindo 2009b). Even after the government changed the disbursement mechanism from the Ministry of Finance to schools via local governments, not via the Ministry of Education, it was found that lagging in disbursement remained, bringing potential for chained corruptions at the local level (Akuntono and Wedhaswary 2012c). This new mechanism had been suggested by the World Bank in order to empower local governments and schools in taking care of their responsibility (World Bank 2010c).

Although the government claimed that the BOS program had been successful in reducing parent burden and keeping children in school (MONE 2010d), this program did not stop schools from extracting school fees from parents. Using the education modules of the National Socioeconomic Survey (SUSENAS) from 2003, 2006, and 2009, the World Bank found that the BOS program had not prevented the poor from increasing spending on tuition, transportation, and uniform fees (World Bank 2010c). The Indonesia Corruption Watch (ICW), based on their research from 2006-2008, found that schools on average still put financial burden on parents, from the day the student applied to the day they graduated (Kompas 2010u).

In their critiques against the government campaign for free basic education, Darmaningtyas, Subkhan, and Panimbang (2009) listed 28 items that the students' parents had to pay.²⁸ Although the government had made it unlawful for schools, except internationalized schools, to obtain additional funds from parents, many schools kept this practice alive.

Furthermore, many private affluent schools rejected the BOS fund because, according to them, it would prevent them from extracting fees from parents. They said that the potential amount of revenue that they could receive from student parents was far higher than the BOS funds provided (Joewono 2012).

In Malang City, East Java, for example, there were 48 of about 153 primary schools that rejected the subsidies from the local government. Most of these schools were private primary schools (Republika 2011c). This implies that the block grant that had been supported by the government through decentralization to distribute wealth among citizens, especially poor students, had been complicated by the middle classes either utilizing the source that should have been directed to the poor students or rejecting it when it contradicted their main interests in order to maximize the outcome. If this trajectory of change remains for a long period of time, more and more middle classes will channel their resources to the good private and quasi-private schools.

4.1.3 Good Teachers for Better off Urban Students

Another problematic aspect of decentralization was the distribution of teachers across the country. The teacher-student ratio in Indonesia was one of the best in the world, 1:18 (Akuntano and Wedhaswary 2011d). However, this did not make them capable of making students perform better. Good teachers were concentrated in urban areas in popular schools. Local governments that had the authority to manage teacher distribution at the local level were incapable of taking effective measures to handle this problem. Unexpectedly, school principals and teachers in the proclaimed decentralized and democratic environment often became the victims of local politics. They had to work for the political interests of mayors or district heads in order to maintain their positions as principals or teachers at popular schools. Political considerations often undermined policy direction at the local level.

Trapped in this political game, MONE, a few political leaders, and the Teacher Association of the Republic of Indonesia (PGRI) more recently advocated the re-centralization of teacher management (Akuntano and Wedhaswary 2011a; Akuntano and Wedhaswary 2011b; Kompas 2011f; Republika 2011a). As this process required the amendment of the decentralization laws, which could take a long time, the government took a temporary measure to enable this step by signing an inter-sectoral agreement among five ministers (i.e., Minister of National Education, Minister of State Apparatus Empowerment and Bureaucracy Reform, Minister of Interior Affairs, Minister of Finance, and Minister of Religious Affairs). On the other

hand, Indonesia's Teacher Union Federation (FSGI) was against this teacher recentralization. According to them, this movement would discriminate against new civil servants and contract teachers because the decision for teacher reallocation was made based on seniority (Akuntono and Wedhaswary 2012a; Akuntono and Wedhaswary 2012b).

The educational decentralization also led the government to other important policies aiming at making sure that quality and control were in place. These policies were translated into the form of standardization for curricula and teachers, and quality assurance bodies. They were market devices that would reinforce the market function of decentralization; however, being decentralized and autonomous were not enough for the creation of a good market. This flexible system also needed to be further controlled by a centralized system of standards.

4.2 Standardization for Quality and Equalization

In bringing a new level of standardization to education, the government relied on a basic assumption that standardization would improve quality as well as equality. This assumption was translated into an "independent body" called the National Standard Education Board (BSNP), run by experts in the field of education management and evaluation (BNSP 2012). The assumption was attractive to many people.

4.2.1 Curriculum

The decentralization movement not only required institutional changes, but also called for cultural changes. Therefore, the curriculum needed to be transformed both in design and in content. In terms of curriculum design, the government in 1999 shifted from a curriculum that emphasized memorization or rote learning to a more comprehensive model in which knowledge, attitude, and creativity were given equal attention. This new curriculum was called the Competence-Based Curriculum (KBK) (Kompas 2002e). A revolutionary movement then occurred as the state gave local governments and schools the authority to manage their own syllabus without a national benchmark standard (MONE 2003b).

Local governments, teachers and school communities were free to develop their own curricula as long as they developed it based on the competency-based curriculum principles. Performance would be assessed only on the aspects of relevance, flexibility, continuity, and effectiveness according to a specific character of each area. In other words, the content of the curricula did not matter as long as they were tailored to the needs and the context of the locality. This was a real breakthrough in Indonesia's school curriculum, a real departure from the past. As

a result, in some cases, curricula were developed void of sensitivity to the state's interests. For example, in 2005, Ministerial Regulation No. 7/2005 concerning the prohibition of using a history curriculum that was written based on the principles of Competency-Based Curriculum (KBK) was suddenly released. The government had been accused by some nationalist groups of not caring enough about maintaining national identities and memories through history curricula.

4.2.1.1 Decentralized Curricula in the Hands of Incompetent Teachers

This radical movement in decentralizing and democratizing curricula became less attractive in later developments as it contradicted with the objective of quality assurance, a mechanism for quality control that had been emerging at the same time. While democratization and decentralization required flexibility, quality control needed standardization. Therefore, in 2006, a year after the official implementation of the Competency-Based Curriculum (KBK) began, the government introduced another new curricula called the Education Unit-Based Curriculum (KTSP). In order to support the implementation of this new curriculum, the government passed a Government Regulation No. 19/2005 concerning the national standards of education, which regulated eight main components of the national standards of education: (a) contents; (b) processes; (c) competency; (d) teachers; (e) facilities and infrastructures; (f) management; (g) financing; and (h) educational assessment.

The national education standards are the minimum criteria of the education system throughout the territory of the Unitary Republic of Indonesia. The National Education Standards Agency (BSNP), as an autonomous and independent body, was commissioned to develop and monitor the implementation and the evaluation of these standards. The competency that was emphasized in the Competency-Based Curriculum was just one of the components in the new Education Unit-Based Curriculum (KTSP). As this new system of standards encompassed a wide range of education processes that would be organized at the school level, the new curriculum mainly consisted of two of these standardized elements, namely contents and competency (BSNP 2006).

This curriculum officially replaced the previous Competency-Based Curriculum (KBK) system. With this new curriculum system, it was expected that each school developed their own curriculum contents at the school level, a direction that was consistent with the school-based management model. The whole elements of standards aforementioned were expected to produce graduates that were sufficiently competent in the aspects of attitude, knowledge, and skill. This

new system partly re-centralized the previous Competency-Based Curriculum (KBK), which had been more liberal in the sense that it gave much more flexibility to each local government and school to develop their own curriculum according to their needs. However, both curriculums were anticipated to have significant implications for teaching management because schools were not supposed to wait for a completed package of teaching materials from the central government as they used to. Each school instead had to develop their own curriculum following specific standards and guidelines determined by the National Education Standards Agency (BSNP).

This curriculum model was new for Indonesia's teachers. Under the previous system, they had not had any experience creating their own curriculum contents and teaching materials. This situation required better teacher-training centers; teacher-training centers, however, were weakening after the reform because almost all teaching institutes had transformed themselves to become general universities in order to attract more students. Teaching training centers could not recruit enough students to survive as most prospective students perceived that entering these teaching institutes would not give them more freedom in the job market, especially after the change of the academic title system. They changed from centers for teacher training to become centers for research, assuming that it was very crucial to do so in order to survive in market competition.

Before 1993, if someone graduated from a higher education institution with a bachelor degree, they would be given the academic title *Doktorandus* (Drs.) for a male, *Doktoranda* (Dra.) for a female, or *Insinyur* (Ir.) for engineering. After 1993, titles were made to be very specific according to the nature of the subject of training. Therefore, if someone graduated from a teaching training institute (IKIP), they would be given the title S.Pd, meaning "bachelor of education," and if they graduated from an Islamic teaching training institute (*tradris* IAIN/STAIN/UIN), they would be given the title S.Pd.I, meaning "bachelor of Islamic education" (MONE 1993; MONE 2001a). When they wanted to apply for a job, they were constrained by this very specific academic title, as having a bachelor degree was not enough anymore. Their academic title had to be relevant to the job they applied for. Consequently, after the *Reformasi*, there was a wave of status changes among teaching training institutes (IKIPs) around Indonesia to become general universities.

The weakening of the teacher training centers impeded the fulfillment of the demand for more competent and capable teachers to design curriculum contents at the local and school level.

Most teachers were not ready to carry out this radical reform. They needed to upgrade their individual skills, meaning the government needed provide them with more opportunities for self-development. However, the government had very limited resources. The existing culture of teaching was also not conducive because of the low rewards and self-esteem for working independently (Bjork 2004; Bjork 2005). This new system of curriculum standardization required more sophisticated knowledge and skills than what teachers could offer.

When these incompetent teachers were expected to carry out a reform that was beyond the means that they had, they resorted to an instant solution, which was returning to immediately-available textbooks. Instead of developing their own class syllabi and subject materials, they relied on textbooks published by book companies. Principals and teachers collaborated with book companies to sell textbooks to students, and were willing to do this as the book companies often gave them some profit shares from the sales (Lampung Post 2011; Lawang Post 2010). As competition rose among the companies, there were some cases where certain companies worked undercover closely with certain groups of people from the central ministry to monopolize book supplies to local schools (Detik Forum 2011; Warta Online 2011). Principals usually would not collaborate with any book companies except ones that officials in the central government had allegedly appointed to become textbook suppliers for schools. Even though the local education officials, principals, teachers and school communities knew that monopoly of book distribution was illegal according to Government Regulation No. 17/2010 concerning governance and management of education, they chose to abide by the interests of these corrupted officials.

Since the nine-year universal education was officially free of charge, the government was expected to provide free textbooks for students. In reality, this never happened, as the government did not have the financial capacity to do so. This nevertheless did not become a serious social issue at the beginning, because people could accept this reality. A new dilemma occurred after decentralization and democratization when the government, central and local, used free education as a campaign device to attract votes. Political leaders who wanted to become president, governor, mayor, district chief, or a member of central or local parliament used the free education program as political rhetoric in their campaigns. As the implementation of the free universal education was not consistent, the use of free education for political campaigns was not only for secondary schools, but also for the elementary and junior high schools that were supposed to be free as part of the nine-year universal education.

When people demanded that textbooks should have been free for basic education, the government began facing a serious dilemma for book provision. In fact, the government publicly admitted that they did not have enough financial capacity to provide elementary and junior high schools with free good quality textbooks. At the same time, they had to keep with their constitutional duties and political promises to provide free textbooks. Therefore, they decided to develop electronic book programs for schools from elementary to secondary school level in 2007 by buying textbook copyrights from writers. The National Education Standards Agency (BSNP) received proposed textbooks from writers and decided which textbooks met the national standards. Selected textbooks would be published online to be accessed openly by the public for use or by publishers for publication. This caused outrage among textbook publishers because it took over the business opportunities that they had been enjoying. Therefore, the government decided to invite the private sector to get involved in the publication of these electronic books provided online.

Other reasons behind this decision were issues such as not all schools having access to the Internet and not all students having their own computers to read these electronic books on. However, in order to publish one paper book from these electronic resources, a publisher had to spend the same amount of money or more compared to the cost of normal printing. If someone wanted to print one electronic book, they had to spend relatively the same amount of money to buy a published textbook at a book store (Media Indonesia 2008). Given this situation, many parents preferred buying books from bookstores sold by book companies.

This government program was not supported by the public or by the private business actor. As a result, there was unhealthy competition in textbook business among private actors and between the government and the private sector. Since 2009, the government has been working on a law bill to regulate book publication and circulation, especially textbooks (Jawa Pos 2011b; Jawa Pos 2012d; Kompas 2009e), but conflicts of interests have made this process very slow.

4.2.1.2 Leaving School Exams

Under decentralization and the school-based management system, there was a movement for removing the leaving school examination, as it was understood to be against the spirit of democracy, decentralization, and children's rights for education. Indeed, Malik Fadjar, the Minister of Education (August 2001-October 2004), agreed with the People's Representative Council to stop public budgets for the national examination during the period of 1999-2004.

There was friction at that time among technocratic bureaucrats in the Ministry of Education. Many resisted the abolition of the national leaving school test. In response to this, Muhammadi, a member of parliament, stated his support for the direction to abolish centralized testing systems at school. “We would not agree with the presence of final national exam. We were consistent with the decision of Commission VI that decided that there would not be a final national exam anymore” (Media Indonesia 2002a:para. 1). However, in 2005, after Susilo Bambang Yudhoyono was elected as a president and Bambang Sudibyo as the new minister of education (October 2004-October 2009), the central government, despite some protests from lawmakers in the parliament, did not support this movement anymore (Suara Merdeka 2005a; Suara Merdeka 2005b).

Susilo Bambang Yudhoyono has been well known as the most friendly president towards foreign forces and the idea of regional and global integration in the history of Indonesia (The Jakarta Globe 2010). Under him, vice president Jusuf Kalla supported the final exam for students leaving school. He was considered the re-inventor of the leaving school exam after the reform (Dharma 2011). He argued that Indonesia, without a rigorous final exam, would be left behind by the neighboring countries, such as Malaysia and Singapore, which aggressively raised their leaving school exam standards each year. Indonesia, according to him, could raise the quality of human resources through the national exam. He argued that making the standards of the national examination high would lead Indonesia to have the same quality of human resources as Singapore and Malaysia. “Lenient assessment and examination of education in Indonesia made it difficult for us to compete with other countries” (Inilah.Com 2011:para. 7). On another occasion, Jusuf Kalla said, “Because of learning, people could be smarter. Why did they learn? Because they would be tested” (Kompas 2009a:para. 3). In his personal blog, Jusuf Kalla said in a response to a schoolteacher who disagreed with the national exam, Kusuma Wijaya, “The children were so lazy to study because they felt that stupid and smart students were the same, they all would pass” (Kusuma 2009:para. 11).

As people kept criticizing the government for conducting the annual national examination for students leaving schools, Susilo Bambang Yudhoyono responded, “UN was not a ghost, not a scourge. We wanted to measure whether they had mastered the material taught for three years in order to continue to pursue a higher level” (Republika 2010a:para. 2).

Their rhetoric demonstrates how national elites used global competitions and nationalism as a tool of power. They externalized Indonesian education issues by making a persuasive comparison between Indonesia, Malaysia, and the United States. Malaysia was an effective political tool to incite people's sentiment because many people in Indonesia envied Malaysia due to the dramatic economic progress it had achieved. They were not ready to accept the fact that Malaysia made a better progress than Indonesia. Therefore, the government officials used Malaysia's progress in education as a tool to justify policies that they proposed. On the other hand, many Indonesian people perceived the United States as a role model in education and technology advances. Therefore, they were inclined to accept any reasoning based on American experiences, thinking that Malaysian and American experiences in education could be indigenized in Indonesia to make people smarter. Recently, the MONE has delivered a new nationalist rhetoric claiming, "The national exam is not just an exam for a school, teacher or student, but also a test for the nation. If the examination can proceed properly and honestly, the future of our nation will also be better"(Kompas 2010k:para. 3). As a nation, Indonesia should increase and compete with other nations in quality education. The national examination is seen as one of the ways to prove this competitiveness.

Following this change, another issue that occurred because of curriculum standardization was testing anxiety, as students had to take the leaving school test to move on to higher education, from elementary school to junior high, and from junior high to secondary school. Nowadays, there has been a serious movement from the government side to remove entrance examinations run by higher education institutions and use school leaving test as the only requirement to enter universities and colleges (Kompas 3/14 2012; Kompas 2010k). However, there has been wide resistance against this, as parties from the universities do not give enough credibility to the national exam. They argue that so far the government has failed to make the national exam a credible test, and that it has suffered from much malpractice and cheating (Kompas 3/14 2012). Thus, this plan was resisted from its 2009 beginnings by the state universities. Gumilar R. Soemantri, the rector of the University of Indonesia, argued that the national exam (UN) and the National Selection for Public Higher Education Entrance (SNMPTN) were two different things. "The UN was the evaluation of learning outcomes for three years back, while the SNMPTN was a selection of new entrants by considering academic ability, logic, and one's talents that led to future" (Sindo 2009a:para. 8).

Raihan Iskandar, a member of parliament, said, “As long as frauds happens in the organization of the National Exam (UN), the national exam’s credibility remained questionable and not worthy of admission to state universities” (Kompas 2012w:para. 2). This is in line with the opinion of Muhammad Abduhzen, an education expert from the Paramadina University: “The apparatuses of our country, both in graduate school and in higher education, are not to be believed, and are involved in a lot of games” (Kompas 3/14 2012:para. 6). Baskoro Poedjinoegroho, from Kanisius, a private school, said, “In fact, many still doubted the results of the UN. Our elementary and secondary education was in shambles, do not let the PTN to be crude too” (Kompas 2012x:para. 8).

Another practical reason why the public universities disagreed with the plan was the protest of urban student parents in Java, where most top universities were located. These parents were not willing to accept that many rural students or students from outside Java might be accepted to these universities if the national exam was the only requirement. They thought that schools from outside Java or from the rural areas would cheat and manipulate the national exam in order to enable their graduates to enter these top universities. From another perspective, others thought that using the National Exam (UN) as the only requirement for entering public higher education institutions would discriminate against students from outside Java because the quality of schooling outside Java was behind and not as good as that in Java (Tempo 2012c).

The nature of the current National Exam (UN) is different from the previous Final National Evaluation of Learning (Ebtanas) that had been used since 1985. Before 2005, the Ebtanas was a leaving school test that was not directly related to the market principles. It was only used to determine whether a student was ready to move to a higher level of education. The current annual national testing organized by the central government is a form of assessment and evaluation conducted to determine school marketability. Student performance on the annual national test is one of the main criteria for school ranking on the table league. More importantly, when all students of a certain school succeeded in passing the test, the school gains a good reputation among parents. As a result, the parents send their children to these schools. Word of mouth among parents thus plays a very important role in circulating school reputations. Consistent with the principles of decentralization, national testing has also been a mechanism to hold local governments and schools accountable to the public. When a school does not show that its students can pass the national exam, it becomes the main victim of public blame and

punishment. Parents will avoid sending their kids to such a school and the central government will question the integrity of the local governments in implementing education reform agendas.

As the annual national examination became politicized, irresponsible practices became a challenge for it to achieve its main goal, namely to improve quality. Cheating by students, teachers, principals, and local governments had become a chronic issue, and the root cause of this practice was the problematic power relations in organization. The local governments were expected to improve their education by the central government.

The annual national examination happened to be the most transparent mechanism, in the sense that each person could easily pinpoint a school as poor based on the test outcomes. Having a poor reputation in education was understood as a big failure for school principals and local governments. When the local governments could not find feasible and reasonable solutions for their poor performances on the national test, they tended to resort to ill practices. This issue had been the most important concern among local and central officials since the reform started—cheating was not an isolated case, but it was a systematic practice done for certain political interests nothing to do with education.

For example, in 2011, a high performing student was forced by his teachers to distribute answers to his friends in classes (Kompas 2011p). The same story happened in other places, where students were freely discussing and sharing answers in the exam rooms and the supervisors in the room did not do anything (Kompas 2011c). Even worse, there had been a black market for exam answers circulated during the exam days (Kompas 2010h). Some preventive measures were taken, such as signing an honesty pact for the national exam, tight control of exam sheet publications, independent supervisors at schools, use of random and different items across local areas, and placing CCTV at classrooms (Kompas 2010m; Kompas 2011x). These nevertheless did not reduce, let alone eliminate ill practices from the national exam, and cost about Rp. 500 and 600 billion in 2011 and 2012 (Tribun Timur 2012) consecutively. In 2012, journalists reported many cases where answer sheets for the exam were circulated among students via cell phone. For example in Jombang, East Java, the circulated answer sheet was allegedly sold by an after school tutoring center in Surabaya, East Java (Okezone 2012a).

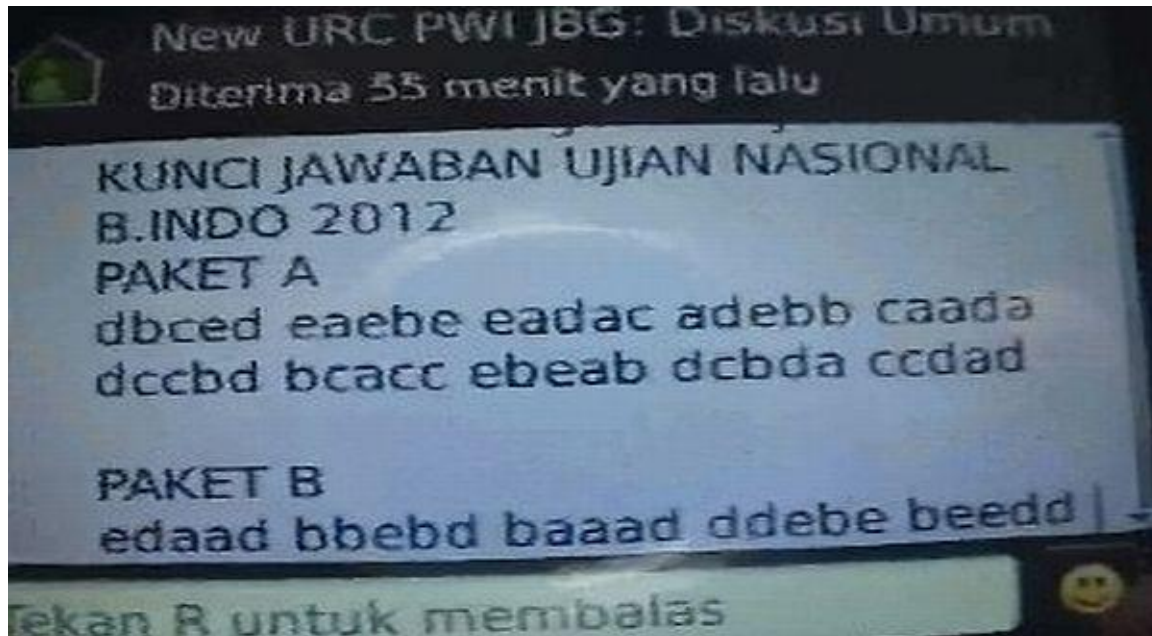


Figure 2. Answers for the National Exam Found Circulated among Students in Jombang, East Java in 2012 (Okezone 2012a).

Another case was in Bima, West Nusa Tenggara. Answers for the national exam were circulated among students via cell phones during the exam days (Okezone 2012b).



Figure 3. Answers for the National Exam Found Circulated among Students in Bima, West Nusa Tenggara, in 2012 (Okezone 2012b).

The same case was also found in Binjai District, North Sumatra (Sumut Pos 2012). All of these were just samples of cases where malpractice in the national exam (UN) occurred. This was a ubiquitous practice, and took place not only in underdeveloped areas in the Eastern part of

Indonesia—the same was true in Java as well. In 2011, massive cheating was reported in SD Negeri 6 Gadel II Surabaya (Kompas 2012v), and in 2012, a case of systematic cheating was reported in seven areas, including West Java, East Java, and Central Jakarta (Tempo 2012d). Zainuddin Maliki, the head of the Education Council in East Java, warned, “Cheating was systematic, involving many stakeholders, such as educators, education providers, and students. This was quite contrary to the dignity of education” (Kompas 2011r:para. 1).

However, the government tended to underestimate the facts. Mohammad Nuh, the Minister of National Education (2010-present) did not believe, despite many cases, that the leakage of the national exam occurred (Tempo 2011c). The Indonesia Corruption Watch (ICW) and Indonesia’s Teacher Union Federation (FSGI) had to warn the government to take it seriously and bring the perpetrators to court for their criminal actions (Kompas 2012h; Tribun News 2012).

I argue that these ill practices to some extent are the representation of what sort of value people put on the national exam. They did not believe that the national exam could help them achieve quality education. For them, it was an instant screening device to control access to education exercised by the state apparatus or a public project used by them to justify for the extraction of more public expenditure. The national exam is not a cheap project.

People also took legal actions to stop the national exam. In 2006, a group of students and parents who were victims of the national education policy sued the government. This group represented many students who, even though some of them had national or international achievements, could not enter good universities in the country because they had failed the national exam. These students were suffering from depression and had difficulty functioning socially. The lower court accepted their demand for the government to stop making the national exam a determining element for the completion of study in 2006, and asked the government to reconsider conducting such a national exam. They should first fulfill their constitutional duties to improve school infrastructures, facilities and resources equally across the country. This decision was annulled by the Supreme Court in 2009, arguing that the decision by the lower court violated the government regulations and laws that mandated that the government must conduct a national exam once a year for educational purposes (Supreme Court 2009; Tempo 2006). This case was brought to the Supreme Court (MA), not to the Constitutional Court (MK), through a Class Action or Citizen Law Suit mechanism by 58 individuals, consisting of educators, activists,

parents, and students. They could not take this case to the MK because the UN was only regulated thorough governmental regulations that did not have law status.

People resisting this national exam argued that it did not make sense for the government to conduct a national standardized test across the country before they equalize all educational facilities and sources. Therefore, the government had to improved all schools (Baedowi 2009; Kompas 3/8 2012; Kompas 3/21 2012; Kompas 2011b; Suara Merdeka 2012a; Tempo 2012a). Due to this public argument, in 2011, the government wanted to show their commitment for school improvement by announcing that there were 153,000 classrooms that were dysfunctional across the country, and claimed that there would be Rp. 20.4 trillion prepared to fix these classrooms in 2012 (Kompas 2011h). A similar promise had been given in 2009 (Republika 2009d).

While the government kept giving promises, ruined buildings continued to take student lives. Collapsing schools were very common during the time of decentralization and democratization. In 2011, a school roof collapsed and wounded 22 students while they were taking an exam (Kompas 2011a). In the same year, an Islamic elementary school was reported collapsing, killing one student and wounding seven (Kompas 2011k). The Indonesian people often named these very poor schools “goat class schools” (*sekolah kelas kambing*) (Kompas 3/2 2010; Kompas 2010o; Kompas 2011o; Kompas 2012g). Such a metaphor for poor school conditions precisely described how bad the conditions were—they were the sort of buildings Indonesians would keep their animals in.

Figure 4 shows one of the poor schools in East Jakarta. Daily Media Indonesia (Media Indonesia 2012) described the conditions of the school:

Students of Public Elementary School Malaka Jaya 06 were crossing by a nearly collapsing classroom in the morning in Durensawit, East Jakarta, Tuesday (1/25/2011). The classroom for the sixth grade with the collapsing roof was abandoned, and the students had been evacuated to a prayer and lab room. The school itself had been proposed for rehabilitation since five years ago, but until now had not received a response from the authority concerned. (P. para. 1)



Figure 4. A Collapsing School in Duren Sawit, East Jakarta

Under these conditions, the current Minister of the National Education, Muhammad Nuh, called for higher education leaders to make the school leaving exam at secondary schools the only or at least one of the selection requirements at universities (Kompas 2012l). This proposal was undermined by the university leaders because the accountability of the national exam was questionable (Kompas 3/14 2012; Kompas 2012o). Therefore, even though passing the school leaving exam of a secondary school was one of the administrative prerequisites to apply for higher education institutions, students still had to pass entrance exams conducted by the government nationally or by individual universities to enter a university (Jawa Pos 2012a). This stand of the higher education leaders against making a school leaving exam certificate the only university entrance requirement, however, did not guarantee that entrance exams by universities were clean and accountable. They suffered from similar issues to the school-leaving exam. In many cases, students were found cheating by delegating others so-called “joki” to sit on their behalf on the exam day (Kompas 2010f; Kompas 2010i; Kompas 2011l; Kompas 2011m; Sindo 2008).

4.2.2 Teacher Professionalization

Like the curriculum reform, Indonesia’s recent teacher professionalization should be understood within the context of education decentralization and the government effort to transform schools to become state-owned legal entities, followed by an emphasis on standardization. Through professionalization, teachers would be directly managed by

independent legal entities created by the government or by the private sector. Internal bodies attached to the entities and external bodies independent of them would monitor their performances using specific standards.

4.2.2.1 Flexibilizing Teacher Employment

Following the financial crisis in 1997, as a measure to maintain universal education, with the advice of the World Bank, the Indonesian government introduced a new scheme for teacher employment called contract teachers. Rather than accepting new civil servants for permanent teacher positions, the Bank's academic recommendation was that in order to avoid a long-term financial burden for Indonesia, it would be better to use a teacher contract system to fulfill the increasing demand for teachers at school (World Bank 1998). In 2000, the government implemented this policy by gradually assigning a large number of contract teachers, approaching 80,000 in 2004, 100,000 in 2005, and 650,000 in 2012. At the same time, under the decentralization system, in 2004 the government assigned 55,843 new local civil servant teachers across the country through the regular scheme, which made the total number of civil servant teachers rise to about 1.2 million by 2012 (Fathoni 2005; Sindo 2012a).

This new system added to the cleavage among teachers. Before the reform, the main dualism of the teacher employment system was between the civil servants in most state-owned schools and the private teachers in most privately-owned schools. Afterwards, the government introduced additional employment systems, namely civil servants, contract teachers, and non-permanent teachers (short and long term) in both school types. In these new employment conditions, non-civil servant teachers experienced abusive treatment from their employers, both at public and private schools. Interestingly, although there were such poor conditions for non-civil servants, the demand for non-permanent and contract teachers was always very high. Many understood that being hired as a temporary or contract teacher would make the path to becoming a civil servant easier. Being a civil servant teacher meant becoming a permanent employee, a position sought by many Indonesian people. However, this situation did not support the demands of the new system of standardization through which teachers had to be exposed to continuous performance-based assessment. Therefore, the government initiated an effort to handle this problem by introducing a new law that would regulate the position of teachers and lecturers in accordance with the national standards of education.

In 2003, Megawati Soekarnoputri, the fifth president of Indonesia (the third after the reform (July 2001-October 2004)), met with Indonesia's Teachers Association (PGRI) and promised that the government would soon prepare a bill to protect the interests of the teachers. Muhammad Soerya, the general head of PGRI at that time, handed over a draft of a bill prepared by PGRI to the government and stated that the expected law should emphasize: (a) legal protection for teachers to guarantee decent rewards, (b) protection for their profession, (c) a guarantee for their social security, and (d) legal protection to maintain balance between responsibilities and entitlements. Soerya and others hoped that with this new law, teachers' rights and dignity would be protected, teacher well-being would be sufficient, and teachers would be equally distributed across the country (Suara Pembaruan 2003b). This legal bill became Law No. 14/2005 concerning teachers and lecturers in 2005. Since then, teachers experienced a movement of teacher professionalization that affected their legal definition. The implementation of this policy encountered several problems.

This new policy was created as part of the standardization project that was launched within the democratization and decentralization movement. In order to upgrade Indonesia's education quality, there was strong belief among researchers from international and national agencies that good quality was impossible without good teachers. Standardized professionalization, then, was the way to produce an army of good teachers for Indonesia. As temporary and contract teachers seemed to threaten this direction, the government forbade the appointment of new contract teachers after 2005. It would then focus on upgrading the existing in-service teachers and assigning those who had become temporary or contract teachers before 2005 to become permanent teachers or civil servant teachers. However, by 2011, out of 2.9 million teachers, the government was only able to professionalize 746,727 teachers (25%) through teaching licenses (Kompas 2011i). On the other hand, the number of temporary and contract teachers who were demanding to be appointed as civil servant teachers increased dramatically, from 371,685 in 2005 to 526,614 in 2009.

In 2012, the number of contract teachers was 831,631, out of a total 904,378 temporary or non-permanent teachers (Kompas 2012a). This expanding number was unpredictable, as the central government had calculated that by 2011, there would only be 54,000 assigned as civil servant teachers (Kompas 2012d). It was found that despite the legal control that had been put in place outlawing temporary appointments after 2005, local governments and schools disobeyed it,

arguing that they needed more contract teachers in their areas to enable the operation of teaching and learning. It was their responsibility to guarantee that children at school had access to and support for education. It was nevertheless worth noting that some of these actions were political bargaining between groups of people and local political leaders as a return for their political support.

4.2.2.2 Public Teachers versus Private Teachers

This problem had been deteriorating since the Constitutional Court (MK) decided that the 20 percent requirement of the annual educational budget from the national and local budget included teacher salaries (Antara 2008). This decision contradicted the main objective of the fourth amendment of the 1945 constitution, Article 31, Item 4, which stipulated that the government was constitutionally obliged to provide a minimum of 20 percent of the annual budget for education. This stipulation was pronounced in Law No. 20/2003 concerning the national system of education, Article 49, Item 1, which stated that this percentage excluded teacher and lecturer salaries. The lawmakers at the time emphasized this on purpose because education in Indonesia's development history had always been under-budgeted, with only 1.4 and 2.7 of the total GDP in 2002 and 2004 compared to 3.5 spent by other lower-middle income countries. In 2011, the public expenditure for education increased to 3.8 percent of the total GDP and 19.7 percent of government spending (World Bank 2011c). With the spirit of reform, it was pronounced that the government, both central and local, ought to allocate at least 20 percent of the annual budget for education.

Actually, the main proponents of this law's annulment were teachers and education foundations from the private sector, such as Indonesia's Association of Educational Studies Graduate (ISPI) and the Indonesian Association of Private Higher Education Institutions (APTISI) (Constitutional Court 2008). They worried that if teacher salaries were not included in this 20 percent, the government would not support teachers employed by private schools or would regulate teacher salaries away from this concrete obligation in the constitution and only prioritize civil servant teachers. Private school teachers often accused the government of discriminating against them regarding benefits enjoyed by the civil servant teachers. Therefore, they tried to make sure that teacher salaries were included in the obligatory proportion of the public education spending by bringing the case to the Constitutional Court (MK).

The wage system that was discriminatory to the non-civil servant, contract and temporary teachers had long been a challenging issue. Teachers with the civil servant status enjoyed several privileges, namely basic wages as civil servants, professional wages as professional teachers, and functional wages as teachers, in addition to a bonus based on outstanding performance, such as financial support for education, scholarships, awards, and financial support and scholarship for their kids (President of RI 2008). As a result, there were waves of demonstrations by non-civil servant teachers. While the basic salary of civil servant teachers was around Rp. 1.4 million per month in 2006 and Rp. 2 million in 2011, excluding other rewards, contract or temporary teachers only had about Rp. 0.71 million and Rp. 1 million in those respective years (MONE 2006b; MONE 2011b). Although the amount was stated in the regulation, the real salary that they received was uneven from one area to another. For example, when the temporary teacher wage in West Sulawesi was about Rp. 0.5 million in 2011, it was only about Rp. 0.3 to 0.5 in the East Nusa Tenggara province (Antara 2011; MONE 2011b; Republika 2011b).

4.2.2.3 Teachers' Overconcentration

After more than a decade of education reform and seven years of teacher reform, various reports by the government and the World Bank indicated that unequal distribution of teachers among individual areas and between rural and urban areas across the country remained one of the main challenges of improving education for all (World Bank 2009b). The Minister of State Apparatus Empowerment, Azwar Abubakar, in 2011 told the public that Indonesia did not lack teachers. The major problem was that teachers were concentrated in the urban areas, while schools in rural areas or remote areas often only had one teacher for one school. Therefore, the government wanted to re-decentralize teacher management.

This was nevertheless not an easy task because it contradicted the decentralization law that had been officially in place since 2001. Therefore, the government tried to solve this issue by making a collective agreement among five related ministries in October 2011 (Kompas 3/13 2012). As a result, the central government started sending teacher forces from central to rural areas where teachers were found insufficient. Unfortunately, the host areas rejected the coming of these new teachers from the central or non-local areas. They argued that they did not need any teachers from outside their own districts; they only needed the government to pay salaries for local teachers in their areas. They told the central government that, rather than sending teachers from outside, it ought to assign unemployed graduates that the host area already had. Local

people and governments in Alor, East Nusa Tenggara and Aceh, for example, rejected 700 hundred teachers that were sent from the central area (Berita Anda 2012; Cathnews Indonesia 2012; Medan Bisnis 2011).

With all of these issues, the increase of teacher rewards provided by the government through the licensing program, as some reported it, did not contribute significantly to the learning outcomes of students as expected (Kompas 3/6 2010). Under high pressure, teachers were sometimes tempted to gain teaching licenses using ill practices. In Pekanbaru, Sumatra, there were 1,700 teachers found guilty of cheating by paying others to write their essay papers in order to meet administrative requirements (Kompas 2010a). People argued that it was inappropriate for the government to make a direct connection between teacher licensing and the quality improvement of education. Bambang Wisudo, an education activist from Schools Without Borders (STB) said that teacher licensing only concerned the increase of teacher rewards and did not go beyond that to improve student learning outcomes (Kompas 2009b). People claimed that despite the licensing system and the increase of financial support for teachers, teacher and education quality remained poor (Kompas 3/7 2012).

4.2.3 Quality Assurance

Quality assurance also should be understood within the context of decentralization. It demands a lot of flexibility, but at the same time, emphasizes that the ultimate goal of this process was to have competitive quality that could be measurable economically and accountable to the public.

4.2.3.1 “A Nation of Coolies” and Global Competitiveness

In the early 1980s and 1990s, quality management was introduced into Indonesia’s education (Media Indonesia 1999; Pelita 1989). In 1996, the government started the evaluation of Indonesia’s higher education institutions based on quality standards formulated by an independent body called the National Accreditation Body for Higher Education (BAN-PT). However, there was controversy over this new practice due to outstanding inequality among higher education institutions. This movement ceased briefly when the crisis struck the country, but was revived again in 2002 under the decentralization and democratization movement that overwhelmed the country. Interestingly, Indonesia signed an agreement at the WTO-GATS (Doha round) on globalization during this difficult time in 1998 (Ahza 2012), after which it began a series of serious discussions on quality issues in Indonesia’s education. Sutjipto, rector of

Jakarta State University, commented, in response to the government's commitment to a new era of education improvement under the initiative of Minister of the People's Welfare Jusuf Kalla (later to become the vice president (2004-2009)),

The government has to recognize that school is fully responsible in the process of teaching and learning because the school knows the quality of its students most. With respect to the improvement of the quality of education, the role of government in the future should only be a facilitator and regulator. There should not be a burden of excessive bureaucracy anymore. (Media Indonesia 2002b:para. 2)

Jusuf Kalla explained that the main reason behind the low quality of Indonesia's capital was a lack of serious study and learning. Everyone could pass the exam and graduate. Teachers took tests, but no one failed. The exam for school students was thus too easy compared to the one in the late 1940s. According to him, the only way to raise Indonesia's education quality was by making test much more rigorous (Kompas 2002b). He said, "The quality of our education was very low. We agreed to take decisive steps; we did not want to become a nation of coolies" (Kompas 2002a:para. 1), paraphrasing Sukarno's nationalist statement.

In 2000, the result of Asia Week's survey on the 77 top universities in the Asia Pacific region, Indonesia's top university, the University of Indonesia, was ranked sixty first on the table (Republika 2002a). In 2002, education improvement became the theme of the National Education Day celebration. That same year, Muhammadi, a member of parliament, stated that Indonesia's education did not produce qualified workers. There had been an increasing trend of unemployment among educated citizens since the 1990s, and in 1996, there had been 25.47 percent, 27.5 percent, and 36.6 percent of secondary school, diploma, and university graduates unemployed. According to him, education should prepare students for work by increasing the level of competitiveness and relevance (Suara Pembaruan 2002a).

In 2000, 2003, 2005, and 2009, Indonesia officially participated in the PISA (Programme for National Student Assessment) test. In reading, Indonesian students performed low, namely 39th (of 41 countries), 39th (of 40 countries), 48th (of 56 countries), and 49th (of 57 countries); in math, 39th (of 41 countries), 38th (of 40 countries), 50th (of 57 countries), and 50th (of 61 countries); and in science, 39th (of 41 countries), 39th (of 40 countries), 48th (of 57 countries), and 50th (of 60 countries). As can be seen from Table 2, Indonesia's student average scores did not show any significant increase since the country joined the PISA test in 2000. The average scores remained far below the international average.

In order to change this, the government launched a national movement for education reform that was scheduled to have real outcomes within five years (Suara Karya 2002). Adul Malik Fadjar, the Minister of National Education (2001-2004), declared in the celebration of National Education Day in May 2002 that the main target of the government since 1998 had been to do a fundamental reform in order to improve education quality (Kompas 2002c).

Table 2. Indonesia's Student Average Performances in PISA Test, 2000-2009

Year of Study	Subjects	Indonesia's Average	International Average	Ranking	Number of Participant Countries
2000	Reading	371	500	39	41
	Math	367	500	39	
	Science	393	500	38	
2003	Reading	382	500	39	40
	Math	360	500	38	
	Science	395	500	38	
2006	Reading	393	500	48	56
	Math	391	500	50	57
	Science	393	500	50	
2009	Reading	402	500	57	65
	Math	371	500	61	
	Science	383	500	60	

Source: (MONE 2011a)

The educational reform that happened right after the *Reformasi* caused increasing fees and tuitions. When the government asked schools to improve quality, it did not provide them with enough financial support, and thus people themselves had to invest in their education. This new increase in school fees did not help Indonesia improve education quality (Suara Pembaruan 2003a), and despite the ongoing managerial reform and rocketing fees shouldered by students' parents, Indonesia's education quality stayed poor in comparison to its counterparts in Asia. In 2004, it was ranked 16th, below Vietnam, in education quality among Asian countries. Therefore, the government promised to make a real change with the reform (Kompas 2002d; Republika 2002b; Suara Pembaruan 2002b).

While freedom to choose how to educate children and students at this time was given, every citizen and institution had to standardize their learning outcomes in the form of measured units. Education had to be able to be assessed and accounted for based on a quantified measure that could be understood economically (Kompas 2003).

4.2.3.2 Establishing a Market-Enabling Device

Quality assurance became the most important part of the standardization movement that had been accelerated under the decentralization project. Quality assurance as a system of control in higher education had been used since the early 1980s and institutionalized in the form of a national body for higher education quality assurance in 1994. However, the post-crisis quality assurance was quite different. Before, it had been a quality control that was promoted and established in a centralistic society in the absence of quality and standard culture. It was also a system that was established to control the sporadic and unplanned growth of higher education institutions in the 1980s. Post-crisis, it became a system that was integrated into the decentralization and standardization movement. It became a market-enabling device. Before, it had been established only for higher education, but after 2003 it became an extended project covering a range of education levels, from pre-school to post-secondary level, and from formal to non-formal education.

Some old characteristics remain intact, however. It was a response to a global culture, and it is still highly controlled and monitored by the central government through the independent bodies invented. The National Education Standards Agency (BSNP) is an autonomous body established by the government to develop national education standards, organize the national exam, provide recommendations to the central and local governments in education quality assurance and control, develop criteria for graduation in the educational units of primary and secondary education, and assess the feasibility of content, language, presentation, and graphic design of textbooks. The Quality Assurance Agency (BAN), on the other hand, is an independent evaluation agency created to determine the feasibility of a program and/or educational unit of kindergarten, primary, secondary, non-formal, and higher education with formal reference to the national education standards as a form of public accountability (BAN-SM 2009; MONE 2007b; MONE 2007c; MONE 2009b; President of RI 2005).

Based on the eight national standards created by the BSNP upon its establishment, schools were streamed into three main categories: Minimum Standard Service School (SPM),²⁹ National Standard School (SSN),³⁰ and International Standard School (SBI).³¹ In order to gain a higher status, a school had to show that it had met all the indicators required in the law. To be an international standard school, for example, a school had to first have an 'A' accreditation status as a national standard school.

These agencies created school and university table leagues to help the public see which schools had been accredited and what grade their accreditation was, ranging from A to C. These tables were available online (<http://www.ban-sm.or.id/>; <http://web.banpnf.or.id/>; <http://ban-pt.kemdiknas.go.id>), and thus were accessible for education users and stakeholders. It was very important for parents and students to make sure that those schools and universities they attended had an accredited status. Education and job mobility was constrained by this system, and transferring credit from one school to another was only possible if both schools had the same level of standards proved by an accreditation grade issued by an accreditation body. Transferring from one school to another school was determined by the accreditation rate of the school of origin. The better the rate of the school of origin, the more choices a student had for acceptance.

Job opportunities were also controlled by this system, as job providers increasingly required the applicants to graduate from a school with good accreditation status. At the higher education level, starting in 2003, internal quality assurance bodies were also developed within colleges and universities in order to complement this external quality assurance (MONE 2011c). These were evaluated by the MONE in 2008. They found that most universities among the 68 universities included in the study failed to understand what the quality assurance was about and what differentiated internal quality assurance from ISO International Standards, and that most universities did not implement this system well (DGHE 2008b).

Although this quality assurance system had been in place for several years, it did not significantly help improve Indonesia's education. It only made inequality deeper, as very few people and institutions could adjust to the new market requirements. Only the few schools with the best resources could raise their standards, and middle and upper middle class groups exploited this opportunity by allocating their resources to these schools. As of 2012, at the higher education level, among about 18,000 study programs available, there were 6,000 programs unaccredited and only about 7 percent had an excellent standing. Additionally, of 233,000 lecturers at public and private higher education institutions, only about 60 percent were qualified to teach according to the requirements of Law No.14/2005 concerning teachers and lecturers (Republika 2012e).

While poor universities were left struggling to survive, a limited number of high quality universities, such as Agriculture University of Bogor, competed to obtain international accreditation for their study programs (Republika 2012a). Of about 2,890 universities in

Indonesia, only a few had the ability to compete with other Asian universities. For example, in the QS Top University publication for Top Asian Universities 2011, only about 30 universities were listed in the top 200 universities in Asian countries, and only one, the University of Indonesia (UI), made it into the top 200 world universities (QS Ranking 2011). This meant that most Indonesian universities had very poor quality, and more importantly showed an increasing inequality among Indonesian universities. For example, it was reported that of the 39 top universities in the country, only 15 percent operated outside Java island (Media Indonesia 2009).

The implementation of quality assurance without enough good resources caused serious problems for poor colleges and universities that had not been able to take quick action for adaptation. Due to the promotion of the quality culture in the education system and job market, these universities often became victims of student outrage. Students of the State Islamic University in Alauddin, Makassar, for example, demonstrated in 2011 to demand quick action by the school to obtain an accreditation for the economics study program. They had joined the program, but the school had not shown any serious action towards being accredited by the National Accreditation Board for Higher Education (Ebernas 2010). Similar demonstrations happened in Kediri, East Java, in 2011 (KSTV 2011) and in Kendari, Southeast Sulawesi in 2012 (Sultra Online 2012). These are just samples of numerous cases that occurred.

Meanwhile, quality assurance and the increasing emphasis on high stakes examination and evaluation that accompanied school decentralization, curriculum reform, and teacher professionalization led more and more people to send their children to participate in after school classes or shadow schools.

4.3 “*Bimbel*”: Poor Public Education and Class Struggles

The increasing demand for *Bimbel* (after-school classes) made it a lucrative education business. Many people were willing to invest their money in this business, as they learned that demand for it was stable and profitable.

Siswandi tells one of the many success stories of *Bimbel* business in Indonesia. After the reform, when the economy started recovering, he noticed that an increasing number of parents were willing to spend more money to support their kids in getting the best education. One of the indicators of whether parents had done their best for their children’s education was their success in the leaving school exam and in the exam for public university entrance. Siswandi clearly understood that this condition was a good business opportunity, and in 2008, he started a *Bimbel*

called Solusi, targeting lower middle classes around Jakarta neighborhoods. Within four years, he managed to expand his business to have 45 branches in Jakarta, Bogor, Tangerang and Bekasi (Jabotabek), with a turnover of Rp. 400 million per month (Kompas 2012f). Siswandi's Solusi is one of the stories that show how eager current-day Indonesian parents are to spend more money for the success of their kids' education.

Attending a quality *Bimbel* center is a luxury for poor students because it is expensive. *Bimbingan Tes Alumni* (BTA) is one of the *Bimbels* reported actively collaborating with several favorite schools around Jakarta, and its tuition fee can reach the amount of Rp. 10 million, equivalent to one thousand US dollars, per year. This *Bimbel* guarantees that each student will pass the national leaving school exam or university entrance test, offering a 40 percent refund policy for unsatisfactory service. If a student using its service fails the exam, they are guaranteed a 40 percent refund (Kompas 2011q).

This expensive tutoring took over the function of school and home to boost students' learning spirit and motivation in order to increase the chances of passing the exam. In addition, it subordinated the educational function of schools by providing test counseling for their students. However, even though schools made business contracts with tutoring centers, the tutoring center did not provide test counseling and guidance for all students—it was only available for students who could afford to pay the extra school fees. Furthermore, the subordination of schools in giving quality counseling initiatives for students was unreasonable; schools were supposed to be the most knowledgeable institutions about the final national exam given that examination questions were developed by the Ministry of National Education, which directly supervised learning, curricula, and testing at school. This contradiction did not prevent the flourishing of similar practices in after school tutoring services. These services opened more business opportunities and served the interests of the middle class.

The competition for higher achievement and access to better schools did not apply only to after school classes. As most parents wanted to send their children to the most popular primary schools in their areas, these schools introduced a new selection procedure. Normally, all children who were seven years old were eligible to attend primary schools. However, many schools, especially good ones, included an early childhood education certificate as an entrance requirement. Therefore, along with a corresponding global and national campaign, the demand for early childhood education has been dramatically growing.

4.4 Early Childhood Education (ECE): Class and Market Demand

Early childhood education is a unique domain of education in Indonesia because of the nature of the state's involvement with it. Unlike other school levels, ECE had not been included in the formal types of education. However, the government has been deeply engaged in promoting it to people and in laying out regulations for its operation.

Domestic and international demand led the government to support early childhood education. Domestically, people criticized the fact that Indonesian children had poorer quality abilities compared to other middle economy countries. The government was blamed for not being able to take policy measures to upgrade children's global competitiveness. One of the causes that they found for this low quality was lower participation of Indonesian children in pre-school education. Furthermore, many emerging middle class parents believed in the importance of having high quality education for children from an early stage of their lives. Internationally, the government made a variety of international commitments to the global world concerning preschool education. The government and the international communities thought that having the opportunity to participate in an early childhood education would give children a better chance to go further in education. This perception was clearly manifested in the definition of early childhood education written in Law No. 20/2003 concerning the national education system.³²

Due to the strategic meaning of early childhood education for the government and the market, the government and private agents were involved in promoting the importance of early childhood education. In the opening of an Early Childhood Education Festival in 2011, the First Lady Ani Yudhoyono expressed her concern with the issue of the low enrollment among Indonesian children in ECE. She also mentioned Indonesia's responsibility to meet the 75 percent of enrollment rate mandated by UNESCO, linking this mandate to the future pride of Indonesia as a nation. This effort was part of the state's endeavor to domesticate its young citizens as "Ideal Indonesian Children/*Anak Indonesia Harapan (AIH)*" (Kompas 2011n; Tempo 2011a).

The call for education for all was actually aimed at the most unprivileged children of the world, according to UNESCO.³³ However, in the case of Indonesia, early childhood education became a business commodity that benefitted children from the privileged family, as well as domestic and transnational education business actors.

A recent conference on early childhood education in Indonesia showed that early childhood education business not only attracted local players, but also international players.

Transnational early childhood education companies were willing to sponsor this conference because they saw new emerging business opportunities in the country. Importantly, most international actors had their own local partners as a way to marketize their products and, of course, avoid bureaucratic complexity.

Groups of international preschool providers sponsored the third Annual Indonesia Early Childhood Education Conference & Exhibition 2011 in the Balai Kartini Convention Centre, Jakarta.³⁴ In this conference, about 500 delegates met and exchanged “ideas and research on the latest knowledge in early childcare, early childhood education, children’s health, developmental disabilities, assessment, pedagogy, programs for developing countries, children’s play and music, and character development”. The organizers claimed, “These were important building blocks to create a positive future for Indonesia’s children” (ECE Indonesia 2011:para. 2). The keynote speaker was Dr. Robert Myers, world renowned child education researcher, author and advisor to World Bank, UNICEF, UNESCO, and USAID (ECE Indonesia 2011). In other words, like in other school and education levels in Indonesia, international organizations had their own direct interests in capital investment in the domain of early childhood education in Indonesia. Therefore, they engaged in efforts to build the positive attitude of the public towards the importance of early childhood education.

There was also a massive diversification and capitalization in the early childhood education program in Indonesia. As the government did not include ECE as part of the formal education that had to be provided by the state for the citizen, it offered open opportunities for the private sector to participate in its provision. Many of these private providers had connections to transnational ECE business actors.

One of the characteristics of the elite ECE schools was the deployment of advanced pedagogical philosophy that promoted norms and values embraced by middle class families. High/Scope Institute Indonesia established in 1996 in Jakarta, for example, promoted the ideas of Jean Piaget as the principle philosophy in nurturing child development. Antarina S. F. Amir, the Managing Director of High/Scope Institute Indonesia, explained that the curriculum should be designed to produce innovative individuals. Otherwise, it would prevent children from realizing their future academic lives and integrating themselves into society. “Therefore, our curriculum was uniquely designed to nurture healthy development from the early years as a means of preparing students for a bright future” (Sungkar 2010:para. 3).

As most middle class families in Indonesia have housemaids or nannies to take care of their children, the Hope for Kids Bilingual preschool promoted itself to prospective customers by providing special training for nannies and housemaids. Jenti Martono, the principal and academic manager of Hope for Kids Bilingual preschool, argued that it was important for parents and nannies to remember that they played a very important role in the child's growth. Therefore, from 2007, they began providing a caregiver class for nannies and maids.³⁵

As the pressure on the government from international organizations and domestic demands for the provision of childhood education emerged, the World Bank and alliances used this opportunity for capital investment in ECE by creating a sense of imperativeness and crisis. However, such financial support for ECE, like the loans for other educational activities, would not last long. This support functioned as an allowance to start schools up. After a limited period, the lending institution would withdraw the financial support and let the school to rely on its own self. When this happened, the schools were most likely to return to students' parents. Werdi Kumara Sanur talked about the 50 ECE institutions in Denpasar, Bali,

The 50 institutions were the development of 16 institutions across Denpasar started in 2002 at the cost of assistance from the World Bank. At that time, there was support of Rp. 116 million for each early childhood institution. In addition, there was support to train teachers and to provide them with an honorary income of around Rp. 300,000 per month. However, after an interruption, each institution had to pay its teacher salaries. Some were paid by the Denpasar City Government. (Republika 2009c:para. 3)

Such conditions changed the way people perceived ECE education. Before, ECE was seen as complementary education that was optional for parents. But in current-day Indonesia, ECE has become required for every child. As a result, in the midst of low financial support from the government, ECE has become an attractive business, and many pre-school institutions rely on student fees. A school might start as a communitarian education center that did not charge high fees. However, as quality and class prestige demand became higher, many schools turned into profit-oriented schools to survive. Preschool al-Hahida in Balikpapan, for example, charged around Rp. 1.5 million for new students and a monthly fee of Rp. 125,000 for each student (TK/Paud Al Wahida 2012). In Ternate, Ratna, a preschool education provider explained,

Fees for preschool were determined according to the agreement with the students' parents. The school charged an investment fee of Rp. 400,000 for a new student and a monthly fee of Rp. 30,000 for each student. Not many parents complained about this fee, only a few. However, they could make choices. (Media Rakyat 2011:para. 4)

Freedom to make a choice in schooling became the new mantra for school providers when people complained about fees, meaning they could choose to go to a worse school if they could not afford to pay for a preferred school. Ceria Peraga TK, a small company selling toys and learning kits for preschool children, wrote on its website,

Everybody knows that early childhood education is expensive. It is even far more expensive than the cost of elementary and high school education. For example, the cost of entry in one of the private early childhood schools in East Jakarta could reach Rp. 4 million, not to mention the monthly fee, ranging between Rp. 300,000 to Rp. 500,000. One of the early childhood schools in the Pulomas area charges a Rp. 10 million-entry fee, not to mention the area of Central Jakarta, South Jakarta, the elite areas in Jakarta, and franchises from abroad. Of course, this fee is very burdensome for people whose income is just mediocre. (Ceria Peraga TK 2011:para. 1)

This is a business actor of preschool toys and facilities trying to rationalize the emergence of expensive ECE institutions. In the past, when the demand for ECE was relatively low, parents were not obliged to send their small kids to ECE centers. Nowadays, as the expectations of the capital and cultural return of ECE have become high and diverse, the ECE providers have been actively engaging in responding to these diverse expectations from the middle class parents. Bandung Institute of Technology, for example, established a preschool called Labschool PAUD IPB-ISFA in Bogor. Ratna Megawangi, the Director of Indonesia Heritage Foundation, one of the founders of this lab school, said,

The number of early childhood education schools had been expanding rapidly. However, children often only played. Therefore, we established a holistic early childhood preschool that emphasized character building. Children's imagination would be opened up through activities. Here, they would speak confidently, be creative, and stay polite. Teachers were only facilitators. Teachers would receive holistic and character-based trainings. (Republika 2010c:para. 1-4)

Sudjarwo, Director of Early Childhood Education at MONE, explained,

Today many parents get stuck when it comes to choosing an early childhood school. Parents think that a good early childhood school is an expensive, luxurious amenity, and teaches reading, writing and counting. However, this is not so because choosing an early childhood school that can teach reading, writing, and counting is wrong. A good early childhood school is one that provides opportunities for children to play, without weighing them down with an academic load, including reading, writing, and counting. The impact of giving these lessons to students of early childhood schools would be harmful to the child. The danger for education customers, children, is especially from the mental side. (Republika 2010b:para. 4)

These teaching values represent middle class expectations to have freedom, creativity, and belief in the potential of human beings. Most popular and expensive ECE centers used these

expected norms and values to identify themselves as favorable schools for the privileged groups of society. However, besides these stories, there were also many preschools established in order to gain economic profits without taking the provision of quality education into priority. They used modern and fashionable marketization to persuade less critical parents to join such poor preschool centers.

4.5 Conclusion

This chapter demonstrates how school decentralization and standardization has been implemented in Indonesia's education system. These policies adopted a new management that emphasized the importance of public participation, output control, quality, and accountability. In the processes of implementation, they encountered challenges stemming from two main factors: (1) a new configuration of local politics that was generated by the decentralization and democratization; and (2) class relations.

Decentralization and democratization allowed the creation of new alliances in local governments. Before the reform, local leaders were the direct extension of the central government. Once the political reform started, new powerful local leaders emerged, either city or district heads, or members of parliament. These leaders were selected directly by their people. Therefore, they thought that they were only responsible to these local people, not to the central government. Furthermore, although they were elected through democratic elections, their political attitudes were authoritarian. If the local education officers and practitioners in the past had been loyal to their leaders in the central government, the new ones shifted this loyalty to these new local leaders. In other words, the center of power became localized through democratic elections, and the authoritarian political attitude remained the same. As a result, different reform agendas were implemented in part to serve the interests of this local power, rather than to abide by the national reform agenda formulated by the central government and its international alliances.

The school principals who were loyal to the central government in the past, after the reform, became more loyal to the new local power. Consequently, several policies failed to reach the goal of improving the quality of educational services. The school-based management project, for example, was utilized by this new power to intervene in school affairs. Principals, supposedly to become the most important agents of change, turned out to be obstacles. They obliterated the

democratic function of the school council and committee, and behaved in an authoritarian manner to control both independent bodies to serve their personal or group interests.

The BOS fund, as another example, was a social welfare program to mitigate the side effects of the neoliberal reform by protecting the disadvantaged. This program, mainly funded using international loans, was capitalized on by local powers for political campaigns. When someone was running for a governor, mayor, or parliament member, they often promised free basic education. In reality, the only funding that they had in mind when they promised free education was the BOS fund from the central government. Within the rising competition to obtain quality education, such political attitudes produced further inequality because these politicians would not generate new revenues for education from their own pockets. Instead, they would use this limited resource, and when the need for financial support was higher than what they could receive, they would allow certain selected schools to charge extra fees. Therefore, when the free education campaign mushroomed, the number of fees that parents had to pay for basic education in fact increased to about 28 items (Darmaningtyas et al. 2009). Differences in regional economy and political attitudes of local leaders towards the educational fund caused further inequality.

These local politics affected the implementation of other policies, namely teacher allocation and placement, teacher recruitment and employment, and leaving school exams. Teachers were posted in assigned areas, rather than based on rational considerations; it was based on political affiliations with leading local powers. Meanwhile, the leaving school exam that was imposed by the central government was used by local powers to seek political legitimacy. As a result, malpractice was common.

The new local authorities could have allowed district or city heads to develop collaborations with different international partners bypassing the central authority. The central government, however, did not allow this to happen because it would complicate the situation further. If local leaders were allowed to make direct partnerships with certain international economic organizations, they might borrow money that exceeded their capacity to pay back. This would cause a problem for the country as a whole. Consequently, although these new local leaders were politically and culturally strong, they remained financially weak. They were not capable of independence from the central government.

Class relations also played an important role in shaping the implementation of decentralization and democratization. When the reform started, the international capital class was active in directing the reform to follow certain neoliberal principals through research, publications, and conferences. One of the reform strategies they proposed was to introduce a selective aid fund scheme, the aforementioned BOS fund, for poor students. Thus, when schools charged higher tuition fees to upgrade facilities and quality according to the reform standards, students from the privileged family could pay from their own private money and the state would give subsidies for selected poor students. The state, however, was not able to implement this policy. The subsidies instead went to every student registered, regardless of their socio-economic status. If the government did not do so, the middle-class people would accuse the state of being discriminatory towards citizens. As a result, the poor students had to suffer more than the rich ones because they had to either go to poor schools or pay to go good schools to learn as the rich did. They had to pay more for educational facilities because they did not have what the rich already had.

The poor schools that hosted the disadvantaged students were more likely to abide by the regulations because they did not have resources other than those provided by the government. Therefore, for example, when both the central and local governments proclaimed that schools that were receiving BOS funds were not allowed to extract money from students and their parents, only the good public schools kept doing so. This was not only because these schools needed to do so, but also because parents were willing to give extra money to the schools to make sure that a good education was well-delivered to their children. On the other side, schools that were rich, mostly private schools, would not accept the BOS fund. They preferred to extract money from parents, which they could get more from compared to the state subsidy. Most of these good and/or rich schools were located in urban areas where good teachers tended to be concentrated. This furthered the already existing inequality. It is also important to note that most private schools had poorer conditions compared to that of most public schools.

Meanwhile, item 33 of Law No. 20/2003 had made it mandatory to the state to provide at least 20 percent of the national annual budget to educational expenditure with the exclusion of teachers' salaries. The success of private school teachers to annul this item, however, further reduced schools' financial resources for facility and teaching resource development. As a result,

the 20 percent allocation for public education was used mainly to cover teacher salaries. This financial reduction gave birth to a further inequality among public schools.

An ideology of national competitiveness and globalization was used to justify the necessity of education decentralization and standardization. The government effort to internalize the global value of both policies at the beginning of the reform was well accepted. In addition to the local political situation, people perceived that Indonesia's education must catch up with other nations by adopting policies that were globally practiced. Education evaluation using high stakes testing was thus one of the most important elements of this global practice. The government proclaimed that the difference between "coolie" nations and competitive nations was their students' ability on tests. Having a high ability on tests would bring a global competitiveness for the country.

However, after decentralization and standardization, two main consequences arose: deteriorating education conditions, and deepening inequality. The emergence of different powerful local powers made it very difficult for the government to create well-coordinated governance. When the new curriculum was introduced as part of the reform, its implementation was surrounded by incompetent teachers and corrupted business groups and bureaucrats. These people, rather than helping the state to deliver better services for the public, were preoccupied only by their desire to make economic profits out of the curriculum reform. Furthermore, irresponsible political leaders and bureaucrats blurred the difference between public and private teachers. Private teachers were supposed to remain under the state's responsibility due to the absence of serious actions to improve their life conditions. However, the leaders allowed the overconcentration of these teachers in better-off urban areas because their decisions were made based on personal political considerations.

Inequality on the other side was also deepening. Resources were not proportionally distributed according to the principles of equality and transparency as the reform had promised. BOS funds and teacher allocations, for example, were two reform activities that failed to reach their goals to improve and equalize educational opportunities. Standardization for quality and accountability generated educational activities that were organized outside formal schooling, such as after-school tutoring classes and early childhood education. The middle-class people flocked to tutoring centers in order to assure that their children would perform well on the necessary exams, and early childhood centers mushroomed all over the country due to primary

schools increasingly selecting students based on early literacy and numeracy. In addition to the improvement of their buying power, public subsidies to education also enabled more middle class families to send their children to these centers. This was, however, not the case for the poor families, and as a result, poor and low achieving students had to drop out or gather in poor schools.

The international economic organizations that had been deeply involved in advocating neoliberal reform remained very active in managing loans and credits for the government to fund different projects related to the reform, such as the BOS program. These loans were merged into the national budgeting plan of the country, and would become an integral part of the future of Indonesia's development.

CHAPTER 5

BUILDING PUBLIC-PRIVATE PARTNERSHIPS THROUGH SCHOOL VOCATIONALIZATION

Along with the need to reduce the high unemployment rate among school and college graduates, decentralization created a new demand for semi-skilled and skilled employees to fulfill the needs of manufacturing and service industries in local areas. The post-crisis long-term national development plan of Indonesia therefore identified education vocationalization as one of the main programs that the state wanted to achieve. The government used development, national pride, and global competition to justify this policy direction. They encouraged students to innovate in a variety of practical sciences for the sake of a national pride, and encouraged schools and students to develop internationally accredited skills to be able to enter the global employment market. While people welcomed this policy direction, political leaders utilized it to attract people's sympathy for political gains. Meanwhile, bureaucrats and politicians were engaged in arranging loans from international agencies to support this program.

In this section, I will examine how the government of Indonesia promoted school vocationalization and how this policy failed to change the nature of vocational education in Indonesia.

5.1 The State's Reaction to Class and Market Demands

About six years after the financial crisis, along with the education reform that emphasized democratization and decentralization, Foreign Direct Investment (FDI) was pouring into Indonesia. It reached US\$700 billion in 2010 (Nangoy 2011), an enormous economic size that positioned Indonesia as the 17th largest world economy and the largest in Southeast Asia. Promising demands for consumption goods and commodities attracted an increasing inflow of FDI. These statistics refuted Goldman Sachs's prediction three years before that Indonesia would not be able to achieve this until 2020 (Nangoy 2011). New businesses were opened, and jobs were created.

This development benefited the middle classes most. They had chances to enjoy new lifestyles, and better life quality (Eddy and Pratignyo 2012). Education was one of the domains where competition was happening, as they strongly believed in education as a future asset in the competitive job market and in the global economy. Within public education, they asked the

government to provide them with an education system capable of offering them knowledge and skills relevant to the market demand. Furthermore, in 2009, reports showed that there had been an increase in the number of middle class groups. Indonesians who had an average income of \$3000-\$5000 could spend between \$110 to \$220 per month for their basic needs, namely food, electricity, and transportation. People in this category accounted for about 48 percent of the almost 250 million population of the country (Nangoy 2011; Westhead 2011).

The story of Dini Shanti reflects aspirations held by the new Indonesian middle classes. Peterson (2011) told a story about her in Asia New Zealand Online:

Dini Shanti, a web marketer, struggled for years to pay the rent and put food on the table for her two children. Yet in the past 24 months, she has moved into a new home, bought her retired father a car and begun paying into investment and life assurance funds. Her rapid climb to financial security was, until recently, a rare story in Indonesia, a young democracy of nearly 240m people and one of Asia's fastest-growing economies. But in the coming decade, more than 60m low-income workers are poised to join her in what will be the coming of age of Indonesia's middle class ... That projected boom will also make Indonesia – already a member of the Group of 20 nations and the largest Southeast Asian economy – the fastest-growing consumer market after India and China. Big retailers, banks, carmakers, insurers and consumer goods producers are tapping the growth, posting record profits this year. "I was worried about what we were going to eat next month. Now I am a lot happier," Ms Shanti said, pointing to where a new kitchen counter will be installed. "I want to be able to send my kids overseas, so I am saving money for that. I have life insurance and mutual funds for my children's education."

However, in spite of this success story, compared to China and India, Indonesian economic growth heavily relied on gas, oil, coal, and palm oil. There was little in the way of a hi-tech or knowledge-based economy. Furthermore, its growth only utilized people's consumption, rather than relying on investment—almost half of the GDP came from this consumption. Business environments and security were still poor, as corruption eradication, law enforcement, and infrastructure were insufficient (Nangoy 2011). In other words, Indonesian economic growth was not genuinely competitive. Almost half of the Indonesian people lived under the poverty line. More than 100 million Indonesia made only \$2 a day or less and only half of the rural population had access to clean water (Westhead 2011).

In this situation, the government was accused of not doing enough to prepare high quality human resources through education. After the crisis, there was an increasing number of people who lost jobs and moved to informal jobs. In 2008, about 61 percent of the Indonesian participated in the informal economy (ADB 2008). In order to enter formal sector jobs, a person

had to have higher, good quality education. Education level and quality were thus quite important in determining whether one ended up in a low or high paying job. Facing this problem, the government tried to develop vocational and technical education programs at the secondary school and higher education level.

At the same time, in order to respond to the demand of the middle classes for more global and competitive learning experiences, the government initiated education internationalization at the school and university level. When this program started, many upper middle-class people preferred sending their kids to study overseas, such as Australia, Singapore, Malaysia, and China. In 2009, there were around 40,000 students studying abroad from Indonesia compared to only 29,000 students in 2007. Sixty percent of these students were taking undergraduate programs in different countries, such as Malaysia (15,000 students), Singapore (10,000), Australia (8,000), and China (7,000). Indonesian students considered an overseas education a significant advantage when they competed with domestic graduates for jobs (British Council 2011; Kompas 2011v).

5.2 Vocationalization and Technicalization: Seeking Legitimacy and Class

Differentiation

The state, using globalism and nationalist rhetoric, tried to reinvent its development project in order to gain performance legitimacy in a way that would enable citizens to function in the marketplace. This direction led to the creation of a class division in which vocational education was utilized to produce working and low managerial citizens, whereas general education was implicitly utilized to generate elite citizens. This process was conditioned by the state's dependency on international loans.

5.2.1 The National Development Plan, and International Loans

The post-crisis national development plan in Indonesia included neoliberalism as a development policy. Even though the state's elite bureaucrats initiated the move in this new direction, I believe it was formulated according to the needs of the transnational capital that was closely linked to international loans. Vocational school development was part of this national development,³⁶ and in the medium-term strategic plan for development released by the government in 2004, it was projected that in 2015, the ratio between general secondary schools and vocational schools would be reversed from the current ratio of 70:30 to become 30:70 (MONE 2009a).

It was Bambang Sudibyo, the minister of national education (2004-2009) under the first president Yudhoyono's United Indonesia cabinet (*Kabinet Indonesia Bersatu I*) (formerly the minister of finance (1999-2000) under Wahid's National Unity cabinet and an economist and politician from the PAN (National Mandate Party)), who strongly supported the vocationalization of secondary schools. Vocationalization was thus integrated in the medium-term development plan for 2004-2009 and 2010-2014, and the long-term development plan for 2004-2025.³⁷

In 2008, the Asian Development Bank (ADB) provided a US\$80 million loan for this vocationalization program for a 32 year term, with a grace period of 8 years charged with 1 percent annual interest during the grace period and 1.5 percent thereafter. This project would be implemented over 5 years, from 1 June 2008 to 31 May 2013.

In 2011, the government released a new road map for development acceleration in 2011-2025. The road map emphasized the important role that private sectors should play to transform Indonesia's economy.³⁸ The real spirit of the Indonesian development in the map was neoliberalism. It wanted to create what it called Incorporated Indonesia, emphasizing that the more advanced the country was, the less the financial burden for economic development the state had to shoulder. It emphasized that collaboration between levels of government and between departmental sectors was very important. At the end, business, not the state, should determine economic life. This part reflected the spirit of the ongoing democratization and decentralization in the country.

This road map then introduced a concept of six economic development corridors on five main islands: Sumatra would become the center for agricultural and national energy development, Kalimantan for mining and energy, Sulawesi-North Maluku for agriculture and fisheries, Bali-Nusa Tenggara for tourism and national food self-sufficiency support, Papua-Maluku for natural and human resources, and Java for industry and services (President of RI 2011). This development direction was strongly supported by the World Bank and Asian Development Bank (Jakarta Globe 2012).

In line with this development, an increasing number of vocational school programs were developed at different points of the economic corridors: Bandung, Bogor, Palembang, Palangkaraya, Wonogiri, Situbondo, Probolinggo, and Denpasar. Bandung was inaugurated as a vocational city in 2007, and Bogor declared that it was ready to become a vocational city in 2008. In order to be considered a vocational city, the ratio between general and vocational

schools in a city had to be 40:60. Deden Hari Raharja, chairman of the Council of Vocational School Principals (MKKS) of Bogor City said, “You could say the increase per year in vocational schools was about 2,000 new students” (Republika 2008a:para. 6). Every local government, like the Bogor government, was supposed to work to increase the proportion of students at vocational secondary schools (Bisnis Jabar 2012).

5.2.2 The Vocational School Crisis, and the State Elite

In order to achieve the goal of this vocationalization, the central government launched a national campaign for the program. It was challenging to shift public opinions and attitudes towards vocational schools. Even though they had been around in Indonesia’s education system since the 1950s, and had been reviving in the 1970s and 1990s, they were viewed as lower tier schools. Parents were very reluctant to send their kids to these vocational schools, as there was a stigma that only students with lower intelligence and achievement went to these schools. As a result, for several years, the vocational schools had been losing student enrollments to general secondary schools.

In 2010, vocational secondary school administrators in Bangkalan, Madura, East Java, complained about the difficulty of getting enough students. Most students preferred to go to general secondary schools. A local official said, “Junior high school graduates in Bangkalan were less interested in continuing on to vocational secondary school (SMK). Since the commencement of classes this academic year some time ago, there have been several vocational schools lacking students” (Surabaya Post 2010:para. 2).

The situation became worse when people perceived that it was more difficult for vocational secondary school graduates to enter universities compared to general school graduates. This condition particularly bad outside Java. Rafatli, local head of education authority in Solok district, Sumatera, said,

In Java, the program [reversal of general and vocational school ratio] had been quite successful; even some general secondary schools were converted into vocational schools. However, in Solok city, the interest of the middle school graduates to enter vocational secondary schools was still lower than that of them to enter general secondary schools (Padang Ekspres 2011:para. 2).



Figure 5. A Picture says, “SMK Can! Ready to work, smart and competitive”

The government showed a more positive outlook; in their effort to reverse the ratio between general and vocational schools, the central and local governments mobilized resources for advertisements on TV and electronic media, in which they invented the motto, “*Yes, SMK Bisa,*” meaning, “Yes, vocational secondary school can.”

Furthermore, Joko Sutrisno, Director of Vocational School Development from MONE, stated that while 30 percent of general secondary school graduates continued to attend college, the other 70 percent decided to enter the job market with insufficient skills. For vocational school graduates, 15 percent of them went to college, and the other 85 percent decided to enter the job market. Half of this 85 percent, he argued, had better preparation for work compared to their counterparts from the general secondary schools. He also claimed that there had been an increase of interest in vocational schooling from year to year. From 2008 and 2009, there was a 30 percent increase, and another 15 percent increase in 2011 (Bisnis Jabar 2012). In 2010, he said, “If the image of secondary vocational schools continues to improve, it’s not impossible that demand might increase” (Kompas 2010q:para. 4). Additionally, in a report by the World Bank, from 2006/07 to 2008/09, 1,211 new vocational schools had been created, and 375 general schools had been closed (World Bank 2010a).

The government believed that the main reason why only a very small percentage of secondary school graduates were employed was not that there were not enough job opportunities outside, but because most of them did not have the skills required to take the available opportunities. In addition, the government expected that vocational school graduates would be able to create jobs, as schools had trained them to master not only manual skills, but also entrepreneurship capacity. Ngadimun, head of the provincial office of education authority in South Kalimantan, said,

We would multiply vocational schools (SMK) in order to reduce unemployment... By having the skills and expertise, in addition to meeting employment, our vocational school graduates would also be able to create their own jobs, even though they might start with small businesses” (Antara 2012b:para. 2).

This optimism was challenged by a World Bank report showing that “public vocational education does not lower the chances of graduates being unemployed any more than if they graduated from public general schools” (World Bank 2010a:18). The report also emphasized that vocational schools were more expensive than general secondary schools. Interestingly, vocational schools were more attractive to low performing students, yet public vocational schools costed 37 percent more than public general schools, and private vocation schools were 31.4 percent more than private general schools (World Bank 2010a).

This implies that in vocational schools, the poor students had to pay more in order to obtain better job opportunities. In addition, several popular vocational secondary schools were high-tech and information technology-based with an international orientation, such as Secondary Vocational School Telkom, and thus charged higher tuition and fees. As many working class children strongly aspired to get better job opportunities, they often sacrificed their parents’ main properties, such as land, or took personal loans from other relatives or neighbors to pay the education fees for popular vocational schools. As admitted by Joko Sutrisno, vocational schools accepted more students from low economic families. He explained, “although the budget allocation and the number of scholarship recipients in vocational schools decreased, the volume of incoming students into the schools rose and the majority came from the low economy citizens” (Kompas 2010r:para. 6). In other words, even though the state supported the development of these expensive vocational schools for poor kids, it wanted private actors to step in or student parents to take over the burden of high fees.

Despite this contradiction, the government continued to develop vocational schools by creating new ones or converting general secondary schools to become vocational. In 2010, for example, the government converted 40 general schools to become vocational, as they lacked students (Kompas 2010s). In other areas, local governments converted private general schools to become public vocational schools. For example, the head of Rokan Hulu district, Sumatera, explained,

The policy of 70 percent vocational schools and 30 percent general secondary schools in Rokan Hulu has been running, and is close to 50 percent. Now, the Rokan Hulu district is

trying to nationalize and convert private schools to become vocational schools. (Rohul News 2011:para. 1)

While the government was campaigning continuously to attract more students to enter secondary vocational schools, the mass media described vocational schools as industrial worker producers.

This was exciting news for students of the secondary vocational school (SMK). Of the 1,700 vocational students who participated in the 17th Student Competence Champion (LKS) for secondary vocational schools (SMK) in Jakarta, more than half immediately received a job offer. Dozens of industrial companies had been hunting for job seekers ready to be employed at the event. (Republika 2009e:para. 1)

Of this, Joko Sutrisno proudly said,

They contacted me and asked to be allowed to use student participants. In addition to hunting vocational students ready for employment, a number of companies were also interested in using the excellent products produced by these vocational school students. Until the last day of the event, the organizer received orders for 1,000 double cabin cars, 100 sets of electric machines for palm oil, and some equipment such as tractors and agricultural plantations. Other products were also ordered, among others, motorcycles, computers, and laptops. (Republika 2009e:para. 2)

Suyanto, Director General of the Primary and Secondary Education Department from MONE, added,

The emergence of many product orders for vocational students was an indication that public confidence in the secondary vocational school had been increasing. (Republika 2009e:para. 3)

The media also often reported on governmental support for vocational schools. President Bambang Susilo Yodhoyono, upon a 30-minute visit to Public Vocational Secondary School 3 in Tangerang, Banten in 2010, commented.

I came home from a visit to Europe and had a transit in Dubai. At the airport there on the second floor there was a nice restaurant, I was sure one or more chefs there graduated from here. (Kompas 2010v:para. 5)

SBY Tinjau SMKN 3 Tangerang

Selasa, 16 Februari 2010 | 14:25 WIB

TANGERANG, KOMPAS.com - Presiden Susilo Bambang Yudhoyono meninjau sarana pendidikan di SMKN 3 Tangerang untuk melihat perkembangan pendidikan, khususnya di bidang kejuruan.

Dalam kunjungan yang dilakukan Selasa (16/2/2010) siang itu, Presiden SBY yang didampingi Ibu Ani Yudhoyono mendengarkan paparan Kepala SMKN 3 Tangerang Mamat Kandawibawa. SMKN 3 memiliki bidang pendidikan kejuruan tata boga, kecantikan rambut, dan bidang kejuruan jaringan komputer.



RUMGA KEPRESIDENAN/ABROR RIZKI

Presiden Susilo Bambang Yudhoyono

Figure 6. SBY Visited SMKN 3 Tangerang (Kompas 2010v)

The legislators in the People's Representative Council showed similar attitudes towards vocational schools. Rohmani, a member of parliament, said,

The government should improve alignment towards vocational schools. Vocational schools have proved to increase students' skills in anticipation of the professional world. So far, vocational schools have received minor attention from the government. These vocational schools are perceived as a second-class schools. Perceptions ought to be changed. The government is obliged to change public perception. So far, children who enter vocational schools are deemed to be less valuable than those who enter the general high school. Usually vocational school students are perceived to have less academic ability. Vocational schools should be viewed equal to general secondary schools. The vocational student's ability to assemble a car is evidence that vocational schools have more value, especially to avoid a wave of unemployment after graduation. (PKS 2012:para. 1-4)

Political elites agreed on the urgent need for well-trained citizens to support the state development project, which was important for their political legitimacy.

5.2.3 Slow Progress, and Uneven Distribution

Unevenness of political intervention, variation of local interests, and differing development stages across the country also hindered the implementation of school vocationalization from making a substantial progress.



Figure 7. Mayor of Solo City, Joko Widodo, with ESMKA Car

The year 2012 was a breakthrough in the vocationalization program. Several vocational secondary schools in Central Java with financial support from MONE and technical support from mechanical industries collaborated to develop local business cars. They had been doing this since 2004, when Bambang Sudibyo, the Minister of National Education at the time, initiated the program of ratio reversal between general and vocational schools. Nevertheless, it had not become publicized enough until Joko Widodo, the mayor of Solo city, Central Java, decided to make this local car product be his official car as mayor of the city. Joko Widodo challenged other government officials to buy these ESEMKA Kiat cars as their official transport to help the national car industries revive.

He used nationalism as the underlying reasoning behind his action. “It was not an automobile issue, nor just a matter of a car, but about an independent national identity and economic self-reliance” (Republika 2012c:para. 1). This issue coincided with the plan of his party, Indonesian Democratic Party – Struggle (PDIP), to nominate him to run for Jakarta’s governor in July 2012.³⁹ Because of this, he was accused of politicizing this car project. In his response to this accusation, he said, “The only motive I had was helping those students to get free publicity simply because they could not afford it yet. It worked. People were watching the car as we introduced it to the public” (The Jakarta Post 2012:para. 2). Back in 2009, President Susilo Bambang Yudhoyono, also showed his support for school vocationalization in a similar fashion. He personally put his signature on an ESEMKA car made by vocational school students. Next to

his signature, he wrote, “The work of the proud, I hope to continue, SBY May 26, 2009” (Republika 2009f:para. 2).



Figure 8. President, Yudhoyono, Watched by the Minister of Education, Sudibyo (second left to him) Putting his Signature on ESEMKA Car on May 26, 2009

Widodo’s action in particular inspired other vocational schools to publicize their products. Since 2007, Bambang Sudibyo, the minister of education from 2004 to 2009, had been actively supporting vocational schools to explore their local potentials. In response, vocational schools in Sumatera and Sulawesi established their own industry-based vocational schools. For example, SMKN 1 Percut Sei Tuan in Medan, North Sumatera, developed a computer industry school in 2007. Their product was called SMK Zyrex. Kasni, the school principal, explained that nearly 5,000 notebooks and PCs had been successfully assembled so far, and the highest number in a single year had reached 2,836 units in the academic year 2010/2011. Atan Barus, a technical teacher, also proudly stated that thousands of computers had been produced from this school. “They [the students] needed only about 15 minutes to assemble one unit. Be it a notebook or PC” (Jawa Pos 2012b:para. 2).

Other vocational schools in Sumatera island developed other industries, such as bakeries, beauty products, soaps, detergents, and appropriate machines for households (Jawa Pos 2012b). In Makassar, South Sulawesi, students of SMKN 5 were well known for their mechanical skills

to fix heavy machines, such as excavators and tractors. They also showed their capability to produce small local cars to meet the demands for transportation in rural areas (Kompas 6/11 2012).

Widodo's action also received various comments from bureaucrats and political leaders. Reni Marlinawati, a member of parliament, and a member of Commission X in charge of education in the People's Representative Council (DPR) claimed that the success of vocational school students in developing commercial products in a range of fields was due to the financial support given by parliament members. It was a Commission X achievement, not the government's or any other commissions' achievement.

My friends at the plenary session yesterday portrayed themselves as if vocational student achievement in Solo belonged to their commission. The truth was that it was the achievement of Commission X. Where, did you think, the Ministry of Education could get money? ... I would fight for the budget for the secondary vocational schools. I would mobilize these vocational schools to become centers of vocational excellence. For example, SMKs in Solo were for cars, SMKs in Semarang for motorcycles, and other manufacturing industries in other vocational schools" (Jurnal Parlemen 2012:2-5).

Clearly, lawmakers and governments tried to claim the success of the vocational schools as their own achievement. However, this demonstrates how incoherent the support towards school vocationalization was among state bureaucrats and political leaders.

Rohmani, another member of parliament from Commission X, used the success of the SMKs in Solo City as a reason to push higher education to develop better technological innovations. He said, "Amid the lack of funds and equipment, SMKN 2 Solo could assemble a car. Universities and research institutions should have done more than that" (Kompas 1/10 2012). Some people strongly suggested that the ESEMKA car ought to be the national car of Indonesia, a national dream that had been destroyed by the New Order regime.

With this development and support, the number of secondary vocational schools has been rising since 2000. As shown in Table 3, the percentage of private schools is much higher for vocational schools compared to general schools—while 74 percent of the SMKs are private, only 54 percent of SMAs are. In terms of school proportion, within 9 years, there was an increase of 6 percent for the SMKs, from 36 percent in 2000/01 to 43 percent of total secondary schools in 2009/10. An equivalent increase in the number of new entrants occurred as well, from 41 percent in 2000/01 to 47 percent in 2009/10.

Table 3. Public and Private SMKs, and SMAs

ID.		2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/ 05	2005/ 06	2006/ 07	2007/ 08	2008/ 09	2009/ 10
SMK	Public	0.17	0.18	0.17	0.18	0.20	0.22	0.23	0.26	0.26	0.26
	Private	0.83	0.82	0.83	0.82	0.80	0.78	0.77	0.74	0.74	0.74
SMA	Public	0.36	0.38	0.39	0.39	0.41	0.42	0.43	0.44	0.45	0.46
	Private	0.64	0.62	0.61	0.61	0.59	0.58	0.57	0.56	0.55	0.54

Table 4. Share of SMK, SMK's Applicants, and New Entrants from 2000/01 to 2009/10

ID.		2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/ 05	2005/ 06	2006/ 07	2007/ 08	2008/ 09	2009/ 10
SMK	Schools	0.36	0.37	0.38	0.38	0.39	0.39	0.39	0.40	0.41	0.43
	Applicants	0.38	0.39	0.38	0.42	0.39	0.37	0.39	0.41	0.47	0.51
	New Entrants	0.41	0.41	0.40	0.40	0.40	0.40	0.42	0.44	0.48	0.47

On average, nationwide this increase has been very slow when the goal of making the reversed ratio of 70 percent for SMKs and 30 percent for SMAs in 2015 is taken into account. The increase has been less than 1 percent per year. In order to achieve the target of ratio in 2015, the annual increase from 2010/11 would need to be 5.4 percent. Table 4 and Figure 9 show that along with the increasing share of vocational schools, there has been also a slight increase in the number of new applicants and entrants during this period, from 38 percent in 2000/01 to 51 percent in 2009/10 for new applicants and from 41 percent in 2000/01 to 47 percent in 2009/10 for new entrants. The increase of 13 percent in new applicants is quite impressive compared to the only 5 percent vocational school increase. However, the increase in new entrants is only 6 percent. This implies that 7 percent of those who applied for vocational schools did not actually enter. They may have also been accepted at a general school, and preferred to go there instead, while the vocational school was only an alternative.

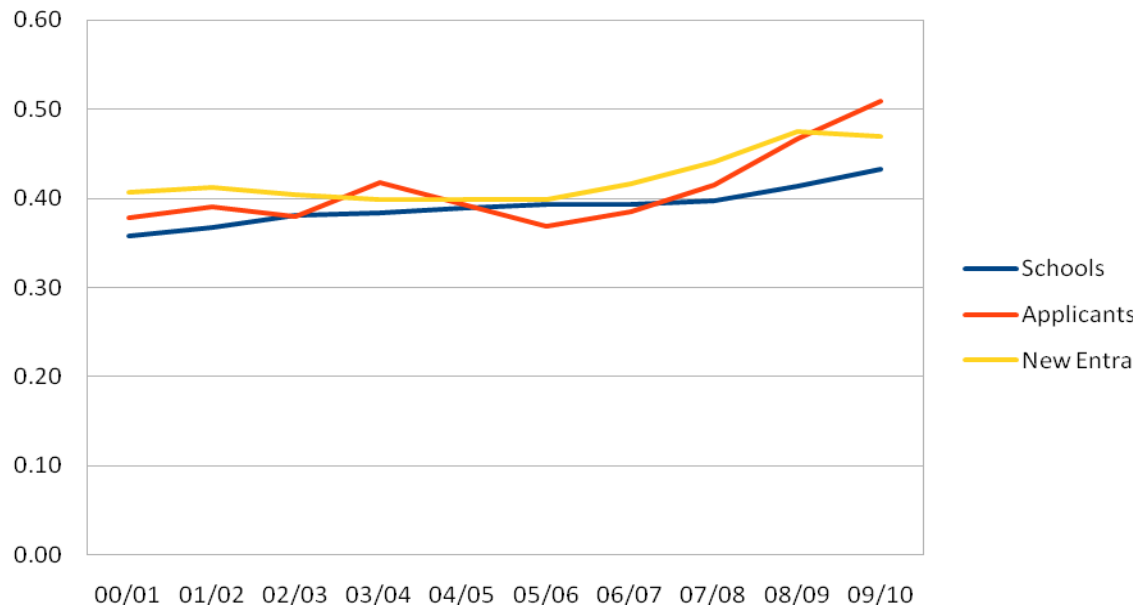


Figure 9. Share of SMK, SMK's Applicants, and New Entrants from 2000/01 to 2009/10

Another issue is cross-regional inequality. Only a few areas have a higher percentage of vocational secondary schools. For examples, DKI Jakarta, West Java, Central Java, and Yogyakarta have a proportion of more than 50 percent vocational schools relative to the general schools, while on the contrary, Maluku, Aceh, and South Sumatera have less than 30 percent. Others have in the range of 30 to 40 percent. Areas where industrialization has been happening for decades, like Jakarta and West Java, are inclined to have more concentration of vocational schools compared to many areas that do not have industrial activities (see Appendix E and F).

5.2.4 Post-Secondary Vocational Education

The government not only wanted to add vocational and technical education at the pre-college level, but also for the post-secondary education level. Therefore, beginning in 2005, the government made it one of the objectives of the higher education development (MONE 2005a). Academies and polytechnic higher education institutions were the ones to hold such study programs. An academy is a form of post-secondary education that “provides vocational and technical education in a field or branch of science, technology, and arts,” and a polytechnic institution is another form of post-secondary education that “provides vocational and technical education in some field of science and technology” (DPR RI 2003a:45). The difference between an academy and a polytechnic institution is that the academy only has one concentration of study, such as a nurse academy or a marine academy. As shown in Table 5, private providers dominated

both academy and polytechnic schools: 100 percent for academies after 2002, and more than 80 percent for polytechnic schools after 2003. In 2009, while there were 1,015 academy schools accounted for, polytechnic schools only amounted to 157 throughout the country.

Table 5. Share of Public and Private Vocational Academies and Polytechnic Institutions from 2001/02 to 2009/10

		2001/ 02	2002/ 03	2003/ 04	2004/ 05	2005/ 06	2006/ 07	2007/ 08	2008/ 09	2009/ 10
Academy	Public	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Private	0.99	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Polytechnic	Public	0.42	0.42	0.19	0.18	0.17	0.18	0.18	0.21	0.11
	Private	0.58	0.58	0.81	0.82	0.83	0.82	0.82	0.79	0.89

In addition to the academies and polytechnic schools, general universities also developed vocational and technical programs as well. Gadjah Mada University (UGM), which had only four vocational diploma programs in 1999, as of 2011 had 23 vocational diploma programs (UGM 2011). Hotma Prawoto Sulistyadi, director of the UGM's vocational program, said,

This global era had to be taken care of. If we were not ready, foreign experts, they were the ones who would enter Indonesia. Here the role of vocational education came ... It was also in line with the government program that would bring the proportion of vocational schools to general schools to become 70:30. (Merapi-Akademia 2012:31)

Besides UGM, the University of Indonesia (UI) took steps in a similar direction by developing unprecedented three-year vocational diploma programs. In his remarks on the day of vocational program commencement in 2009, Gumilar R. Soemantri, rector of UI, explained,

The nation needs mid-level skilled groups with diploma and bachelor degrees in applied sciences, and with the knowledge to support the realization of the industrial society. Although the UI is a research university, it has a responsibility to contribute to supporting the development of an expert society in the nation. Therefore, the vocational programs will continue to be developed under the UI's College system. Its construction will begin in 2010 in an area of approximately 24.71 acres. We expect that eventually UI will be able to accommodate up to 10,000 students per year for vocational programs. UI's College is an independent campus with a building area of 120,000 square meters that has facilities, classrooms, laboratories, and other educational facilities in accordance with technological developments. In an attempt to realize this plan, the merger of the Jakarta State Polytechnic (PNJ) into the UI Vocational Program is currently being carried out. (Kompas 2009g)

Clearly, global competition and nationalism underscored the rhetoric of the university leaders in developing vocational programs within their general university system.

Some students from secondary schools who managed to get into top universities through vocational programs perceived this program as a chance to enjoy equal opportunities with other higher achieving students who got into the first tier universities through tougher competition. Vocational programs started out as two- to three-year diploma certificate programs. Students often, after finishing their program, then wanted to continue to the regular program by transferring to the non-vocational stream in their fourth year to obtain full bachelor degrees. However, the statutes of UGM did not allow transfers from a vocational to a general degree program. In response, students in UGM demonstrated and asked the university to close down their vocational programs if they were going to continue discriminating against students (Kompas 2012k). As a result, in 2012, the university created a new program called Diploma IV, which was equal to a four-year bachelor degree. The difference was in orientation, which was technical rather than academic. Further, UGM also developed vocational programs at the magister level called *Megister Terapan* (MT), meaning applied magister program. This was also accommodated in a new bill of Higher Education that would be passed soon by the People's Representative Council and the government (Merapi-Akademia 2012).

5.3 Conclusion

The increasing number of the middle class in Indonesia created a class cleavage, as it left one half of the population living under poverty line (less than two US dollars a day). This led the government, both local and central, to a difficult situation in which they had to increase employability in order to reduce poverty. Otherwise, the reform that they were undertaking would lose credibility, leading to the loss of their political legitimacy in education. They viewed vocationalization as a solution to this unemployment problem. This coincided with the need of the new local governments for semi-skilled and skilled workforces as well. Education vocationalization was therefore a well-designed program that was widely accepted when it started.

During its implementation, however, it faced challenges that originated from the nature of class-based demand, the market value of vocational credentials, and the failure of most local governments to develop a private-public partnership.

The central government developed a post-crisis developmental roadmap in which vocational education and employability were emphasized. They allocated the budget from international loans to fund the national expansion of vocational education. Both central and local

government officials fostered the effort to build an attractive image for vocational education, internalizing the notion of a globalization threat in order to convince the public that they should send their children to vocational education. The nation needed skilled workers; otherwise, foreign workers would come and take their jobs at home. More importantly, the officials also invited for public-private partnerships to be developed through vocationalization.

However, this effort did not change how society members consumed secondary and post-secondary schooling. The belief remained strong that sending their kids to a general school or college was more promising than sending them to a vocational one. This tendency was fostered by the fact that those who were more attracted to vocational education came from poor family backgrounds. In addition, vocational secondary education did not show any significant benefit in terms of helping graduates to find relevant jobs. In fact, general school graduates were more acceptable in the job market. In spite of this, students in vocational education had to pay more than students in general education did.

Although a limited number of local governments, such as Solo city, managed to attract private sectors to collaborate in developing the automobile industry, most governments found it difficult to develop a sustainable collaboration with the private sector. Most private sectors were reluctant to recruit new employees from vocational schools, and questioned these schools' ability to produce workers with the level of skill needed in their business fields. Consequently, the government had to allocate additional funds to implement the vocationalization.

As a result, the vocationalization tended to produce class differentiation through which the rich were more likely to attend public general secondary schools and general colleges. The poor, on the other hand, had to attend vocational schools where they had to pay higher expenditures in order to get into good schools and get better opportunities for employment. This program also created also a regional differentiation, as the level of vocationalization success depended on how serious the local governments were in pursuing the implementation of the policy. Finally, regional differentiation was also created by design due to different types of industries being built in different local regions. In a region where a certain industry was strong, vocational education would thus be more relevant.

While this vocationalization movement was being carried out by the state, another parallel movement was that of education internationalization. The next chapter will demonstrate how this played out in the reform of Indonesia's education.

CHAPTER 6

MARKETIZING EDUCATION THROUGH INTERNATIONALIZATION

Internationalization was a direct consequence of education decentralization in Indonesia. When the government formulated the plan to decentralize education, school internationalization was one of the main objectives. They expected that through decentralization, each local government would develop a sense of pride through international standard schools. This was expected to improve Indonesia's global competitiveness.

In this section, I will examine how the government of Indonesia adopted and implemented education internationalization, and how this policy restructured educational opportunities in Indonesia's education.

6.1 Internationalization: Class and Market

The state developed an image of national pride based on internalizing the idea of being competitive with international standards in education. This ideological discourse was in accord with the aspirations of the middle classes and the interests of the business classes. Thus, the education system was systematically depolarized along this class and business line.

6.1.1 Internalizing an Education Crisis

When Indonesia's education entered the *Reformasi* era, a demand to democratize and decentralize education rose. In line with this demand, political leaders under the spirit of reformation suggested that Indonesia had to provide a form of educational system that had international competitiveness. In order to make such a demand hold binding power for the government, lawmakers in the People's Representative Council wanted to include this idea in the preparation of the new law on the national education system in 2002 and 2003. However, they needed a strong argument to do so. They therefore tried to deepen the feeling of education crisis by comparing Indonesia's education development with other nations' achievements. They also used national figures to entice national romanticism or indigenize educational competitiveness. In their proposal for the replacement of the Law No. 2/1989, the Council (DPR RI 2003c) stated,

Relevance of education was also associated with the implementation of regional autonomy, since each region had a global employment need. Thus, it was necessary to develop education with regional and international standards professionally. Increasing the relevance of education was a challenge for educational reform... The curriculum was developed with a competency-based approach, so graduate qualification became relevant

to the needs of employment, and had quality in accordance with scientific and professional standards. So the graduate was ready to enter the workforce at a regional, national, and international level. (PP. 28, 30)

Democratization, decentralization, economic relevance to education or employability, and international competitiveness were the social and political agendas that revolved around the reform.

Like vocational schools, international schools were not new to Indonesia. Since the 1950s, there had been several international schools operating in Indonesia, mostly in big cities. Initially these schools were established to serve expatriate kids. With the increase of domestic demand in the 1990s for international standard education where English was used as a language of instruction, another type of international standard school was established, the so-called national-plus school. Both systems were established by private foundations. The main difference was that the former had an international base and the latter had a domestic base. The latter adopted the national curriculum of Indonesia's education, and at the same time employed internationally accredited curricula such as International Baccalaureate (IB) and Cambridge International Certificate of Education (ICE). Recently, both school systems have started to accept transnational and local students alike. However, the use of the international label for public or public-aided schools in Indonesia was a completely post-reform phenomenon (Kustulasari 2009).

In order to justify their view of the need to create international standard schools, legislators in the People's Representative Council (DPR) presented data on the first day of sessions on revising the old Law No. 2/1989 concerning the national education system. In his opening address, Muhammadi S. (DPR RI 2003c), the Council's speaker and the representative from Commission IV, a commission that was in charge of education, stated:

In indicators of education quality for students in grade 4th, Indonesian students were ranked the lowest in East Asia. Our children could only understand 30 percent of the reading material, and had difficulty answering analytical questions that required explanations in the form of reasoning. Results of the 3rd International Mathematics and Science Study in 1999 showed that in 1999 among 38 countries, Indonesian middle school students (8th grade) were ranked 32nd in science and 34th in mathematics. Furthermore, Asia Week reported that in 2000 among 77 universities in the Asia-Pacific region surveyed, the top four universities in Indonesia were ranked 61, 68, 73 and 75. In the data from UNESCO (*red.* should be from UNDP) in 2000 on the Human Development Index, measuring the level of educational attainment, health, and income per capita, Indonesia was ranked the 102nd in 1996, 99th in 1997, 105th in 1998, and 109th in 1999 out of 174 participating countries. From these data, it could be concluded that the

state of education in Indonesia had cause for concern. The quality was at a low level among Asian countries. (PP. 25-6)

He did not stop with these data. He continued on to mention several respected figures among the people of Indonesia to justify his point of view.

Ki Hajar Dewantara, a historic revolutionary and national education leader, defined education as a process to advance the character (inner strength), mind (intellect), and body of students, in harmony with nature and society. Muhammad Natsir, another figure of national education, philosophically defined education as a physical and spiritual leader to perfection and completeness of the meaning of humanity with the real sense. Education was very important, so the Prophet (*red.* Muhammad saw., the prophet of Islam) ordered us to learn, from the womb to the grave. Education could be viewed as a long investment for human capital. (P. 26)

When the People's Representative Council and the government passed Law No. 20/2003 concerning the national education system, the goal to legalize the establishment of at least one internationalized school, from primary to secondary school level, in each province, district and city was coming true. This included private and public schools, and both general and vocational schools. It is important to note that after the reform, both private and public schools received relatively equal operational financial aid from the state.

6.1.2 Creating Stratified Public Schools

Article 50 Item 3 in Law No. 20/2003 concerning the national education system stipulates, "The government and/or local governments hold at least one unit of education at all levels of education to be developed into an international school" (DPR RI 2003b:24). As a follow-up, Government Regulation No. 19/2005 concerning the national standards of education, Article 61 Item 1, says, "The government jointly with local governments will organize at least one school at basic and secondary education level to be developed into a school with international standards" (President of RI 2005:24). In line with this development, the mid-term strategic plan of the MONE 2005-2009 (MONE 2005a) states,

In order to enhance the competitiveness of nations, international schools should be developed at district/city level through consistent collaborations between the central government and the district/city governments concerned, to develop elementary, middle, general, and vocational secondary schools with international standards to as many as 112 units throughout Indonesia. (P. 26)

In 2007, Bambang Sudibyo, the minister of national education, signed a guideline for quality assurance for internationalized schools. In the introduction section, he (MONE 2007c) explained,

This guideline was an urgent need, along with the enthusiasm and strength of people's demand for the existence of schools/*madrasah* with international standards. It was a necessity for the Ministry of National Education to respond and provide this service quickly and accurately for the needs of the increasingly high demand to hold schools/*madrasah* with international standards. Aware of the enthusiasm and demands of society to organize this kind of schools, the Ministry of National Education accommodated it by issuing a quality assurance guideline for schools/*madrasah* with international standards for elementary and secondary education. (P. iii)

What did the Sudibyo mean by “people's demand for the existence of schools/*madrasah* with international standards”? Who were these people?

Support of the community for the existence of pre-international standard schools (RSBI)/international standard schools (SBI) was very good. It was apparent in the enthusiasm to send children to RSBI or SBI schools. This impression came up in a discussion forum between the Directorate General of Primary and Secondary Education, MONE, and several principals of schools with RSBI/SBI status in Jakarta. Experimental Elementary School in Bandung, West Java, for example, had the status of international standard school, and people were very keen to send their children there—Puspitawati, the granddaughter of the principal of this Experimental Elementary School, said that in 2009, even though the school announced that it would only accept 84 new students, applicants were about 500 students. In 2010, for the same quota, applicants reached 350 students. According to Puspitawati, even though elementary schools in the neighborhood were free of charge while the international school charged monthly fees and a pre-entrance ‘donation’ amounting to Rp. 2.5 million in 2009 and Rp. 3 million 2010, there had been no complaints from parents about it. They were happy to pay more as long as their kids were study at this elementary school.

Pesta Maria, the principal of General Secondary School Pertama 115 Jakarta disclosed a similar story. In her school in 2009, 852 applicants competed to obtain the 187 seats available. This marked the emerging desire of many parents to send their children to this school, located in Tebet, South Jakarta. Many parents and children were even crying because they wished to get into School 115.

Juskardi, principal of the Public General Secondary School 3 Bogor, West Java, argued that parents had this kind of positive view towards schools with international standards because they were so satisfied with the benefits they received from what they gave to the school. The accusation of RSBI as being unwelcome elitist schools, according to him, was inevitable because

the majority of students who entered schools with international standard status were clever. Good kids were limited, causing the impression of elitism. School 3 Bogor, he believed, was open for entry to all levels of society as long as an applicant passed the selection process (MONE 2010b).

This meritocratic point of view represented middle classes, state bureaucrats, and business groups who supported the creation of exclusively elite schools to cater to their knowledge pursuit and capital accumulation.

What, then, did school internationalization mean in Indonesia? MONE (2007c) defined international standard schools as,

Schools/*madrasahs* which already meet all national education standards and are enriched by reference to the standards of education of the members of the Organization for Economic Co-operation and Development (OECD) and/or other countries that have certain advantages in the field of education so that they have a competitive edge in the international forum. (P. 3)

Internationalization was understood as going beyond national standards regardless of the peculiarity of the social, politic and economic environment in Indonesia. This view assumed that there was something universally uniform in education that should be adopted to compete globally.

Through the internationalization program, the state transformed a limited number of public schools to become schools with international standards by adopting the education standards of advanced countries. In order to become an international standard school, a school ought to have highly qualified principals, teachers, and administrative staff. They also ought to go beyond the national education standards of Indonesia in terms of land, buildings, classrooms, playgrounds, religious centers, sports centers, libraries, laboratories, recreational facilities, workshop centers, teaching tools and media, teaching sources, textbooks, and information and technology facilities. Additionally, for a secondary school to become an RSBI/SBI, the school ought to have at least 30 percent teaching staff who held a master's or doctoral degree and the principal ought to hold at least a master's degree from a study program with an 'A' accreditation grade.



Figure 10. “Public Kindergarden and Elementary School, International Standard, Tlogowaru Malang,” East Java

This international standardization made education at the school level very expensive (Darmaningtyas et al. 2009). Adopting OECD school standards was uncritically believed to bring global competitiveness to Indonesian schools, and it was thought that every educational institution had an equal chance to realize global competitiveness. No one realized that the advanced countries were actually the ones whose domination allowed them to continuously renew and innovate the standards of quality and competition once they found that other less developed nations had managed to copy them.

Figure 10 shows a sample of a primary school that was included in the school internationalization project in Malang, East Java.

Seen from outside, this public school does not resemble most other public schools. The environment looks fresh and clean, and most Indonesian schools in urban areas have more modest appearance like what is shown in Figure 11. This picture below represents the typical appearance of most Indonesian schools from the outside.



Figure 11. SDN Cinere 1, Depok, West Java, a Typical Gate of Most Indonesian Schools

The current strategic plan of the Ministry of National Education for 2010-2014 has evaluated the achievements of the government in realizing the internationalization of education in Indonesia as it was planned in the previous strategic plan 2005-2009. This internationalization project encompassed internationalized programs, gold medals in international Olympiads, and local excellence. Interestingly, the promotion for local value added school programs was merged with the program of school internationalization. In other words, the government decided that it was also important to create local education excellence that had market competitiveness on the global market. However, the enthusiasm for local excellence was not commensurable to that of OECD's imitation.

As of 2012, as shown in Table 6, Indonesia had 1,329 internationalized schools or schools programmed to become international standard schools out of a total of 183,767 schools, excluding those under the Ministry of Religious Affairs. With 1,153 schools with international standards in 2009, the government claimed that 18 percent of districts and cities had at least one internationalized school. With respect to schools with local based excellence, they claimed that so far 5.0 percent of districts and cities had at least one internationalized school with local strength.

Table 6. Target and Realization of School Internationalization

Indicators of work plan	Initially (2004)	2005	2006	2007	2008	2009 (Target)	2012
Schools with international standards	13	15	296	749	1043	1,153	1,329
Elementary	-	-	22	141	207	273	-
Middle	-	-	34	170	277	277	-
General Secondary	-	-	100	259	259	300	-
Vocational Secondary	-	-	140	179	300	303	-
International gold medals	-	15	51	51	117	117	-
Schools with local-based excellence	-	-	351	468	558	558	-
General Secondary	-	-	100	100	100	100	-
Vocational Secondary	-	-	200	317	341	341	-

Source: (MONE 2009a)

As of 2012, as shown in Table 6, the government listed 1,329 schools as Pre-International/International Standard Schools (RSBI/SBI). The government projected that in 2014, 70 percent of districts and cities would have at least one international standard school at each level of education, and 40 percent of them would be schools with local based excellence. Schools that were included in this project would receive special funding from the central and local government—in 2007, the central government provided Rp. 400 million per year, and in 2008, Rp. 300 million (Radar Lampung 2009). Didik Suhardi, the Director of Middle School Supervision from MONE, said,⁴⁰ “I hope that in the fifth year the government will no longer pour out funds because pre-international standard schools (RSBI) will have become independent” (Radar Lampung 2009:para. 3)

These schools, according to him, will officially become international schools (SBI), not pre-international standard schools anymore. Then, these internationalized schools would be independent schools, meaning they would be fully funded by customers. Indeed, this is a neoliberal way of releasing the state from its responsibility to fund public education.

When the allocation of educational expenditure reached 20 percent of the annual national budget in 2009, a significant increase in budget provision happened, especially for pre-international standard schools. The increase was dramatically significant in 2011, from Rp. 300 million in 2008 to Rp. 289 billion in 2011, and Rp. 242 billion in 2012. The most controversial and attractive figure of these data was the staggering discrimination between non-

internationalized schools and internationalized schools. The very small fraction of internationalized schools, about 7 percent of the total public schools, received almost three times as much public funding as received by non-internationalized schools in 2011, and more than twice as much in 2012.

Table 7. Differences in Budget Allocation between International and Non-International Standard Schools

Status	2007	2008	2011	2012
International Standard Schools	Rp. 400 Million (749)	Rp. 300 Million (1,043)	Rp. 289 Billion (1,305)	Rp. 242 Billion (1,329)
Non-International Standard Schools	- (-)	- (-)	Rp. 105 Billion (-)	Rp. 108 Billion (182,438)

Source: (IMOB Educare 2012; Tribun News 2011)

In addition to doubling the budget allocation for the 1,329 pre-international standard schools, about 63 percent of the school fees was paid by students (Suara Merdeka 2012b). The financial support that the government gave to these pre-international standard schools, though much higher than for non-internationalized schools, contributed only about 37 percent of the total budget these schools used to operate.

Other than the general budget allocation shown in Table 7, in 2011, there were other sources of funding that discriminated non-international schools from international ones. As shown in Table 8, each international standard school in 2011 received a special grant of Rp. 192 million, and a development grant of Rp. 253 million. Each of these grants was 44 percent and 72 percent higher, respectively, compared to those for non-international standard schools. In addition, legally international standard schools were allowed to charge additional education fees from students as well. Even though government regulations obliged the international standard schools to accept at least 20 percent students with poor backgrounds, this requirement was not fulfilled (CSOIEFA 2012). It was very difficult for schools to meet this requirement as it contradicted with their interests, and most poor students could not compete to enter these schools. Finally, poor students began to avoid these schools altogether, as they were not confident of entering such an exclusive social environment (Kompas 2012i; Kompas 2012j).

While the international standard schools accepted poor students, these students still had to meet similar academic requirements as well as have the cultural capital to compare with their counterparts from better-off families. This was exactly what Ngurah Gede Sujaya, the head of the provincial authority for education, youth and sport of Bali, said:

School with RSBI status should not be closed to prospective students from poor families. Yet, prospective students from poor families who are allocated a quota of 10 percent of the total school capacity are still required to meet the specified academic requirements. (Bali Post 2012:para. 2)

Table 8. Some Differences in Resources between International and Non-International Standard Schools in 2011

Status	Grant/School Unit	Development Grant/School Unit	Student Fees Charged
International Standard Schools	Rp. 192 Million	Rp. 253 Million	Yes
Non-International Standard Schools	Rp. 128 Million	Rp. 72 Million	No

Source: (Kompas 2011g).

It is important to notice that as of 2011, about 89 percent of Indonesia's schools did not meet the requirements of national standard education. These standards were mandated in Law No. 20/2003 article 35 on the national system of education, and in Government Regulation No. 19/2005 on eight national standards of education: competency, content, processes, facilities and infrastructure, teaching staff and education, management, finances, and assessment (MONE 2006c). Only 10.2 and 0.7 percent of all school met the national standard and exceeded the national standard, respectively. Schools included in the international standard school project were only those that had education standards beyond the national standard (Abbas 2011). In other words, most of Indonesia's schools were still very poor. These poor schools were known as schools with minimum services or potential schools, including emergency schools. Potential schools were schools that still had a relatively large number of flaws or weaknesses compared to those that met the criteria in accordance with the national education standards.



Figure 12. SMAN 1 Fatuleu Tengah was one of the emergency schools that provided very minimum standards of education services in Kupang, Timor Island, East Nusa Tenggara.

In order to give the reader an image of this type of school, I refer to a newspaper report from Kompas Daily (see Figure 12).

It was not hard to find emergency school buildings in the District of Kupang, Timor Island, East Nusa Tenggara. The number was in the dozens. They were built potluck, some of which were dilapidated and in danger of collapse. However, there were also newly built schools similar to them. Almost all buildings were made from local materials. Skeletons of poles and logs made from “*bulat*” wood. The roof was of thatch leaves, palm leaves, and other similar leaves. The walls were made of a series of leaves called “*bebak*” by local residents. The teacher’s desk was only a rough wooden board supported by timber pieces that plugged into the ground. Such schools were not only at the elementary school (SD) and junior high school (SMP) level, but also at the secondary school (SMA) level. Ironically, none of them actually existed as public schools. If you wanted them to be categorized, it was clear that these schools were minimum service standard schools (SSPM), a school category with very limited availability of teachers, facilities, and infrastructure. (Kompas 8/1 2011:para. 1-3)

Even within the international standard schools, there was a discriminatory differentiation between regular and international classes. Although all of the students were considered students of the international standard school, they were streamed into a hierarchy of stratification. Those who were in international classes would enjoy better facilities and resources. Table 9 shows that regular or non-international classes did not have to take and pay for an international certificate to participate in an international exchange or tour program, and did not have teachers with master’s degrees and proficiency in English. They also paid much less than students in international standard classrooms did. On average, students of the international classroom standards paid Rp. 55 million per year compared to regular students who only paid Rp. 7.2 million. Therefore,

internationalization itself had a clear social class dimension. It actually reflected class conflicts happening within the Indonesian education system as a whole.

Table 9. Differences in Requirements between Regular and International Classes within International Standard Schools

Class Status	International Certificate Required	International Exchange/Tour Required	Teacher qualification	Student Fees/Year	Entrance Fee
Regular	No	No	Master's degree	Rp. 7.2 Million	Rp. 7 Million
International	Yes	Yes	Master's degree plus English	Rp. 55 Million	Rp. 7 Million

Source: (Dikisia.com 2011; Kompas 2011d)

Muchlas Suseno, a lecturer at the State University of Jakarta who was also the facilitator for RSBI school years 2007-2009, argued that the current situation in the implementation of the school internationalization program had deviated from the original objective, viz. to provide high quality education for Indonesian citizens. It had turned out to be a commercial good that was not good for Indonesia's education system in general. It only benefited international education agencies and businesses. He explained,

The implementation of the international standard school program that was originally intended to hold funds so that rich people were not flocking to send their children abroad, in fact, was quite the contrary. Some funds for the pre-international standard school (RSBI) program derived from the state and the community partly fled abroad. This was because each RSBI school had to buy international certificates to be recognized as an international school with comparable quality to schools in developed countries. The students were also provided with an opportunity to travel to other countries, especially to partner schools (sister schools). This was contradictory with the initial design and implementation on the ground. To obtain an internationally accredited ISO certificate, for example, a school needed to spend about Rp. 50 million, not to mention funds for overseas visits, either on behalf of relationships with partner schools, teacher training, or study tours. Schools had to also offer international certificates for students, such as the Cambridge International Certificate of Education (ICE). In order to take a subject test, it costed about Rp. 1.4 million per subject. *RSBI eventually made public schools very expensive, and only for the rich. In fact, the state funding that was siphoned off to RSBI would be more useful and meaningful if it was used to improve the national education system.* (Kompas 2011j)

Although the international movement was more aggressive among schools under the coordination of the MONE, the same aspiration was found within schools under the Ministry of Religious Affairs (MORA). They developed their own parameters for *madrasah*. Among these

requirements were moving classes, the use of three languages (i.e., English, Arabic, and Bahasa Indonesia), and having a dorm for students (Jawa Pos 2012c). However, when this program was widely protested by the public, Suryadharma Ali, the Minister of Religious Affairs (2009-present), retreated from implementing the internationalization of *madrasah* (Kompas 2012e).

6.1.3 Marketization and People's Discontent

Despite this special treatment received by schools with international standard status, recent assessment conducted by MONE revealed that none of the schools that were included in the project for international standard schools met the real standards of international quality. "Mr. Suyanto, Director General of Basic Education Department, MONE, acknowledged that all schools that were included in the school internationalization project today were not worthy to be upgraded to become international standard schools (SBI)" (Kompas 1/4 2012; Republika 2012b). The Research and Development Department at MONE found that the difference between the outcome of the national school and the pre-international standard school was not significant.

RSBI schools were not always superior to regular schools. In fact, in some assessment scores, including English which should be the benefit of pre-international standard schools (RSBI), students and teachers in regular schools were superior. It was shown at the middle school level, RSBI students' English mean score was 7.05, while that of students of regular schools was 8.18. English teachers in middle school also had a higher mean score, which was 6.2, compared to the 5.1 of the RSBI teacher scores. The same trend occurred among English teachers in secondary schools. (Kompas 2/17 2012:para. 1-3)

The international standard school project that brought about such increasing inequality and poor quality led to people's discontent, especially among progressive education activists. In 2010, a coalition of educators released a study finding that concluded that the government project for international standard schools ought to be stopped. This coalition consisted of teachers' unions from various regions in Indonesia, the Alliance of Concerned Parents for Education, and the Indonesia Corruption Watch (ICW). A newspaper report mentioned,

The government was prompted to abolish the international standard school project from the basic education to secondary level, starting from 2006. The government should focus on running the obligation to improve the quality of education so that every school in the entire country can achieve the eight national education standards (SNP). The project only pushed the creation of castes, and an antidemocratic environment, contrary to the purpose of education. In addition, this program created barriers for citizens to get quality education services as it was an elitist project for a particular group, but with funds disbursed from the state budget. (Kompas 2010n:para. 1-2)

Responding to such demands, the Government argued that international standard schools were the product of irresponsible practices in the 1990s. During this period, many schools established by private foundations identified themselves as international. However, their quality and standards were not well defined. A regulation that disciplined the establishment of international schools did not exist at the time. As a result, many well-to-do parents sent their kids abroad. In response, the state and political leaders after the 1998 reform regulated the establishment of international schools in the new Law No. 20/2003 concerning the national education system. In other words, the government argued, school internationalization was the official order of this law and should be executed by the government (MONE 2010a). As criticism and questioning of quality increased, the government decided to stop issuing new permits to establish international schools in March 2011, until a national evaluation was completed and a new regulation agreed on (Kompas 2011w).

A group of progressive education activists were dissatisfied with the way the government handled this issue. They brought the case to the Constitutional Court (MK) on December 11, 2011 to review Article 50 Item 3 in Law No. 20/2003, which mandated the creation of international standard schools nationwide. According to Lody Paat, one of the activists from the Coalition for the Anti-Commercialization of Education (KMAKP), this international standard school project needed to be abandoned.

Pre-international standard schools (RSBI) should be disbanded because they do not correlate with the quality of education itself. We brought in expert witnesses. We hope that the Constitutional Court will annul the RSBI. In our opinion, RSBI does not correspond to the Preamble of the 45 Constitution because it does not educate the nation. Its quality is also not international. It in fact gave birth to a caste system. (Kompas 2012z:5-6)

In response to such criticism while facing trial in the Constitutional Court, the government admitted that the international standard school project indeed created a new structure of inequality. However, this inequality was a necessity in every society. Further, the inequality that it created, according to the Government, was based on differences in intellectual capacities, not on social economic status. Therefore, it was not contradictory to Indonesia's constitution. Suyanto, Director General of Basic Education, MONE, as the representative of the Government, stated in the Constitutional Court,

With all due respect, the psychological ability of learners could be distinguished and RSBI was for those who were above the national average ... In addition, he said, RSBI

was also organized for graduates who scored beyond national education standards... Life has caste. In the company, there is also a caste... In our opinion, RSBI was not against the spirit of the intellectual life of the nation. RSBI was a system that worked to develop the potential of students to be men who were faithful and devoted to God Almighty, noble, knowledgeable and creative. So, it did not conflict with the 1945 Constitution. (Kompas 2012c; Kompas 2012r; Kompas 2012y; Liputan6.com 2012)

In line with this argument, an expert witness for the government, Udin Winata Pura, stated,

The national education system mandated that education was given in various forms in order to meet the individual learning needs of every unique child. Indonesia recognized special education, and accepted education acceleration in the same way the international world did ... Educational services cannot be equal for all. Education ought to serve students of different natures. Therefore, education should be diversified, including in the form of RSBI/SBI. Diversification of educational services, one of which was RSBI/SBI, was in the frame of developing an educated nation. RSBI policy would provide educational services to increase the potential for different individuals. (Kompas 2012s:para. 2-4)

From another witness for the government, Johannes Gunawan:

RSBI/SBI had to meet the national standards of education first, then be enriched with international quality education to increase the competitiveness of the nation. This means, the RSBI/SBI project also continued to run education as required in the national standard schools. So it was not true that RSBI/SBIs uprooted the identity of the nation. (Kompas 2012s:para. 5-6)

These arguments were in line with the statement by Muhammad Nuh, Minister of National Education, before the case of the school internationalization project was brought to the Constitutional Court (MK) for review.

RSBIs' existence was to accommodate children in Indonesia who had academic achievement. It was rational to grant the outstanding students special treatment. In addition, the opening of RSBIs was an effort to encourage the creation of centers of excellence in all levels of education. If all the smart kids had to attend regular schools, it was feared that they had no chance to grow. Many smart kids, who were dealing with the regular standard schools, then just opted out of regular schools and chose better schools. In fact, many ended up having to go abroad to seek educational institutions according to their level of academic achievement. If I was asked, why were intelligent students taken or opting out of the country? That's because the quality of public universities (PTN) we had was still inferior to foreign universities. (Kompas 2011u:para. 2-6)

Both progressive educators and political leaders in the People's Representative Council challenged the argument of the proponents of the international standard school project. Tubagus Dedi Gumelar, one of the PMs in Commission X from F-PDIP, a conservative nationalist party, explained,

The government should be able to make an equitable education policy. The current education policy still creates disparities in the community. One of the indicators was the pre-international standard school (RSBI) project. The government was giving it different concern because they tended to make RSBI exclusive. The entirety of schools labeled RSBI had first class means, and educators. While on the other hand, schools with lower standards were provided only with modest means and teachers. All should have the same standards as RSBI. All should have teachers with degrees, equal facilities, and infrastructure. If not, that's discriminatory. Each student has a unique journey. However, this did not necessarily make RSBI accommodate only smart students, especially those who were 'intelligent' financially. Because according to the constitution, all have equal rights. Every student has a different intelligence because of genetics or nutritional intake that was not good. But RSBI was not only for those who were intelligent, because it was wrong, and violated the law. Indeed, RSBI ought to be accessible to all learners. If RSBI was created only for groups of students who had academic excellence then it would make other students be left behind. RSBI is fine, but be fair and watch also the 20 percent quota for poor students in every school. (Kompas 2012y:para. 2-4)

Another MP, Rohmani, from Commission X, from Islamic party F-PKS, stated,

You know, education was to equalize all children in the country. All were entitled to a decent education regardless of their economic status capabilities. In reality, RSBI has become for a particular economic class. After six years, the RSBI program has not demonstrated a significant development in national education. Even worse, the purpose of RSBI has not been materialized at all, which was to score as an international school (SBI). This is questionable because from 2005 to date not a single school has obtained the status of SBI. The government has spent billions of rupiahs to produce international schools. Not to mention funds collected from parents. However, to date the results have not been there. Based on the evaluation of the Ministry of Education, no schools run as RSBI were worthy of being SBI. The number of schools achieving RSBI status was 1,305, consisting of elementary school, middle school, general secondary, and vocational schools. (Kompas 2012q:para. 5-9)

A coalition for the anti-commercialization of education, consisting of progressive intellectuals and educators from the Indonesia Corruption Watch (ICW), the Institute for Policy Research and Advocacy, the Indonesia Legal Aid Foundation, the Public Interest Lawyers Network, the Association of Independent Teachers, the United Federation of Teachers Indonesia, and the Indonesia and Independent Teachers Federation criticized the internationalization program, and accused the government of being traitors.

The government legalized the existence of the international standard school (RSBI) project based on the mandate of Article (50) Paragraph (3) of the National Education System Law. In practice, education in RSBI had been directed precisely to adopt the learning values of the OECD countries or other developed countries that adopted individualistic and capitalistic philosophy, which was different from the basic philosophy of the Indonesian nation. (Kompas 2012t:para. 2)

Therefore, for them, school internationalization was a form of global capital imperialism that would uproot education from national identities.

These groups managed to stop the public school internationalization project after the Constitutional Court (MK) declared it unconstitutional in January 8, 2013. The Court argued that this project was discriminatory. It allowed public schools to become for the rich only. It was also against the historical agreement of making Bahasa Indonesia the language of the nation by imposing English as the language of instruction (Kompas 2013).

This decision had a great and direct impact on the public school internationalization project. All pre-international/international schools (RSBIs/SBIs) had to give up any privileges they had received, such as high status and subsidies from the state. This, however, did not have a direct impact on the effort of the state to develop international standard colleges and universities.

6.2 Internationalization and Commercialization in Higher Education

Since the late 1990s, there had been a serious effort to privatize public higher education as a whole. However, this program had been highly fragmented due to unequal resources among universities, deep irrational intervention by the state, and more importantly, the strong resistance of the public. It had also been conditioned by the state's interdependency with foreign capital institutions. This condition prevented the state from developing a strong coalition with any dominant parties.

6.2.1 Enabling Marketization through Internationalization

The privatization of public universities as part of the decentralization movement started by converting four major universities (University of Indonesia, Gadjah Mada University, Bandung Institute of Technology, and Bogor Agricultural University) in 1999, followed by a second cohort (University of Airlangga, University of North Sumatra, and the Education University of Indonesia) in 2000.

Right after this conversion, most of these public universities developed independent business units. The University of Indonesia (UI), for example, established a limited company called PT. Daya Makara, doing business in the fields of consultancy and construction. One of the business activities it had was child day care from 8am-4pm. This day care provided pediatricians, dentists, psychologists and nurses, and charged Rp. 0.5 million per month. In their plan, UI would sell this program via franchise system so that they could expand the market. Bogor Agricultural University (IPB) also established several business units in the form of Limited

Liability Companies, such as PT. BLST (Bogor Life Science and Technology), *PT. Indah Pesona Bogor*, and *PT. Prima Kelola Agribisnis dan Agroindustri*. Bandung Institute of Technology (ITB) developed several business units around its campus, such as *Sasana Budaya Ganesha Bandung* (Sabuga) and *Hotel Sawunggaling*—an event center and hotel respectively. Gadjah Mada University (UGM) developed different business units, such as *Radio Swaragama*, *Pos Waralaba*, and *Gama Techno*— a radio broadcasting, shipping and mailing services, and Information Technology and Telecommunication respectively. Most of these public universities increasingly commercialized their facilities (Darmaningtyas et al. 2009).

In 2010, this corporatization program hit a deadlock as the Constitutional Court (MK) annulled the implementation of Law No. 9/2009, the law that legalized the ongoing privatization program. It is important to note that the privatization movement that was mobilized by the government was for the 83 public higher education institutions, excluding the 2,928 private higher education institutions that accommodated 2,532,278 students, 58.39 percent of the total 4,337,039 according to the 2009/10 statistics (MONE 2009c). The state through higher education corporatization would withdraw from the direct management of the public higher education that occupied a 42.61 percent share of provision. This would release the government from all direct responsibilities.

The movement of privatizing public higher education was highly contested. Although the legislation effort legally failed to fully incorporate public higher education institutions, this movement resulted in a trend of internationalization within universities in the forms of international accreditation, international certification, international publication, international degrees, and international academic exchanges. All of these activities were highly desired by Indonesian's HE institutions.

In 2008, nine years after the controversial programs for incorporating public universities, the Government released a list of 50 universities (see Appendix C), 29 public and 21 private, of about 2,684 private universities considered to be internationally oriented and promising candidates (DGHE 2008a). To determine whether a university had made the goal of being internationally renowned, university communities and the government relied on the annual reports released by university ranking institutions, such as the QS World University Rankings, the Times Higher Education World University Rankings, and the Shanghai Jiao Tong University.

A study on 50 of Indonesia's promising universities identified seven indicators of internationalization efforts in Indonesia: Website in English, information and communication technology (ICT), acknowledgement of internationalization, website for international matters, internationalization of the student body, internationalization of academic/staff collaboration, and internationalization of curriculum. The study found that these indicators were relatively strong among the 50-university group. They existed as a new phenomenon believed to be a strategy by the state to deal with globalization through improvement in competitiveness (Soejatminah 2009). In 2009, Fasli Jalal, the General Director of Higher Education announced that the government had allocated billions of Rupiahs to support the internationalization program of 17 public universities.

The government was highly concerned about the very low presence of Indonesia's universities in the list of the world-class universities.⁴¹ The government wanted to place several Indonesian universities, especially public universities, among the top world-class universities. Most leaders of Indonesia's top universities supported this direction. However, they had different levels of confidence in accepting internationalization. One of the most confident and pro-internationalization university rectors was der Soz Gumilar Rusliwa Somantri, rector of the University of Indonesia (UI). In an interview with regard to his participation in the International Education Conference "Going Global 4" held by the British Council from March 25 to 26th 2010 in London, he seemed to be very confident and supportive for this trend.⁴² According to Mr. Somantri, it was important to get the most talented people into the University of Indonesia system to enable it to compete with other universities in economy and development.

Slightly different from Mr. Somantri, Sudjarwadi, rector of Gadjah Mada University, (UGM) after attending the March 2010 International Education Conference "Going Global 4" at the Queen Elizabeth II Centre, London, showed a quite conservative stand towards internationalization. He accepted it, but he reminded people about the possible consequences of being internationalized, especially of being exploited by the market.⁴³ Similarly, Ahmaloka, rector of the Bandung Institute of Technology (ITB), used the notion of the duality of developed versus developing countries in the process of internationalization, where the developed might deflate the developing.⁴⁴ He seemed to realize that the internationalization of higher education in a developing country like Indonesia could cause unintended consequences. However, he accepted it as a positive trend that Indonesia's universities should utilize.

From the side of developed countries, in a presentation titled “The Challenge and Rewards of Internationalizing Higher Education” at the event, Michael Worton, Vice-Provost of University College London (UCL), said,

It is a time in which the governments in various countries need to pay greater attention, including to investment in the development of higher education involving three things, namely international higher education, transnational higher education, and global higher education. In addition to bringing types of cooperation into the new world of globalization, the internationalization of higher education would also produce new works through a series of collaborative research among universities. (Kompas 2010g:para. 4-5)

Worton viewed higher education internationalization as an opportunity for international, transnational, and global cooperation among universities through which they would produce works beneficial for all parties involved. However, it was difficult to believe that the way HE internationalization was done would help higher education institutions in Indonesia or other developing countries to share equal benefits and compete with those in advanced economies. The acceptable institutional arrangement had been made in a way that gave centralistic control to HE institutions in advanced countries. Meanwhile, international organizations and networks had been active in creating institutional capitalism under different names, such as decentralization and autonomization, accreditation, and certification (Torres and Schugurensky 2002). This mode of internationalization would only strengthen the capacity of universities in advanced countries to become more innovative in global competition, and at the same time create an expanded global space for capital market in education.

6.2.2 The Illusion beyond International Accreditation and Certification

Before the reform, internationalization was traditionally associated with academic and student exchanges. Later on, internationalization programs went beyond these exchange programs. Demands for international accreditation and certification increased. The University of Indonesia (UI) was the first university in the country that managed to get an international accreditation from an international accreditation body, ASEAN University Network-Quality Assurance (AUN-QA), for its civil and mechanical engineering study program in 2008 (Republika 2008c), for electro engineering, metallurgy and material engineering, architecture and chemical engineering in 2010 (UI 2012b), and for public health in 2012 (Republika 2012d). Out of this accreditation, various expectations emerged.

Devie Rahmawati, Deputy Director of the Corporate Communication Department, University of Indonesia (UI), said,

This was a great achievement for Indonesia because it had a world-class university. The implications of obtaining international accreditation, the same standard as other universities in the world, various academic development programs such as credit transfer, research collaboration, and joint preparation of journals would be easily realized. International recognition of the university in the country would push Indonesia into the world of research centers with *a comparative advantage*. UI's measure to follow the international accreditation program was part of the sacred mission of delivering the country to emerge as a balancing force in the world in bringing better prosperity and civilization for the inhabitants of the earth. (Republika 2008c)

UI's accreditation was considered a holy mission to help the country find its ideal role in the global world via new connectivity enabled by the international accreditation. Importantly, this collaboration relied on the market-based principle of comparative advantage. Regardless of the socio economic background of a university, it was supposed to compete with those from other advanced economic countries. This type of view treated Indonesia's HE internationalization as a natural dynamic that would bring fair benefits to each institution involved in transnational collaborations.

Similar trends had been happening within other top universities, like Gadjah Mada University (UGM) in Yogyakarta, Bandung Institute of Technology (ITB) in Bandung, and Bogor Agricultural University (IPB) in Bogor. The Faculty of Mathematics and Natural Sciences in Gadjah Mada University, for example, earned the international accreditation from the ASEAN University Network-Quality Assurance (AUN-QA) in 2008. Chairil Anwar, the Dean of the Faculty of Mathematics and Natural Sciences, explained,

Indeed, the internationalization should be the mobility of staff and students to various regions of the world to conduct academic activities, research, publications, and community services. Currently, we have 20 foreign students studying the S-1 and S-3 at the faculty of mathematics and natural sciences, UGM. This condition should be maintained and enhanced in the future. (UGM 2010)

According to Anwar, accreditation and internationalization is about exchanges and mobility in the global world. Through international accreditation, students, professors, and staff were expected to mobilize, communicate, and intermingle with their fellows around the world.

Following other study programs that had already earned international accreditation, the Bandung Institute of Technology in 2011 managed to obtain an international accreditation from the Accreditation Board for Engineering and Technology (ABET) for two program studies, the marine engineering and electrical engineering study programs. Muin Muslim, the Chairperson of the Marine Engineering Program, said,

This accreditation would facilitate graduates of marine engineering to work as professionals abroad. In addition to work, it also would facilitate the accreditation of students to pursue graduate programs abroad. Therefore, the weight and content of the courses taught at ITB were equivalent to major campuses abroad that had been accredited. Our marine engineering was equivalent to MIT and the University of Berkeley. In addition, accreditation was useful to develop research because the confidence of foreign companies would be higher. (Tempo 2011d)

Accreditation meant professional global mobility. Muslim claimed that due to this international accreditation for the marine engineering program at ITB, the graduate would have a qualification equivalent to the Massachusetts Institute of Technology (MIT) and the University of California, Berkeley in the United States. In addition, the university would have access to research projects in collaboration with foreign companies.

Bogor Agricultural University (IPB) reported that by 2012 it had earned several international accreditations from different international accreditation bodies, such as the Association to Advance Collegiate Schools of Business (AACSB), the Institute of Marine Engineering, Science & Technology (IMAREST), the Japan Accreditation Board for Engineering Education (JABEE), the Landscape Architectural Accreditation Board (LAAB), ABET, the Australasian Veterinary Boards Council (AVBC), and ASEAN University Network-Quality Assurance (AUN-QA) (Republika 2012a).

How well these accreditations and certifications helped the institutions collaborate effectively and compete internationally is open to questioning. In 2011, while Malaysian higher education programs that had been internationalizing managed to attract close to a hundred thousand international students, Indonesian higher education only had around six thousand international students (Smith 2011; Study Malaysia 2012).

6.2.3 International Dual Degree Programs: Class Strategies and Global Dependency

Another important element of the current internationalization was having international class programs using English as the language of instruction. Programs like this were often in the form of joint courses or double degrees. Media described the international class program in general and in the University of Indonesia in particular as follows.

In the face of international competition, many things needed to be prepared. One of them was education. Education ought to be innovative, and be ready to face the challenges of the growing global competition. Choosing a quality education, such as studying abroad, could be a solution. However, cost and time might be an obstacle. Luckily, some colleges in Indonesia offered a solution, which was an international class. The international class

was a solution to get an education with an international outlook efficiently because it offered dual degree programs. A dual degree program was a program that essentially implemented a system of lectures for two academic titles. One of the universities in Indonesia that implemented such a system was the University of Indonesia (UI). Through an international class program, UI implemented dual degree programs with the concept that students attended the university in the country for two years, and went on to study abroad in partner institutions for another two years. So, in about four years, international class students would earn two academic degrees at once. For private universities, BINUS University also had international class programs named BINUS International. (Kompas 2009c)

In line with this description, Jossy P. Moeis, Head of the International Class Program in the Faculty of Economics, University of Indonesia, explained,

There were some advantages to the joint courses or double degree programs. English was the language of instruction in a small class so that lecturers would be able to interact and cater to student needs effectively. For parents, it was a comfortable solution because parents were often not ready to let their kids study abroad right after secondary school graduation. With this system, parents would become more convinced and comfortable because attending a two-year international class would prepare their children to study abroad in a foreign environment. While they were studying in Indonesia, they learned their traditional values. Overall, this program could save time and money with two degrees. (Kompas 2009c)

Akhmaloka, Rector of the Bandung Institute of Technology (ITB), explained in the case of his university,

This year [2011], the chemical engineering and physics engineering study program will apply for ABET accreditation. Each study program has been asked to do the same submission. They were also asked to develop joint courses or double degree programs as well as faculty and student exchanges with foreign universities. (Tempo 2011d)

On another occasion, when he visited Germany to increase collaborations with different universities that had a high reputation in the field of science and technology, he explained,

This corresponded with the vision and the current profile of the ITB preparing itself to become an international standard university. One of the outstanding issues that Indonesian colleges had was how to make universities be able to compete internationally with other universities abroad. An effort had to be made to achieve this goal, namely to collaborate with partners overseas, for example through double degree programs. (Tempo 2011d)

They viewed collaborations and partnerships with other universities in advanced countries as the most important methods to engage in the global competition. Bandung Institute of Technology (ITB) increased its international collaboration with different institutions in 19

countries in various forms, from information exchange to joint degrees (ITB 2008e). This collaboration, with Australian institutions for example, is as shown in Table 10.

Table 10. Scope of Collaboration between ITB and Different Australian Institutions

Institutions	Scope
The University of New South Wales	Joint research, twinning program, joint Ph.D and Master's research programs, student exchange programs, sabbatical programs for academic staff, summer sessions for student mobility
Curtin University of Technology	Exchange of information, joint research projects and joint courses of study, exchange of students
The University of Newcastle, Australia	Joint organizational development, exchange programs, and research activities
La Trobe University in Australia	Joint research projects in the areas within, but not limited to: health informatics and biomedical engineering; joint research supervision; academic staff visits, seminars, and conferences and other scientific events
Queensland University of Technology	Consulting and collaboration; exchange of students and credits; exchange of faculty members; joint research activities; internship exchanges; a dual degree program at the doctoral level

Source: (ITB 2008d)

ITB also changed perspectives and approaches to student enrollment from inward to outward looking. This inclination happened in other universities as well. An individual university often had an international office to deal with international students and collaborations. However, as shown in Table 11, there was very slow growth of international students from 2007 to 2011, from 61 to 136 enrollments in ITB. Even though I do not have data about other universities that have been trying to present themselves as international centers for excellence, I strongly believe that they have had a similar issue to ITB in terms of attracting international students.

Table 11. International Students, 2007-2012 at Bandung Institute of Technology (ITB)

Year	Total Enrolled	Already Graduated	Still Registered – as of January 2012
2007	61	58	3
2008	67	34	33
2009	73	35	38
2010	90	29	61
2011	136	88	48
2012 (January)	20	0	20

Source: (ITB 2008c)

So far, several faculties and schools in ITB have been offering undergraduate classes that are being taught in English, at least for the first year students, such as the faculty of mathematics and natural sciences, the school of life sciences and technology, the school of pharmacy, the faculty of earth sciences and technology, the school of electrical engineering and informatics, and the faculty of civil and environmental engineering (ITB 2008b). ITB also has international magister programs in collaboration with the Rijkuniversiteit Groningen (RUG) in the field of chemical engineering, actuarial sciences, regional and city planning, and biomedical and electrical engineering; with Japan universities, viz. Keio, Kobe, Ritsumeikan, and Grips, in the field of regional and city planning (ITB 2008a). Similar trends were found in all top universities, such as Gadjah Mada University (UGM) (Republika 2009a), University of Airlangga (Unair), Sepuluh November Institute of Technology (ITS), Diponegoro University (Undip), and University of Indonesia (UI), and including private universities such as Trisakti University and Bina Nusantara (BINUS) University.

Trisakti University is one of the leading private universities in the country.⁴⁵ As the privatization of public universities started, Trisakti University had been active in establishing collaborations with other universities abroad in the form of double or dual degree programs. The faculty of economics at Trisakti had been collaborating since 1997 with the faculty of business and public management at Edith Cowan University, Perth, Western Australia. This program offered a double degree program for students of the faculty of economics in Trisakti. With this dual degree program, students could earn a bachelor of economics (SE) from Trisakti, and a BBA (Hons) in international business from Edith Cowan. Meanwhile, BINUS University had also been aggressively promoting itself to the international community. It was a newly established private university, founded in 1996, but it managed to develop steadily during the crisis and put itself in the front line in terms of quality culture and internationalization (BINUS 2011a). It proudly proclaimed the management quality it had based on the ISO 9001 Certificate and the ISO 9001:2000 Certificate in received consecutively in 1997 and 2001 (BINUS 2011b). Having started its international classes in 2001, BINUS currently has three educational programs in economics, namely accounting, marketing, and international business. In addition to the Cologne Business School, BINUS has a partnership with Curtin University and Macquarie University in Australia. Introductory lectures used English as the language of instruction, and the class size

was limited to 24 students. In the third year, students would continue their studies at partner universities overseas (Tempo 2011b).

Dianne Sunu was an example of a student who took advantage of the double degree program offered by BINUS Nusantara.⁴⁶ She was keen on pursuing her degree overseas. However, her parents would not allow her without an enough preparation and reasonable argument. Ms. Sunu thus did not want her parents to see the letters of acceptance sent by local universities in the capital [Jakarta] to her. She did not want her parents to know that she had gotten accepted to these campuses; she said via email to Tempo, sent from Cologne, Germany, “I intentionally did not tell them about it because I did not want to go to a university in Jakarta.” It was her dream to study abroad, and hiding the letters of acceptance was a protest because her parents would not allow her to study abroad right after her graduation from secondary school. She was frustrated because she was afraid of not being able to realize her dream. However, one day, a classmate told her about the dual degree program at BINUS University. A win-win solution had arrived. She could meet the demands of her parents without having to bury her dream to study abroad. Ms. Sunu applied to the program of international business and management at BINUS University. As of this writing, she was enjoying her college days at the Cologne Business School in Germany (Tempo 2011b).

University of Indonesia (UI) was also a pioneer of the international class program in Indonesia. As of 2012, it had seven undergraduate study programs, and two graduate programs that had international collaborations in running international dual degree class programs (UI 2012a). The faculty of economics at UI was the most aggressive school in establishing international collaborations in the form of international degree programs or dual degree programs. In 2011, the faculty of economics alone recorded international partnerships with five universities and three colleges in the Netherlands. It was also exploring a possible partnership with different universities in the United Kingdom. Isfandiary Djafaar,⁴⁷ Director of the International Special Class Program, Faculty of Economics, University of Indonesia (UI), believed that education should be treated like a shopping commodity in which the seller should provide the buyer with a complete menu so that customers could do shopping conveniently and confidently. In order to realize this objective, according to him, the University of Indonesia had to be selective in choosing partners overseas. It should only cooperate with highly competitive foreign universities or institutions.

In promoting such dual degree programs, the state sometimes got involved in mediating the deal. In 2011, the Directorate General of Higher Education, MONE, circulated a letter calling for applicants from both public and private universities run by MONE to apply for a Double Degree Indonesia-France (DDIP) program for graduate studies. In this program, the government selected only University of Indonesia (UI), Bogor Agricultural Institute (IPB), University of Airlangga (Unair), University of Udayana, Bandung Institute of Technology (ITB), and Gadjah Mada University (UGM) to become host universities in Indonesia (DGHE 2011). This demonstrates that internationalization was a market mechanism where the best universities of the nation sought collaborations with the best universities in other nations as a strategic measure to claim international excellence. This process makes it difficult for poor universities to gain upward mobility. Instead, these poor universities must match themselves with other poor universities.

This situation in Indonesia produced another form of internationalization among lower tier universities—programs that were called international not because they had joint programs with other foreign universities, but because they used English as the main language of instruction. This type of international program was not as attractive as the international class programs with dual degrees (Kompas 2010b). The state partly subsidized some of these programs, and focused more on a number of selective study programs determined by the government. For example, the international class program at the University of Surabaya, East Java.⁴⁸ These subsidized international programs targeted higher achieving students to study in selected fields of study.

Not only were general or secular universities trying to internationalize themselves, but Islamic universities were also seeking international reputation on their own terms. The State Islamic University (UIN) Syarif Hidayatullah in Jakarta, an Islamic university that originally was administered under the Ministry of Religious Affairs (then later by the Ministry of National Education as well), transformed itself from a State Islamic Institute to become a State Islamic University in 2001.⁴⁹ Even though Islamic universities emphasized Islamic norms and values in their education, both general and Islamic universities valued the importance of international collaboration and the use of English as a symbol of internationalization.

The state supported this international collaboration by providing financial incentives for higher education institutions to compete to win a grant.⁵⁰ The government wanted to facilitate

this process of internationalization by trying to develop an environment of competition among Indonesia's universities. However, this competition often disadvantaged lower tier universities. It was always difficult for these universities to compete with these top universities, and as a result, the top public universities dominated most competitive grants and programs initiated by the state.

6.2.4 International Publications Lost Local Practical Relevance and Support

Another interesting phenomenon of the internationalization drive in Indonesia's higher education was a measure taken by the government to encourage Indonesian students and professors to publish their work in international journals. Fasli Jalal, Director of the Directorate General of Higher Education, MONE, said that Indonesia's contribution to international journal publications was very low. "Indonesia had so far contributed only 0.8 articles per one million inhabitants. This figure was unfavorably compared to India with 12 articles per one million inhabitants" (Kompas 2008).

His use of another country to measure Indonesia's rate of international publications implies how the global perspective played an important role to justify policy actions taken by the government. Arif Satria, Director of Research and Strategic Study at Bogor Agricultural University (IPB), asserted that international publication was a very important aspect of the internationalization project to create a global community of professors and scientists. This joint community might bring about achievements that would improve the marketability of the institutions where they worked.⁵¹

This publication crisis led the state to boost international publications by professors and researchers by providing financial incentives. The government provided competitive financial support for professors to publish their own academic works in international journals.⁵² At the same time, the Ministry of Research and Technology from 2010 on obliged every researcher who won a research fund from the Ministry to publish their final research results in one of the international journals. Initially, the Directorate General of Higher Education at MONE managed this research fund, and most of the fund went to university professors.⁵³

The crisis also led the Director General of Higher Education to release a letter of instruction to all university and college leaders to oblige students, from undergraduate to doctoral programs, to publish their academic work as a degree requirement. The government wanted to increase the volume of academic articles by Indonesian scholars published in international journals (Kompas 2/3 2012). The letter emphasized that by August 2012, publication of a

research project would have to become a requirement for undergraduate, master and doctoral programs. Students would not earn a degree without a publication.⁵⁴ However, this instruction received protests from students and university leaders. They accused the government of making an unwise decision, as it was released without visionary planning and without enough communication and coordination with all university and college leaders.

One of the protests came from the Indonesian Association of Private Higher Education Institutions (APTISI). A representative of private universities, Suharyadi, Rector of the University of Mercu Buana (UMB), complained that the government should have communicated with all parties concerned when making such an important decision.⁵⁵ According to the APTISI, the most urgent problem for the government to solve was how to increase student human capital in order for them to be ready to participate in decreasing unemployment in Indonesia. Being able to write a research paper for publication was nothing to do with this immediate unemployment issue (Sindo 2012b).

At the beginning, the Minister of Education gave a statement implying that the government was firm in implementing this decision:

The obligation of scientific publications, indeed, had to be enforced on campus. This was to encourage the growth of scientific culture, scientific development, and to minimize plagiarism. Scientific publications encouraged faculty and students not to play in working on theses, dissertations, and other scientific papers. Therefore, the widespread publication of scientific papers would encourage the emergence of healthy or dialectic discussions. (Kompas 2012b:para. 2-4)

In contrast to this statement, Nuh, the Minister of Education, later on seemed to be much more lenient in his statement. “The letter of instruction circulated by the Directorate General of Higher Education had no legal power but we pushed it that way” (Kompas 3/2 2012). This change was the result of joint meetings between the Council of Rectors of State Universities (MRPTN) and the Directorate General of Higher Education. Chairperson of the MRPTN, Idrus Paturusi, explained,

The Director General of Higher Education and MRPTN agreed that the circulated letter was just a boost. Because it was just a boost, there was no penalty for students who did not fulfill it. The students could still pass, despite failing to publish a paper in a scientific journal. There was no sanction for it. It was only to encourage students to write a paper and publish it in journals, both internal journals of campuses and international journals. (Kompas 3/2 2012:3-5)

In response to this publication pressure, some state universities took great measures by doubling their journals. For example, the Diponegoro University (Undip) in Semarang, Central Java, added 44 new journals only two months after the release of the aforementioned letter from the Directorate General of Higher Education (Kompas 3/20 2012). However, most private universities and other second tier public universities resisted this policy because they did not see any practical benefits of this globally conditioned policy for the future careers of the students.

6.2.5 Internationalization, Diversification and Inequality

All of these dynamics of internationalization led to a new race of increasing quality by increasing tuition fees. As dramatic increases in student fees faced wide protest, universities and colleges diversified the entrance stream. Before the reform, students had been accepted to state universities through a national entrance test organized jointly by state universities across the country. When the privatization movement of state universities began in 1999, the universities possessed enough autonomy to regulate their own enrollment systems. Furthermore, within the universities themselves, each school unit was given the autonomy to formulate their student enrollment system. This trend happened initially in the first four state universities that were converted by the government to become autonomous institutions: University of Indonesia (UI), Gadjah Mada University (UGM), Bandung Institute of Technology (ITB), and Bogor Agricultural University (IPB).

The University of Indonesia was an example of a state university that had been actively diversifying its student recruitment systems to select the best students, with six enrollment schemes after its incorporation.⁵⁶ Other state-owned legal entity (BHUMN) universities were inclined to follow similar patterns in terms of student enrollment mechanisms as well.⁵⁷ The National Selection for Public University Entrance (SNMPTN) was the traditional entrance procedure in which students had to take a national exam conducted collaboratively by public universities. UGM in 2009 only allocated a maximum 18 percent quota for this entrance path. This diversification, according to UGM, was made due to several reasons: 1) UGM had a limited capacity; 2) it had a commitment to developing national human resources; 3) it was aware of the economic ability of a diverse society; 4) it was concerned with the poor community; 5) it supported the development of local seeds; 6) it supported the development of sporting and artistic talent; and 7) it wanted to pay attention to the potential of people who cared about the quality of education (Tempo 2009).

This diversification of enrollment caused public anxiety and protest. However, the universities argued that they were doing the right thing to accommodate the needs of all citizens. In 2009, Gumilar Rusliwa Somantri, the Rector of the University of Indonesia (UI), refuted that the University of Indonesia had been commercialized so that low class students could not attend the high-quality university. He argued that UI was for everyone.⁵⁸ However, he also argued, UI accepted only the cream of the cream.⁵⁹

In 2010, the government wanted to change the entrance procedure systems that had resulted from the privatization movement. The government argued that these complex and highly diverse entrance procedures caused a lot of confusion for applicants.⁶⁰ The government wanted to take back the initial autonomy that universities had received at start of the reform in 1999. They were not the only voice in this—students complained about the complexity of the post-reform public university entrance system as well.⁶¹

The dynamics that stemmed from the effort to incorporate and internationalize Indonesia's public universities resulted in extreme disparities among colleges, not only between public and private colleges, but also among public colleges. In the past, the only outstanding difference in fees was between a few good private universities and public universities; some good private universities that were comparable to public universities were known for higher fees compared to the public ones, while all public universities were relatively equal in terms of fees. After these processes of transformation, the boundary between private and public universities started fading away. Due to more autonomy given to public universities after the reform, each created their own system of management and organization to achieve what they called centers of excellence, world-class or research universities.

Data show that student expenditures to attend certain public universities rocketed up. Good public universities had been well known among the Indonesian people for better quality and less expense compared to good private universities, but after the reform, this changed as top public universities became as expensive as or more expensive than top private universities. Table 12 shows that the engineering programs at Bandung Institute of Technology (ITB) and Gadjah Mada University (UGM) became more expensive than the one at Trisakti University.

It turns out that diversification of entrance procedures produced a market strategy that rationalized the marketization of higher education in Indonesia. Table 13 shows that this

Table 12. Costs of Obtaining a Civil Engineering Degree, Public vs. Private University

University	Trisakti (Private)	ITB (Public)	UGM (Public)
Donation	0	45	50
Annual fee	10–12	3.6	2.7
Practice fee	1.5	Unknown	Unknown
Fee per subject (U/G)		Unknown	Unknown
Total	26–28	48.6	52.7

*All fees and donations expressed in Millions of Rupiah (1US\$ = 8,500 Rupiah) Source: (Welch 2006:680)

Table 13. Entrance Paths and Fees in Five Public Universities after the Reform

No.	University	Entrance Path	Fees
1	University of Indonesia (UI)	<ul style="list-style-type: none"> - National Selection into State Universities (SNMPTN) - Achievement and Equity of Learning Opportunities (PPKB) - Olympiad Achievement - Achievement in the Field of Sports and the Arts - Local Government and Industry Cooperation - Joint Entrance Examination 	<ul style="list-style-type: none"> - Entrance Fee: Rp. 5 to Rp. 25 million - Fee per Semester: Rp. 5 to Rp. 7 million in general and Rp. 0.1 to Rp. 7 million for poor but high achieving students.
2	Bogor Agricultural University (IPB)	<ul style="list-style-type: none"> - National Selection into State Universities (SNMPTN) - Invitation to Enter IPB (USMI) - Scholarship for Local Government Delegate (BUD) 	<ul style="list-style-type: none"> - Entrance Fee: Rp. 3 to Rp. 28.5 million - Fee per Semester: Rp. 0.2 to Rp. 0.9 million
3	Airlangga University (Unair)	<ul style="list-style-type: none"> - National Selection into State Universities (SNMPTN) - General Path for Student Selection or Independent Path - Achievement Path 	<ul style="list-style-type: none"> - Entrance Fee: Rp. 7.5 to Rp. 106 million - Fee per Semester: Rp. 0.6 to 0.7 million
4	Surabaya Institute of Technology (ITS)	<ul style="list-style-type: none"> - National Selection into State Universities (SNMPTN) - Regular PMDK (Partnership, Independent, Achievement, Scholarship) 	<ul style="list-style-type: none"> - Entrance Fee: Rp. 3.5 million - Rp. 0.6 to 0.7 million - Entrance Fee: Rp. 30 to Rp. 45 million - Fee per Semester: Rp. 1.25 million. - It is free for PMDK, scholarship, and achievement track

Table 13. (Continued) Entrance Paths and Fees in Five Public Universities after the Reform

5	Gadjah Mada University (UGM)	<ul style="list-style-type: none"> - National Selection into State Universities (SNMPTN) - Writing Test Research for Excellent Students (PBU) (Five Tracks)	<ul style="list-style-type: none"> - Entrance Fee: Rp. 5 Million to Unlimited - Fees per Semester: <ol style="list-style-type: none"> 1. Charity for Education and Developmen: Rp. 0.5 million 2. Operational Fees 3. Credit Fee: Rp. 60,000 to Rp. 75,000 per Credit PBS and PBUPD Track: Rp. 10 to Rp. 125 million
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Source: (Darmaningtyas et al. 2009:123)

diversification corresponded well to the increase in fees. Under the pretext of crossed subsidies by which rich students supported poor students for university education, some universities introduced diverse entrance paths, and this diversification to some extent could explain why tuitions and fees had been increasing so dramatically.

Gadjah Mada University (UGM), for example, set a minimum of Rp. 5 million for the student entrance fee. However, it did not limit the maximum amount of money students might pay for the entrance fee. Doing so, it could collect much more money from rich students who wanted to enter the university. Other universities put a maximum limit on the entrance fee, but the range between the minimum and the maximum was very wide, such as from Rp. 5 to Rp. 25 million at UI, from Rp. 3 to Rp. 28.5 at IPB, from Rp. 7.5 to 106 million at Unair, and from Rp. 3.5 to Rp. 45 million at ITS. Semester and tuition fees were also widely different from one university to another. In other words, the diversification strategy concealed the increasing fees and caused further inequality among individual institutions and students. Yet, it was very hard to challenge the rationality of the crossed subsidy system.

Due to the rational differentiation, student access to higher education institutions was stratified based on subject choice, university symbolic status, and social economic status. The

price of a credit for subject ranged from Rp. 0.05 to 0.75 million per credit depending on the type of subject and the status of the university that offered it. In higher education tradition, Indonesia knew educational support fees were usually charged each semester. This could range from 1.2 million to 35 million each semester, depending on the status of the program attended. In addition, there was an investment fee that was usually paid at the time of registration that could range from 1.2 to 125 million from one university to another. Furthermore, in the top national universities, they usually opened what they called an independent path for student selection. Through this path, a university would select an applicant based on how much they could pay for their investment fees. The offer would go to the highest bidder. This discriminatory practice caused protest from people, and as a result, they rejected Law No. 9/2009, which legitimized this practice.

As of 2009, Indonesia had 3,760 higher education institutions. 3,011 institutions (83 public and 2,928 private) were under MONE administration, 574 (52 public and 522 private) under the MORA administration, and 175 (all public) under various ministerial departments that ran their own special education. These public institutions, excluding the last 175, were attended by 4,887,733 students (public general: 1,804,761[37%]; public religious: 201,341[4%]; private general: 2,532,278 [52%]; and private religious: 349,353 [7%]) (MONE 2009c; MONE 2009e). Of these higher education institutions, on average there was a great disparity between public and private colleges in terms of institutional capacities. Overall, lecturer qualification in 2009 was 55% with bachelors and diplomas, and 41% with master's and doctoral degrees. In public higher education institutions, 70% of lecturers (a total of 62,986) held master's and doctoral degrees (less than 15%) (Kompas 5/31 2012), and the remaining 30% (18,500) were required to upgrade their qualifications according to the regulation stipulated in Law No. 14/2005 on teachers and lecturers (the minimum degree for a lecturer became a master's degree). This was much lower compared to private higher education institutions, which had to upgrade 60,500 of their teaching staff who only had diplomas or bachelor degrees to meet the minimum requirement (DGHE 2009a). This inequality had been occurring since before the reform because the government spent its very limited budget on public education.

The reform made the inequality worse, and in addition, people increasingly accepted the basic tenet of meritocracy that everyone would succeed as long as they tried. Nonetheless, poor students had very limited access to higher education after the reform—before, the share of poor

students in higher education had been 10 percent, compared to 3 percent after the reform (Baswedan 2012). The government tried to solve this problem by increasing the number of scholarships available to poor high-achieving students. It allocated about 20,000 scholarships for public university students in 2011, 8.5 percent of the total new students, and 40,000 in 2012. The government also planned to provide 2,000 scholarships for private university students in 2013. However, in addition to its smaller amount, the requirement for private university students to get this scholarship was stricter because they not only had to show that they were poor and high achievers, but also had to be accepted into a study program that had been given an accreditation status of ‘A.’

Joko Santoso, the Director of the Directorate General of Higher Education said, “We’re going to give *Bidik Misi* scholarships to 2,000 students of private higher education institutions. With the note that these students should be poor and come from an accredited study program” (Kompas 3/24 2012). This additional requirement was considered discriminatory by the head of the Indonesian Association of Private Higher Education Institutions (APTISI), East Java branch, Suko Winoyo.

I think it was a discriminatory term. A good policy should not be difficult. If you want to give a scholarship, so give it, do not make it difficult. Imposition of this condition further confirms the discrimination between students of private universities and public universities. The scholarship aiming at students of the public university did not require accreditation. All students who excelled in the public university and were economically less able were entitled to this scholarship. Why then should this be a condition for students of the private university?” (Kompas 3/24 2012:para. 2-3)

Entrance selection to universities, especially public universities, increasingly became very competitive. Even though the number of private universities and colleges was more than 90 percent, public universities were still the first choice for most students. Therefore, with the increasing demand for good higher education and the need of universities and colleges to raise their rankings, all universities sought out the best students. As a result, competition to enter public universities was very high. As shown in Table 14, private and public colleges accepted between 30 to 48 percent of the total applicants from 2001 to 2008, while public universities could accommodate only about 20 to 29 percent of their applicants. Students that were not able to enter public universities often went to private universities (if they could afford it) or waited for another chance in the following year to take another test for public higher education entrance.

Table 14. Applicants and New Entrants in Colleges/Universities from 2001/02 to 2011/12

	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	10/11 *	11/12 *
Applicants for Public Uni.	833870	940922	968216	847197	788439	887711	1330056	1464798	447107	540953
Total Applicants (Public & Private)	2296557	1909996	2339801	1512743	1511809	1563350	2265127	2810513	-	-
New Entrants for Public Uni.	191608 (23%)	207740 (22%)	217489 (22%)	227348 (27%)	189093 (24%)	179059 (20%)	268286 (20%)	431219 (29%)	92511 (21%)	118233 (22%)
Total New Entrants (Public & Private)	760621 (30%)	776059 (41%)	1125284 (48%)	658036 (43%)	639063 (42%)	741060 (47%)	1090417 (48%)	997531 (35%)	-	-

Source: (Kompas 2011s; MONE 2001b; MONE 2002; MONE 2003a; MONE 2004; MONE 2005b; MONE 2006a; MONE 2007a; MONE 2008; Rakyat Merdeka 2011)

* Only SNMPTN path for public universities, excluding private universities.

In 2010, there were 447,107 applicants who took the entrance exam to fill 92,511 seats available at 54 public higher education institutions (Kompas 6/16 2010; Rakyat Merdeka 2011). In 2011, of 540,953 applying through SNMPTN for public universities, only 118,233 (22%) managed to pass the selection process (Rakyat Merdeka 2011). That same year, the government and 61 university leaders agreed that they would use only two mechanisms for new student selection, which were an invitation and a national written test path (Udayana University 2012). In 2012, for the invitation path that targeted higher achieving students, there were 236,811 applicants. 53,401 (22.55%) of them were accepted to public colleges and universities. Of these students, only 1,313 (20.41%) would receive scholarships from the government (Kompas 5/29 2012).

The level of selectivity was much higher in the universities with the state-owned legal entity status, such as the University of Indonesia, the Bandung Institute of Technology (ITB), and the University of Gadjah Mada. For example, the University of Indonesia in 2008 received about 90,000 applicants and accepted only 4,800 (5%) (Republika 2008b). In 2011, for its internal selection path, ITB received 12,671 applicants to compete for 2,000 seats available (Tempo

2011e). In 2012, it took in 1,979 students through invitation path, which was 60 percent of the total quota (Okezone 2012c). At the same year, the University of Gadjah Mada received 26,231 applications through its invitation path and about 40,000 through the national written exam to compete for 3,438 seats available (Antara 2012a). Despite differences in terms of quality and symbolic status, all public universities spread all over the country followed similar trends in entrance diversification and selectivity.

6.2.6 Higher Education Internationalization at a Crossroads

Strong rejection of internationalization emerged from politicians, intellectuals, student activists, and private higher education institutions.

Article 77 of the first draft of the law on higher education by the government states that colleges and universities are divided into three types: autonomous, semi-autonomous, and limited autonomy. The student activist argued that this concept of autonomization was problematic because it contained liberalization in financing. Autonomous universities would be given authority to manage their own funds, and to develop their own business and trustee funds (Arief 2012).

Raihan Iskandar, a member of parliament, criticized the internationalization of higher education that would be translated into three mechanisms, namely international learning organization, international cooperation, and provision by foreign parties. He used nationalism and domestic market conditions as a reason to question the plan of the government to internationalize Indonesia's higher education.⁶² Soedijarto, a professor at the State University of Jakarta, also stated that there was no need to internationalize Indonesia's higher education institutions.⁶³

The same objection came from the Indonesian Association of Private Higher Education (APTISI) and the Indonesian Association of the Organizing Institutions of Private Higher Education (ABPTSI). Edi Suandi Hamid, the Chairman of APTISI, argued that allowing foreign providers of higher education to enter Indonesia was comparable to the current condition of free trade with China. The incoming of Chinese products in the absence of a clear and strong regulation by the government caused serious problems for domestic firms and industries.⁶⁴ In line with this, Thomas Suyatno, the Chairman of ABPTSI, argued that the new bill on higher education contained coercion and discrimination against private higher education institutions. It might also cause new complexity for Indonesia's education system—if the government regulated

higher education at a law level, they ought to do the same thing for other lower education systems as well.⁶⁵ The attitudes of both APTISI and ABPTSI, two organizations representing private providers of higher education, reflected how the interests of the private education sector in Indonesia would be threatened if foreign providers started operating in Indonesia.

Mohammad Nuh, the Minister of National Education, responded to the objections and criticism by assuring that the internationalization of higher education in Indonesia through the new law on higher education would guarantee that disadvantaged citizens would be protected and able to enjoy quality higher education.⁶⁶ His response focused mainly on convincing the public that higher education under this new law would remain as accessible to the poor citizens as it had been before the reform. Having a state-owned legal entity status would not close public universities and colleges to particular disadvantaged citizens, and would not cause the commercialization of higher education. However, Nuh only mentioned public universities and colleges, excluding the private higher education institutions which represented more than half of Indonesia's higher education system.

Djoko Santoso, Director General of Higher Education, MONE, said, "The government provided a number of requirements to foreign institutions that wanted to promote or establish a university in Indonesia. One of these conditions was that foreign colleges or universities had to cooperate with Indonesia's state universities or private universities" (Mutia 2011:para. 4).

The bill for higher education, refined and passed to become an official bill on June 26, 2012, defined the internationalization of higher education as,

A process of interaction in the integration of international dimensions into academic activities to participate in the international arena without losing the values of Indonesianness. (DPR RI 2012:19)

Even though the 2012 version of the bill was reshaped by public protests and opinions, the government seemed to be persistent in implementing the marketization of higher education through internationalization and autonomization through this bill. Despite protests received, the government argued that internationalization and autonomization would not bring about negative impacts for domestic higher education institutions. Rather, they would create a healthy competitive environment. With respect to foreign universities coming into the country, the government would prepare regulations that would control how they should operate. In anticipation of the passage of the bill concerning higher education, Illa Sailah, Director of Learning and Student Affairs of the Directorate General of Higher Education (DGHE), MONE,

called on all parties not to worry or feel threatened by the possible entry of foreign universities in Indonesia. This bill would become a legal umbrella that regulated the operation of foreign universities and colleges in Indonesia. She said, “No need to worry, all will be governed by the law” (Kompas 8/1 2012:para. 3). This also conveyed the argument of Mohammad Nuh, the Minister of National Education, that foreign colleges that wanted to provide education services in Indonesia had to be willing to meet several rules contained in the law on higher education. This law required colleges that wanted to operate in Indonesia to have an accredited status; the government would only allow foreign universities with good quality. Furthermore, it also required each foreign provider of higher education to be non-profit and ready to cooperate with Indonesia’s universities (Kompas 8/1 2012).

The government was thus under pressure to prepare a legal framework for international collaboration and cooperation in higher education business. Apart from multilateral agreements signed through WTO, in 2010 for example, Indonesia and the United States signed a comprehensive partnership in which education was one of the core components. On July of the same year, both countries announced the establishment of the US-Indonesia Joint Council for Higher Education Partnership. In order to enable such a bilateral cooperation to operate, Indonesia had to develop a clear legal framework to create a clean business environment. Even though this cooperation consisted of the provision of full scholarships for American and Indonesian students to join student exchange programs, the priority was on how to develop higher education business in Indonesia. This objective was clear from a review on the agreement written by Davil Merrill, President of the United States-Indonesia Society (USINDO), and US Vice Chair of the US-Indonesia Joint Council on Higher Education Partnership.⁶⁷ As a result of this bilateral partnership, Indonesia decided to import the community college model from the US (Kompas 2012p), which American consultants and experts will work to help implement.

Internationalization discourse and the set of values it brought to the public created new practices in education, especially for groups of people who defined themselves in the realm of identity politics. These people did not want to lose both the identities and economic gains that the neoliberal globalization had to offer. As a result, different religious and cultural-based educational institutions developed their own internationalization programs with the intention to accommodate the demand of internationalization without losing peculiar identities, such as Al-Azhar school system under the management of the Al-Azhar Islamic Boarding School

Foundation (YPIA) that recently has expanded rapidly (Al-Azhar Foundation 2011; Bryner 2011), Lazuardi Global Islamic School (Lazuardi GIS) (Lazuardi 2012), Sekolah Pelita Harapan International (SPHI), meaning Light of Hope School, an elite Lutheran Christian school (The Lutheran Church N.d.), and a new movement of Integrated Islamic School Network (JSIT) emerged after the *Reformasi* (Chudleigh 2011).

6.3 Conclusion

Internationalization was a reform program to improve the global competitiveness of Indonesia's education. It was believed that under the decentralized education system, it would be easier for internationalization to achieve this goal as each local government would participate in creating international standard education. It would therefore reduce the financial burden of the central government. This idea was well accepted by the public and supported by political leaders. In the later stages of development, however, the government encountered a serious challenge to this project due to the nature of class relations.

The government started the development of international public schools by introducing various types of school standards, which were minimum standard, national standard, and pre-international/international standard schools. This classification was followed by a reward system based on performance. Consequently, pre-international/international standard schools possessed rational justification to receive human and financial resources that other school types would not obtain. Most middle class people welcomed this policy because it allowed them to use public expenditure to give a better education to their children. State bureaucrats and employees also supported this policy, not only because they believed that it could improve the competitiveness of education, but also because it would allow their children to receive quality education as well. Most of them were lower middle class people who strived for international quality education, but could not afford sending their children to regular private international schools.

With the development of this class differentiation and discrimination, groups of individuals and social movement organizations, representing the poor and the populist nationalists, mobilized resources to stop school internationalization. For them, education should remain a public good provided by the state, whereas internationalization had made it solely an economic commodity. Using a legal procedure through the Constitutional Court (MK), these groups managed to stop the government from continuing to carry out school internationalization, similar to what they had done previously to stop school and college corporatization. Though the

MK was a state institution that had been produced by the reform, it became a locus of battles among conflicting classes, and it was the class conflict that arose from the creation of a stratified education system that led to the stopping of the school internationalization project.

On the other side, a conflict between local and international business classes also occurred. The local business class opposed the idea of opening Indonesia's education to foreign education providers. They argued that allowing them to freely open schools in Indonesia would dismantle Indonesian national education. Internationalization, for them, should be restricted or banned for the sake of national protection.

Although this opposition from the nationalist populists and the local business class complicated education internationalization, several schools and universities took the initiative to pursue internationalization. However, this project transformed public education, and to some extent destroyed it, because it gave the most public expenditure and resources to a few pre-international standard schools and universities, leaving most public education institutions to lose quality.

CHAPTER 7

CONCLUSIONS: INTERPRETING THE REFORM OUTCOMES

The original purpose of this study was to describe and analyze the discrepancies between the proposed objectives and the actual outcomes of the educational reform in Indonesia from 1998-2012 by focusing on challenges encountered in its implementation, and on its consequences. The reform has tried to make Indonesia's education a shared responsibility between the central government, local government, and community. The results of this study show that this transformation has not brought about satisfactory outcomes. This study argued that although neoliberal globalization was an important factor in the reform, domestic conditions of Indonesia played a more significant role in shaping the processes and outcomes that resulted.

I have demonstrated how the education reform was carried out with the original intention of improving Indonesia's education. After the reform, thanks to education decentralization, local governments and people had significantly more autonomy to plan and manage their education development. They could directly participate in providing resources for education programs. At the school level, principals, teachers, and community members were given opportunities to collaborate in order to monitor and improve school activities through new local governances, namely the school council for academic affairs and the school committee for school welfare. The central and local governments launched financial subsidies for children undertaking basic education at both public and private schools. In education vocationalization, through curriculum reforms, academic subjects were made more flexible to meet market demands. An increasing priority on vocational education led a few schools and universities to create new technological innovations, and helped local industries to obtain semi-skilled and skilled employees. Meanwhile, in education internationalization, a few public schools became internationally oriented and nationally competitive. Several universities managed to increase their positions on international rankings and earned regional and international accreditation and certification for various study programs. Along with increasing academic exchange, they also established international study programs in collaborations with foreign universities. Finally, and most importantly of all, the government steadily increased the amount of public expenditure for education. All of these appear to have benefitted the improvement of Indonesia's education.

However, when we look closer at each area of the reform, the opportunities it has created have in fact not helped the state to achieve satisfactory outcomes according to the initial objectives proposed.

Decentralization: It has been demonstrated that the decentralization, along with democratization, did not significantly make the education environment more democratic or efficient in management and planning. New local governments had the strong local political support to play a significant role in the reform, yet did not possess enough economic capacity to carry out the new responsibilities resulting from the authority they had gained. Consequently, the central government, rather than the local government, continued to play a dominant role in curriculum, evaluation, and teacher allocation and funding. Meanwhile, at a lower level, school authorities who were supposed to enjoy new independence had to abide by the interests of the new influential local leaders. Teacher hiring was problematic as school principals and local leaders became involved in new local politics. Furthermore, the BOS (School Operational Assistance), a universal voucher, did not eliminate the pre-existing political and economic divide between private and public schools. Private schools were capable of resisting policies that were not to their advantage, such as school corporatization and allocation of public expenditure for education. Under such conditions, the middle classes and business sectors took advantage by actively creating new domains for class struggles, such as after-school tutoring centers, English learning centers, and early childhood education. Finally, the economic shortcomings of the new local governments increased the financial burden of the central government, leading to further dependency on international donor funds. The economic upper hand of the central power did not make it easier to produce cohesive decisions, however, as political authority and popularity had moved to the hands of the new local leaders. As a result, the education decentralization generated, rather than solved, more problems. It increased financial burden, and made it more difficult for the state to take cohesive actions.

Vocationalization: Strong governmental support for vocationalization did not significantly improve the low-status image of vocational schools compared to general schools. Most people kept sending their children to general schools. Interestingly, though vocational schools targeted the majority of secondary education students, they were more expensive than general schools, yet more attractive to poor families. The unwillingness of most people to send their children to vocational education caused difficulty for the government in earning support

from the private sector, as it turned out to be a business opportunity that had diminishing returns. Part of the problem was that the employment opportunity of the vocational school graduate was not significantly different from that of the general school graduate. Therefore, public-private partnership was not easy to form. As a result, the government had to spend more, rather than save more as had been expected, to keep this program operating.

Internationalization: Rather than expanding access to quality education, internationalization increasingly exposed students to differentiated learning experiences based on their social and economic backgrounds. It worked against the disadvantaged student. Although internationalized institutions charged very expensive tuition fees, they had much better access to public resources provided by the state. The new set of uniform standards that was applied reduced chances for diversity in education, and paradoxically led to widening gaps of quality among schools and universities. Only a handful of schools and universities managed to improve their international capacity. As they became more popular, they became more selective, and most students then had to attend poor quality schools and universities. When a few universities managed to achieve significant progress in increasing their international reputation, a rocketing increase of the tuition fees followed. Consequently, public discontent rose against internationalization due to the negative social effects it caused. People affected by this policy mobilized their resources to challenge the government agenda for the reform, and using the democratic channels available, they indeed managed to stop education internationalization at the school level and slow down its adoption at the university level.

The reform in these three main areas resulted in the deteriorating condition of education quality, and the widening inequality of opportunities between the rich and the poor citizen.

7.1 Theoretical Implications

Four theoretical implications may be drawn from the theories of neoliberal globalization, state, and class as an explanation for the recent reform in Indonesia: (1) the weakening of the state's capacity, (2) the tendency of neoliberal policies to create contradictory conditions, (3) the question of the transferability of neoliberal policies in interfacing with local agendas, and (4) the force of class relations and class-based market demands.

The weakening of the state's capacity caused by the crisis and the sudden pressure for rapid change is highly important because it can directly shape the reform processes itself as well as mediate how other factors contribute to the outcomes. For instance, many countries have shown the

aforementioned tendency for neoliberal policies to create contradictory conditions, regardless of the state's capacity. The impact of this tendency, however, might be deeper when a weakening state adopts such policies, as Indonesia's case shows. The same possibility applies to other three aforementioned explanatory concepts in relation to the weakening of the state's capacity. In a weakening state, it becomes more difficult to suppress the contradictory effects of neoliberalism, to perform policy transfers, and to accommodate class conflicts and interests.

7.1.1 Weakening of the State's Capacity

Often education reform represents a set of ideal plans and best practices to be implemented. However, it is not easy to translate them into actual practices as planned due to the complexity of political and social processes. The more stable the conditions under which this happens, the less deviation occurs. The more coherent the stakeholders involved in the processes are and the more realistic the plan, the less conflict can be expected and the less shortage is anticipated. The weakening of the state's capacity during the reform rendered it very challenging for Indonesia to meet such ideal conditions. This difficulty can be described through the following perspectives: the multidimensional crisis, global pressure and new local politics, and the trend of standardization.

7.1.1.1 The Multidimensional Crisis and Decentralization

Indonesia's education reform started when the nation was facing a multidimensional crisis. In a very short time, the economic growth that had previously exceeded 5 percent a year turned negative (Mishkin 1999), and the collapse of Suharto's New Order regime left the situation out of control. Social riots and ethnic conflicts broke out in several areas, including Jakarta, Ambon, Poso, Aceh, and West Papua (Tadjoeddin 2002).

Taking the strength of the previous government and the economic growth they had achieved into consideration, the extent and magnitude of this sudden change were unexpected. It encompassed almost all domains of governance, including the education system. The economic growth and political stability through which the New Order regime had established their legitimacy suddenly disappeared. People then believed that the root of the problem lay in the faults of the old system. While people were looking for an alternative for the past system, Indonesia as a country began looking for a basis to justify its continuity.

Decentralization as an ideal model for developing countries to build better democracy and public accountability had been around and promoted by international institutions, especially the World Bank, since the 1970s (Manor 1999). It had been implemented in several Latin American

and African countries, and had even been piloted by the New Order regime since the 1980s (Devas 1997; Smoke and Lewis 1996). However, it had ended unsuccessfully in Indonesia as it had contradicted the political interests and power culture of the regime, which, influenced by Javanese culture, had tended to centralize power around one powerful figure (Anderson 1983). People in status quo had been willing to act against the required conditions for successful decentralization in order to make sure that their political power was consolidated in local areas. When this centralistic and authoritarian regime collapsed, however, the state apparatus could not find any alternative other than adopting neoliberal governance by redistributing power and resources to local governments.

Although people accepted and recognized this power distribution through decentralization as a form of democratic action, in reality, it was a top-down process imposed by central elites for legitimacy. Local leaders then reinforced this political direction in order to build their local influence through elections and money politics (Hadiz 2004).

This too-rapid process of decentralization was too complicated for the state to handle. Civil society was not capable of controlling it, either. More importantly, they accepted this new paradigm of governance as the only option for moving on without a clear conception of what it would look like and for whom it would work.

All had to learn on their feet while carrying out the reform. Unfortunately, the learning process was not always genuinely followed for the reform's success; instead, local politics often intervened to direct processes to serve limited groups, rather than people as whole. As a result, decentralization tended to generate further governance complexity and inequality within and among regions.

7.1.1.2 Global Pressure and Local Interests

Decentralization was part of a continuous global capital pressure to make the market in Indonesia more flexible. With democratization, it restructured, if not tore down, the existing power structure that had been unfriendly to foreign investors and the global economy. Indonesia during the crisis had little choice under the pressure of the international donor agencies, which were influential in directing decision-making. Being in a such situation, the government could not fulfill people's demands with their policies because participatory democracy became difficult (Arnove et al. 1996). Thus, policy strategies, like in many developing countries, were highly conditioned by

international loans rather than by the real concerns of the people. The government acted mostly based on the advice of the donor institutions rather than on the people's concerns.

Education corporatization and internationalization are two main examples of policy strategies that were supported by the government and the donor agencies. People rejected them because both policies were forms of educational marketization as well as privatization that would not benefit most Indonesian students. The government argued that they were not marketization or privatization of education, because the state would subsidize education. But, this was a rhetorical answer rather than an honest response, because on many occasions the state apparatus also explained that corporatization and internationalization were a way to make Indonesian education become more independent in the future. Subsidies were thus only temporary. While the state tried hard to implement both policies, it not only received wide resistance, but also could not find a way to balance between efficiency demands and legitimacy demands. Therefore, the state could not be consistent in implementing the corporatization and internationalization of education. It was put into a dilemmatic position between its effort to facilitate a market economy in education and to maintain political legitimacy (Dale 1989; Harvey 1990; Offe 1984). Such inconsistency led to problematic implementation in which the state could not allocate its limited educational resources fairly to citizens.

Educational subsidies, which were intended to reduce public expenditure by introducing user fees for better-off students, did not work well. The state had adopted education corporatization and internationalization for the sake of economic efficiency, as both programs were expected to help the state to reduce its financial burden by treating citizens as customers or collaborators. But, for the sake of political legitimacy, the state had to allocate subsidies to all citizens regardless of their economic backgrounds. Unfortunately, the state could not allocate these sources proportionally according to the needs of each student, and instead redistributed them equally to each individual student. Consequently, the rich middle class enjoyed more public resources because most of them attended better-off schools that received better resources due to higher enrollment rates. Under neoliberal principles, the better a school performed, the more resources it would receive. This policy obligated poor students to pay more for education because the rich were concentrated in good schools, often subsidized, while the poor had to go to poor schools that lacked the capacity and resources to conduct appropriate standards of learning. The poor students thus had to spend more to meet the standards nationally required to gain a higher status of schooling.

Decentralization was a strategy for the central government to win political legitimacy and to disperse financial burdens to local regions. The proponents of the decentralization used democracy and the threat of military return into politics as a rhetoric to attract wide public support. Local concerns were not of real importance compared to their own interests. This political orientation was in line with the loan requirements of the international donors. The loan proposals were assessed based on the level of the country's national debt, and dispersing it to local governments would reduce its debt rate and improve its eligibility. This kind of financial dependence caused a shift in expenditure paradigms from expense mode to investment mode. Incoming international loans helped increase the enrollment rate, however, the nation still had to pay them back. Therefore, they increasingly charged higher user fees.

Education decentralization in Indonesia, as in Latin American countries (Cuéllar-Marchelli 2003; Kubal 2003; Rounds 1997; Tatto 1999), did not remove the domination of the central government in key aspects of education, and furthermore lacked cohesive coordination. The central government was still the dominant player in budgeting, planning, basic curricula, testing, education standards, and teacher recruitment and allocation. This attitude from the state apparatus created conflicts of expectations between local and central governments. Many local governments tended to interpret decentralization as the full authority to plan, manage, and evaluate public services within their regional jurisdiction. When they found that the central government still dominated these education domains, local governments were half-hearted to play significant roles in improving education in their areas. The central government, on the other hand, perceived that local leaders were not ready or capable to carry out these tasks. This was because the central government still had to shoulder the largest proportion of the education expenditure, around 60-70 percent (MONE 2013). Only a few local governments were rich enough to fund their own educational programs.

In several areas, political dynamics shaped how much a local government was committed to education development. Many local leaders succeeded in attracting local voters using “free” education campaigns. Even though not all of them fulfilled the political promise when they were elected to become district head, city mayor, or local representative in the parliament, some managed to make a partial accomplishment. Students in these areas would receive better learning resources and facilities compared to those in areas where the leaders had less political will to improve education. Those students who happened to reside in poor regions thus had to experience

poor education. Although the central government tried to balance this inter-governmental disparity through a special fund allocation, this effort was often undermined by political manipulation, as personal networks became established among political leaders and unhealthy practices often determined access to the fund.

At the school level, principals often did not support the expected function of the school council and committee. These independent bodies should have functioned as a medium to make democratic and collective decisions concerning school development. Many principals, however, treated them as tools to pursue their own personal interests. This low accountability allowed school principals and local political leaders to complicate the agenda of the central government in enhancing decentralization and democratization. It was a common practice that the school principal misused or was not cooperative in the implementation of the School Operational Assistance (BOS), and that local leaders did not honestly support the central government in managing this fund. Many schools that were not allowed to charge extra payment from parents because they received the BOS fund as a universal subsidy nonetheless continued to extract money from them. Meanwhile, many rich schools rejected this BOS fund because they could seek higher amounts of revenues from students' parents. Local leaders were aware of these practices; however, they often gained advantages by allowing these practices to stay, such as saving limited financial resources and pleasing their local alliances, especially with school principals. A local government could save on its budget by allowing school principals to collect money from parents.

As local leaders characterized the reform with manipulation, teacher and principal positions became negatively politicized. In order to be securely placed in a better school and area, teachers and principals had to build alliances with local political leaders. Most wanted to be in urban affluent areas and schools. Being posted to a rural area or less affluent area was viewed as a punishment for them. Therefore, good teachers and principals that had good connections to influential local leaders tended to be concentrated in urban affluent areas.

7.1.1.3 Standardization within a Weak Institution

Standardization was one dimension of the education decentralization intended to improve public accountability and economic returns. During the reform, standardization was accompanied by curriculum reform and teacher professionalization. Curriculum reform and teacher professionalization, in turn, were followed by an increasing emphasis on the importance of high stakes testing through a national examination and quality assurance.

The new curriculum emphasized practical or vocational aspects of knowledge, creativity, and critical thinking. It required teachers to develop their own subject courses. So, the capacity of local teachers and principals became crucial for this curriculum. However, the central government only provided a basic curriculum, and teachers were not competently trained enough to handle their new duties.

The teacher professionalization program that was carried out by the government seemed to be superficial because it was based on licensing that was determined by seniority rather than by one's performance and achievements. Teachers' inability to locally develop their own classroom materials according to the standards of the new curriculum brought back the importance of textbook publishers. They had to rely on published textbooks, and irresponsible bureaucrats and business interest groups utilized this situation to seek profits by monopolizing the textbook business.

Decentralization seemed to make things unnecessarily more complicated. Before the reform, teachers had been centrally controlled so that the central government had the authority to post civil servant teachers to any areas that needed them. After the reform, as teachers' management and administration were transferred to local governments, the direction of local politics was not always in accord with the national education policies.

At the beginning of the reform, with the advice of international donors, the government introduced a new teacher employment system called contract teachers in order to reduce the number of the civil servant teachers. Unfortunately, being a contract teacher was understood by people as a leading path to become a civil servant teacher, which made it very attractive to the unemployed university graduate. The government therefore instructed the local governments to limit the number of teachers hired with this new scheme. Local leaders, however, needed to hire more teachers using this scheme to gain more votes in local elections, and thus did not pay attention to the instructions given by the central government. After finishing their contracts, these contract teachers then demanded the central government appoint them as civil servant teachers. Such a demand had not been in the government scenario when it first adopted the contract teacher policy, and by accepting this request, the state had to spend more to pay the increasing number of new civil servants.

When schools in many areas suffered from teacher shortage, the central government tried to supply them with additional teachers. But local people refuted this measure because their problems

were not that they did not have enough human resources. What they needed was financial support to recruit new teachers from within their areas, especially those who had been teaching as contract teachers. This development increased the cleavage between civil servant teachers and contract teachers, and between public school teachers and private school teachers. Due to decentralization, the central government were not supposed to intervene because this problem was considered a local issue, even though they had to do so.

The government addressed the issue of quality by implementing a high stakes testing program known as National Examination/*Ujian Nasional* (UN) to determine whether a student was eligible for further education or not. This policy faced criticism and strong resistance. The central government nevertheless stayed persistent in its implementation. However, the political performance of local leaders became increasingly assessed based on the achievement of the local students in their areas, and local leaders became very concerned about their performances on the test. Because the central government overlooked the poor conditions of education resources in schools, in many cases, school conditions were so poor that they could not help students become well-prepared for the standardized testing. As a result, unprofessional practices in the examination occurred in order to save the faces of some local leaders.

7.1.2 Neoliberal Policies Create Contradictions

Neoliberal education policy seems to contain an intrinsic nature to simultaneously diversify and stratify. When it diversifies, it gives the impression that it will give everyone an equal chance to meet their needs according to their conditions. But, it stratifies as well because it uses competition to allow each individual to achieve what they need based upon a set of universalized standards. Each person is located on a hierarchical continuum relative to their ability to fulfill these discriminating standards.

Neoliberalism believes that free competition is the best way to improve educational quality and equality. Within a free competition, each entity has freedom to maximize its potential to become the best through good planning and management. As state intervention can disrupt this process, it must stay away and concern itself only with the outcome rather than the input (Gordon and Whitty 2010). The state intervenes only to facilitate the market (Friedman 1982).

However, research is quite consistent in every nation that, regardless of economic stage, neoliberal policy in education generates higher social inequality. Parental choices that accompanied education devolution in Western countries intensified the gap between the educational

opportunities of the better-off and the disadvantage students (Taylor et al. 1997). The neoliberal reforms in Latin America, Africa, and Asia allowed the rich to have more resources and knowledge to access better schools, often subsidized by the state (Apple 2001b; Arnove 1995; Arnove et al. 1996; Balarin 2008). So, social inequality is a necessary price of neoliberal policies because it recommends a minimum cost and intervention to meet the needs of many people (Carl 1994).

Under powerful pressure to adopt these neoliberal policies in education, Indonesia implemented several global neoliberal policies. After the central government transferred many educational responsibilities and authorities to local governments and bodies, they developed new standards for national education. New values were introduced into these national standards, namely the importance of individual achievement, the necessity of diversification to address distinguished needs, and the value of competition to improve quality. In order to integrate these values into Indonesia's education system, certain programs were undertaken: a universal voucher program called a BOS fund, school corporatization, and school internationalization.

Contradictions that the neoliberal reform created can be seen in how the public voucher that was intended to equalize opportunities generated further inequality and how diversification that was promoted to enhance individual freedoms became a medium for stratification and discrimination.

7.1.2.1 Public Voucher Creating Inequality

The School Operational Assistance (BOS) fund, according to the government, was to eliminate differences in educational entitlement between public and private schools. It started as a special subsidy package to keep poor children in schools when the financial crisis hit. It was then transformed into a universal subsidy when the political and economic conditions improved in 2005.

The idea was similar to the universal voucher program introduced by Milton Friedman in the 1950s in the United States, which let every family choose a school that met the minimum standards of the government (Friedman 1955; Weil 2002). While Friedman's idea was widely accepted due to the politics of desegregation, the BOS fund was well-received due to the politics of nationalist egalitarianism.

The underlying argument of its initiator was to give equal opportunities to all citizens to attend any school that they wanted to attend. It was, after all, the responsibility of the state to guarantee that all children could go to school. This fund was delivered in the form of a block grant. Local governments and schools would prepare their programs and estimate their financial needs,

and the state would provide the financial resources to carry out those programs, with a main condition that each school and local government remained accountable. The BOS fund was thus believed to become a medium to strengthen the accountability and capacity of the local governments.

Certain conditions other than the egalitarian rationale made the BOS fund attractive to people. Unlike the corporatization and internationalization programs, this universal voucher was not encountered large-scale objection. Although it benefitted the rich more than the poor, it was well-received by people and local governments, as both the rich and the poor understood that this subsidy was a good policy from the government, regardless of the further inequality it created. The poor felt very grateful because they could attend a minimum level of schooling that they could never afford without this subsidy. The rich, on the other hand, saw this universal voucher as an opportunity to further their advantages because it enabled them to increase their economic capacity to buy a better education product.

After decentralization, while people were increasingly aware of their entitlement to free basic education, many local governments could not afford to provide a minimum standard of education. This condition led to the growing importance of education provision as an element of a political campaigns at the local level. Post-reform, it became very common to find someone running for a political position, such as governor, mayor, district head, or parliament member, by including free education as a political promise. In most cases, when a person was elected to be a local leader, they would use the BOS fund to fulfill their political promises to provide citizens with a free basic education.

This universal voucher program has therefore by default widened the discrepancy of educational opportunities between the better-off and the poor. In response to this, a special voucher program was specifically provided for poor and academically capable students to close the gap. The number of such special subsidies was very limited, though, and in the end it did not make a significant difference. In addition, more stringent national high stakes testing that have been implemented since the reform have started preventing poor students from moving on to higher level education. Furthermore, as the cost of pre-school and basic education have rapidly increased, most poor children are being eliminated from schooling from a very early stage.

7.1.2.2 From Diversification to Stratification

The education decentralization that required autonomy for education institutions led to the introduction of school and college corporatization. Principles of corporate managerialism, such as self-governance, efficiency, and accountability, were emphasized. The government called this corporate model in education a new paradigm of governance. It was then translated into a new organizational model called School-Based Management (SBM), which would upgrade the school to become a corporate unit called an Education Legal Entity (BHP). This new entity was expected to replace the direct intervention of the government into education management and development at school level. Unfortunately, this corporatization program was withheld from a comprehensive implementation because Law No. 9/2009 concerning education legal entities was nullified by the Constitutional Court (MK) a year after its adoption. Its introduction, however, created a significant change in Indonesia's education system, causing it to become more differentiating and discriminating.

Prior to the corporatization of educational institutions, schools and universities were diversified. Schools were divided into different categories based on their positions in fulfillment of the minimum national standards: pre-minimum standard, minimum standard, national standard, pre-international standard, and international standard. Within each school, classroom grouping based on academic and economic ability was also created. Prices were attached to each category and group.

At the university level, a similar trend happened. Higher education institutions were categorized into dependent, semi-dependent, and independent universities. Each institution was expected to improve its capacity to become an international standard and independent university. When an institution reached the status of independent university, it received full autonomy in planning, management, and finance.

Although the government promised that it would help each institution to achieve this goal, in reality, it left each institution to do whatever they could to realize the goal, including extracting money from students. Since then, schools and universities began competing to meet the standards. They started looking for new financial resources, such as developing income generating activities, charging higher tuition fees, and opening collaborations with private sectors.

This trend led to rocketing costs for education in Indonesia. The diversification that had been claimed to provide excellent services for each social group in fact exacerbated the gap of

educational opportunities between the disadvantaged poor and the rich. It did not change the existing hierarchical structure of schools and universities; on the contrary, it escalated inequality among schools and universities because the principle of competition in neoliberalism always allocated the rewards for the best performer. Neoliberal policy put every educational entity on the same bar, assuming that competition would give each entity an equal opportunity to win. Indonesian schools and higher education institutions were asked to compete for grants, for which both the poor and the rich institutions were racing against each other.

School internationalization was the best example to represent the stratification phenomenon. The government selected a limited number of schools to be categorized as pre-international and international standard schools. These selected schools were always from the most popular schools in urban areas. Once they were selected, they were given more flexibility to finance themselves, including extracting additional money from the community. Even more, they were privileged by the state to receive multiple amounts of public expenditure to support the initiation of their development programs. Schools with lower status would then often maneuver around to achieve pre-international or international status by increasing fees. They competed to attract the best students, meaning the brightest and the richest.

7.1.3 Local Agendas against the Transfer of Neoliberal Policies

The proponents of neoliberalization suggest that neoliberalism has a universal value such that neoliberal policies are transferable between different places. They believe that the problems of the educational system in any nation of the world are institutional in nature. If people are able to put things correctly in a new organizational arrangement, they will be able to solve their educational problems. In order to make this reorganization possible in an authoritarian political system like Indonesia, democratization is a necessary measure as well as an important ideological device for social mobilization.

Indonesia's experience challenged this belief. As can be seen, the democratization that allowed the introduction of new institutions in the state system became a medium for new local actors to strengthen their political power from within the state. Previously, within the authoritarian military system, an elite group network dominated the direction of the state policies. In order for an outsider to have access to the state authority, they had to somehow affiliate themselves with the rings of this exclusive elite network. With the development of the democratization, people from different socio-economic and political backgrounds received new

opportunities to channel their demands to the state. This new environment created problems for the old capitalist class because they lost the privilege that they used to have in directing the state to facilitate their business interests.

The corporatization of Indonesia's education system was a joint project between the capitalist class, who needed to expand the educational market, and the state, which needed to solve the problem of financial constraints through market mechanisms. With schools managed independently under autonomous legal bodies, the state would not directly intervene with their internal affairs. Schools then had to depend on the market and had to be accountable to their users. They had to demonstrate that their users would receive good returns for the resources that they invested. When these schools became significantly competitive under this new management model, external assessors would come and tell them whether they were eligible for the status of an international standard school and study program.

When the government started implementing policies of corporatization and internationalization, the organizational and social consequences attracted protests in public spaces through street demonstrations and public speeches. These conventional ways of protesting public policies failed to stop the government from the implementation, though, and the state and international economic organizations continued to carry out the neoliberalization plan. Interestingly, with this development, people learned that conventional street protests would not be enough to help them reach their goals in the new democracy.

However, democratization had also put in place a new state institution called the Constitutional Court (MK), which could channel democratic demands from citizens to stop the implementation of education corporatization and internationalization. The citizens used this new legal institution to express their local agendas, representing Indonesia's historical and national interests. Apparently, the MK was a state institution that had the ability to go against the interests of the state politicians and bureaucrats. This became possible due to the strong mandate that it had from the *Reformasi* movement to establish justice, and because the first nine judges of the MK were mainly *Reformasi* activists or supporters who represented the aspirations of the Indonesian middle classes against the previous military regime. As a group of state bureaucrats who went against the existing culture of state bureaucracy, they created a space within the state for democratic demands from below.

Interestingly, even though this new institution caused problems for the state in carrying out its neoliberal agendas in two areas of policies, it also saved the state from an obligation to provide additional higher educational funding. Under the pressure of private school teachers, it amended article 33, Law No. 20/2003 concerning the constitutional obligation of the state to allocate 20 percent from its annual budget for education, which at the time excluded teacher salaries. After the amendment, the 20 percent included teacher salaries. This change reduced the state financial burden, and increased the opportunities of private schools to receive additional budgeting from the state to pay teachers' salaries.

If we look closer, however, the main beneficiaries of both of the MK's legal decisions were the established private school foundations. They were able to maintain their existing power structures by not having to restructure their organizations, and at the same time, kept their access to state public expenditure by forcing the state to include teacher salaries in the annual budget.

7.1.4 Class Relation and Class-Based Market Demand

Class relation and class-based demand can either constrain or enable the state in doing what it wants to do. Class relation represents the struggles of different groups, domestic or transnational, public or private, to control and determine how the processes of educational production should operate: Who should control it? What knowledge and skills should be produced? How should it be produced? It is about the social relations involved in knowledge production where different parties are trying to influence the process and mode of production, including the state, transnational and domestic business groups, and the local community. It is not about what the state, the private sector, and society should be responsible for in order for the reform process to proceed. It is also not a smooth transaction where each party voluntarily takes responsibilities as is often prescribed by the proponents of neoliberal reform. It is social relations that are conflictual due to the interest of various groups in controlling the production of education (Wright 1979; Wright 2009).

Class-based market demand, on the other hand, represents struggles in the consumption field brought about by the educational taste of the people: How do they like to be educated? What kind of knowledge and skills do they like to have? Taste is used as a weapon to influence the development and the outcome of the reform by enforcing certain class disposition or *habitus* to define what is legitimate and illegitimate in education (Bourdieu 1984; Bourdieu and Thompson 1991). When people believe that the education system does not produce knowledge

and skills that are legitimate according to their class taste, they will create a sub-system from within or a separate system outside to satisfy their taste. Middle classes are often identified with social groups that are highly aware of this educational taste. Even though they are not necessarily the creators of the legitimate culture and knowledge, they are the most inspired groups to maintain class position or gain social mobility through education. They view education as a tool to maintain and produce class distinctions (Bourdieu 1984). This view is reinforced by the recent trend of neoliberalism in education (Stromquist 2002), which emphasizes the increasing importance of education credentials. Thus, these groups become important players in the educational market, particularly as they have the ability to maneuver around in order to make educational changes to serve their class interests (Apple 1996; Apple 2000).

The configuration of class and power relations enabled Indonesia to introduce a dramatic reform into its education system. The education transformation it caused, however, did not necessarily positively correspond to the educational taste required by certain groups.

From the beginning of the reform, different classes and groups were competing to influence the process of the reform. International economic organizations and the central government tried to implement decentralization and democratization according to neoliberal principles, emphasizing the participation of civil society and the importance of managerialism to assure quality and accountability. They had an interest in stabilizing the country in order to secure their capital accumulation. They also had an interest in distributing authority and resources to local areas so that economic activities could be expanded. This direction coupled with the interests of the central government to reduce its financial burden in two ways. First, by supporting a neoliberal direction, it would be eligible for international loans. Second, the new local governments would generate their own local financial revenues. The central government was also politically empowered by this policy direction because its legitimacy from then would have to be built upon its commitment to decentralization and democratization.

At the same time, new local leaders welcomed this reform agenda because it would allow them to organize and manage their local affairs independently. Such political consensus resulted in the adoption of the education decentralization, leading to curriculum reform, teacher reform, and an increasing emphasis on the evaluation of educational output through high stakes testing and quality assurance.

The increasing use of high stakes testing for school entrance created a new educational environment outside the school. Private sectors developed after-school tutoring centers to accommodate the needs of students to take extra classes to prepare for and perform better on the examination. It also led to the rise of early childhood education. Such responses from the private sector not only fulfilled the educational needs of the middle class families, but also fostered the government effort to adopt educational standardization.

The state was able to adopt this series of policy strategies because the configuration of the relations among international business groups, local business groups, local leaders, and middle and lower classes was supportive. The problem occurred in the areas of school and college corporatization and internationalization. The former was prevented by the clash between local business groups with the state on one side, and between the nationalist populist groups and the state on the other side. Local business groups objected to the new corporatization proposed by the government, arguing that such an agenda would dismantle their initial organizational establishment. The nationalist groups' concern was more about the issue of educational commodification. Corporatization would allow the state to withdraw from its public responsibility by transferring the task of providing education to private actors through managerial restructuring. This would lead to an increasing marketization of education. The latter policy was complicated by the conflict between local and transnational business groups on one side and between the nationalist groups and the state on the other side. Local business groups perceived that internationalization would allow transnational educational providers to penetrate into the local market as business rivals. Interestingly, they used a nationalist tone to support their argument. These transnational providers, according to them, would destroy national education because they would bring in foreign curricula and organizational arrangements. As a result, the government had to stop its official agenda of corporatizing educational institutions and internationalizing selected schools and universities.

With respect to class-based demand, when the reform introduced educational standardization, public schools were pushed forward to improve their quality according to a set of criteria determined by the National Board for Education Standards (BNSP). However, this standardization apparently did not accommodate the educational taste and demand of certain groups of people. These people, based on their cultural and religious values, then developed their own school systems, such as the Islamic Integrated School System (Chudleigh 2011), the Al-

Azhar School System (Bryner 2011), the Pelita Harapan School (Sekolah Pelita Harapan 2012), and the Natural School (*Sekolah Alam*) (Novo 2009). Such alternative systems became exits for middle-class people who were unsatisfied with the government public school system. These people avoided the public schools for cultural and academic reasons, and believed that the private hybrid system was capable of providing their children with a local and international repertoire. Although these alternative systems undermined the existence of public education, the government welcomed them because they fitted into the spirit of democracy that had just began. Appreciating private participation was considered to be a democratic action. It also fostered the government agenda to reduce its burden of the public provision of education.

Similarly, public school internationalization was created within the public education system to satisfy a particular type of education that was valued by the middle classes. Their educational taste justified the creation of this new hierarchy in Indonesia's public education. This type of schooling also became an exit for the middle class families. So, both forms of class-based demand in education fostered the reform agenda.

Another problem occurred in relation to class-based demand when the government implemented school vocationalization. One of the rationales behind school vocationalization, other than to make a direct link between knowledge and work, was to accomplish educational diversification so that each individual could find a field of specialization that they needed. The underlying assumption was that by reversing general secondary schools to become vocational schools, access to education would be expanded because most children would voluntarily attend vocational schools. Vocational education would make it easier for them to find jobs. So, the government developed various specializations to prepare students for different types of jobs, and to accommodate the proposed partnership between the public and private sectors that would involve various industries.

It would seem, however, that the vocational education which received such wide political support from local and national governments did not correspond well to class demand, especially the cultural consumption of the middle classes. This, of course, affected the market reaction of the private sector towards the profitability of vocational education. The private sector recognized well that the interest of the middle classes in a product was enough to tell the potentiality of the program. In addition to this, a tradition of direct collaborations between the public and private had not previously existed in Indonesia's education. As the middle classes were not interested in

buying vocational education, the outcome of this program thus was unsatisfactory. No matter how hard the government tried to intervene to reverse the trend between general and vocational education, the reversal failed because the middle classes did not want to consume vocational education. For them, vocational education did not offer legitimate knowledge and skills to foster their class mobility and distinction in society.

Based on these conclusions, Indonesia's experience in adopting neoliberal policies for its educational reform is unique in at least two ways. First, it was an overreaction towards a global trend of neoliberalization during a moment of multidimensional crisis, dismantling the state's structure and capacity. Second, the integration between education and state formation was very problematic due to the way state was established. It was more about accommodating many forms of differences, rather than establishing a strong national education system built upon a strong political force. This has had and will have long-term implications for the state's effort to exercise hegemony in the education system. I am not saying that accommodating differences is detrimental for Indonesia's education, however. In fact, this unique capital can contribute to the advancement of its education.

7.2 Policy Implications

Indonesia's education reform provides three main lessons to learn: (1) educational reform is always a political process that happens under certain conditions, through which gaps between the objectives of the reform and the outcomes form; (2) overreacting to global and domestic forces in an effort to solve educational issues emerging out of a multidimensional crisis can lead to unsatisfactory outcomes, and (3) overlooking the power of the institutional history, geographic reality and cultural reality of a nation in an effort to transform an education system may not help a reform to achieve its proposed objectives.

Treating political dynamics with a naïve perspective while striving for a large-scale reform may be detrimental to the future of the reform. This does not mean that the actors of the recent reform in Indonesia were not aware of the political nature of the process. Nevertheless, admitting it as a political process is not enough. They should have translated and incorporated their appreciation of its political nature into the actual design of the reform. Policy documents for the reform were not sensitive to the fact that those who would be involved in its implementation would have different interests and objectives. It was true that some public discussions happened in its development where each party received chances to speak up with their views and concerns.

However, this disappeared when policies were being written and implemented. The reform should have been a continuous process of negotiations with different parties, where the focus was not only on the logistic and technical issues of the reform.

When the reform started, the state did not recognize that the trend of similar policies across the globe was not a guarantee that adopting that policy model would lead to its expected outcomes. It is therefore important for a state to avoid overreacting in favor of a policy alternative, even in a time of crisis. Such overreaction will dismantle the state's capacity to assess and link between the real problems faced and the policies proposed. The intention to apply a new policy paradigm should take the institutional, cultural, and geographic nature of the country into serious consideration. Neoliberal policies can turn out not to be the answer to the actual problems at all.

APPENDICES

Appendix A. Map of Indonesia with Number of Population and Ethnic Groups in Main Islands



Note: ● Ethnicity in Percentage; ★ Population of the Island in Million

Appendix B. Map of 50 Promising Higher Education Institutions for Internationalization across Islands, 2008



Note: 29 Public (58%); 38 in Java Island (76%)

Appendix C. 50 Indonesia's Promising Universities, 2008

No.	Name	Web Address	Status (29 Public/21 Private)	Island Located (38 in Java)
1	Ahmad Dahlan University	www.uad.ac.id	Private	Bandung, Java
2	Airlangga University	www.unair.ac.id	Public	Surabaya, Java
3	Atma Jaya Catholic University Jakarta	www.atmajaya.ac.id	Private	Jakarta, Java
4	Atma Jaya University Yogyakarta	www.uajy.ac.id	Private	Yogyakarta, Java
5	Bandung Polytechnic for Manufacturing	www.polman- bandung.ac.id	Public	Bandung, Java
6	Bandung State Polytechnic	www.polban.ac.id	Public	Bandung, Java
7	Bina Nusantara University	www.binus.ac.id	Private	Jakarta, Java
8	Bogor Agricultural University	www.ipb.ac.id	Public	Bandung, Java
9	Bunda Mulia University	www.bundamulia.ac.id	Private	Jakarta, Java
10	Diponegoro University	www.undip.ac.id	Public	Semarang, Java
11	Gadjah Mada University	www.ugm.ac.id	Public	Yogyakarta, Java
12	Indonesian Institute of the Arts, Jogyakarta	www.isi.ac.id	Public	Yogyakarta, Java
13	Indonesian Institute of the Arts, Denpasar	www.isi-dps.ac.id	Public	Denpasar, Bali
14	Indonesian Institute of the Arts, Surakarta	www.stsi-ska.ac.id	Public	Surakarta, Java
15	Bandung Institute of Technology	www.itb.ac.id	Public	Bandung, Java
16	Sepuluh November Institute of Technology	www.its.ac.id	Public	Surabaya, Java
17	Jakarta Institute of the Arts	www.ikj.ac.id	Public	Jakarta, Java

Appendix C. (Continued) 50 Indonesia's Promising Universities, 2008

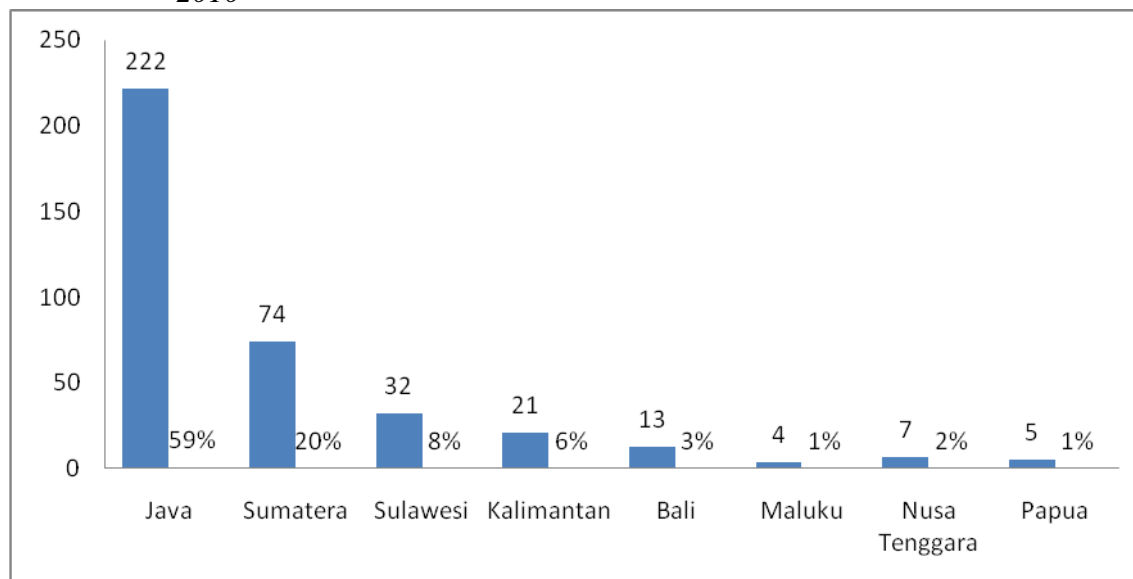
No.	Name	Web Address	Status (29 Public/21 Private)	Island Located (38 in Java)
18	Jember University	www.unej.ac.id	Public	Jember, Java
19	Jenderal Soedirman University	www.unsoed.ac.id	Public	Purwakerto, Java
20	Maranatha Christian University	www.maranatha.edu	Private	Bandung, Java
21	Merdeka University – Malang	www.unmer.ac.id	Private	Malang, Java
22	Muhammadiyah University of Malang	www.umm.ac.id	Private	Malang, Java
23	Muhammadiyah University of Surakarta	www.ums.ac.id	Private	Surakarta, Java
24	Padang State Polytechnic	www.polinpdg.ac.id	Public	Padang, Sumatra
25	Padang State University	www.unp.ac.id	Public	Padang, Sumatra
26	Padjadjaran University	www.unpad.ac.id	Public	Bandung, Java
27	Palangkaraya University	www.upr.ac.id	Public	Palangkaraya, Kalimantan
28	Pancasila University	www.univpancasila.ac.id	Private	Jakarta, Java
29	Parahyangan Catholic University	www.unpar.ac.id	Private	Bandung, Java
30	Pasundan University	www.unpas.ac.id	Private	Bandung, Java
31	Pelita Harapan University	www.uph.ac.id	Private	Jakarta, Java
32	Sanata Dharma University	www.usd.ac.id	Private	Yogyakarta, Java
33	Satya Wacana Christian University	www.uksw.edu	Private	Salatiga, Java
34	Sebelas Maret University	www.uns.ac.id	Public	Surakarta, Java
35	Soegijopranata Catholic University	www.unika.ac.id/	Private	Semarang, Java
36	Sriwijaya University	www.unsri.ac.id/	Public	Palembang, Sumatera
37	State University of Malang	www.malang.ac.id	Public	Malang, Java

Appendix C. (Continued) 50 Indonesia's Promising Universities, 2008

No.	Name	Web Address	Status (29 Public/21 Private)	Island Located (38 in Java)
38	State University of Medan	www.unimed.ac.id	Public	Medan, Sumatra
39	Supra School of Bussiness and Computer	www.supra.ac.id	Private	Jakarta, Java
40	Tadulako University	www.untad.ac.id	Public	Palu, Sulawesi
41	Telkom School of Engineering	www.stttelkom.ac.id	Private	Jakarta, Java
42	Udayana University	www.unud.ac.id	Public	Denpasar, Bali
43	University of 17 Agustus 1945	www.untag-sb.ac.id	Private	Surabaya, Java
44	University of Bengkulu	www.unib.ac.id	Public	Bengkulu, Sumatra
45	University of Indonesia	www.ui.ac.id	Public	Jakarta, Java
46	University of Mataram	www.unram.ac.id	Public	Mataram, Nusa Tenggara
47	University of Surabaya	www.ubaya.ac.id	Public	Surabaya, Java
48	Widyagama University of Malang	www.widyagama.ac .id	Private	Malang, Java
49	Windya Mandala Catholic University Surabaya	www.wima.ac.id	Private	Surabaya, Java
50	Yogyakarta State University	www.uny.ac.id	Public	Yogyakarta, Java

Source: (DGHE 2008a)

Appendix D. Graph of 378 International Standard Secondary Schools in Eight Main Islands, 2010



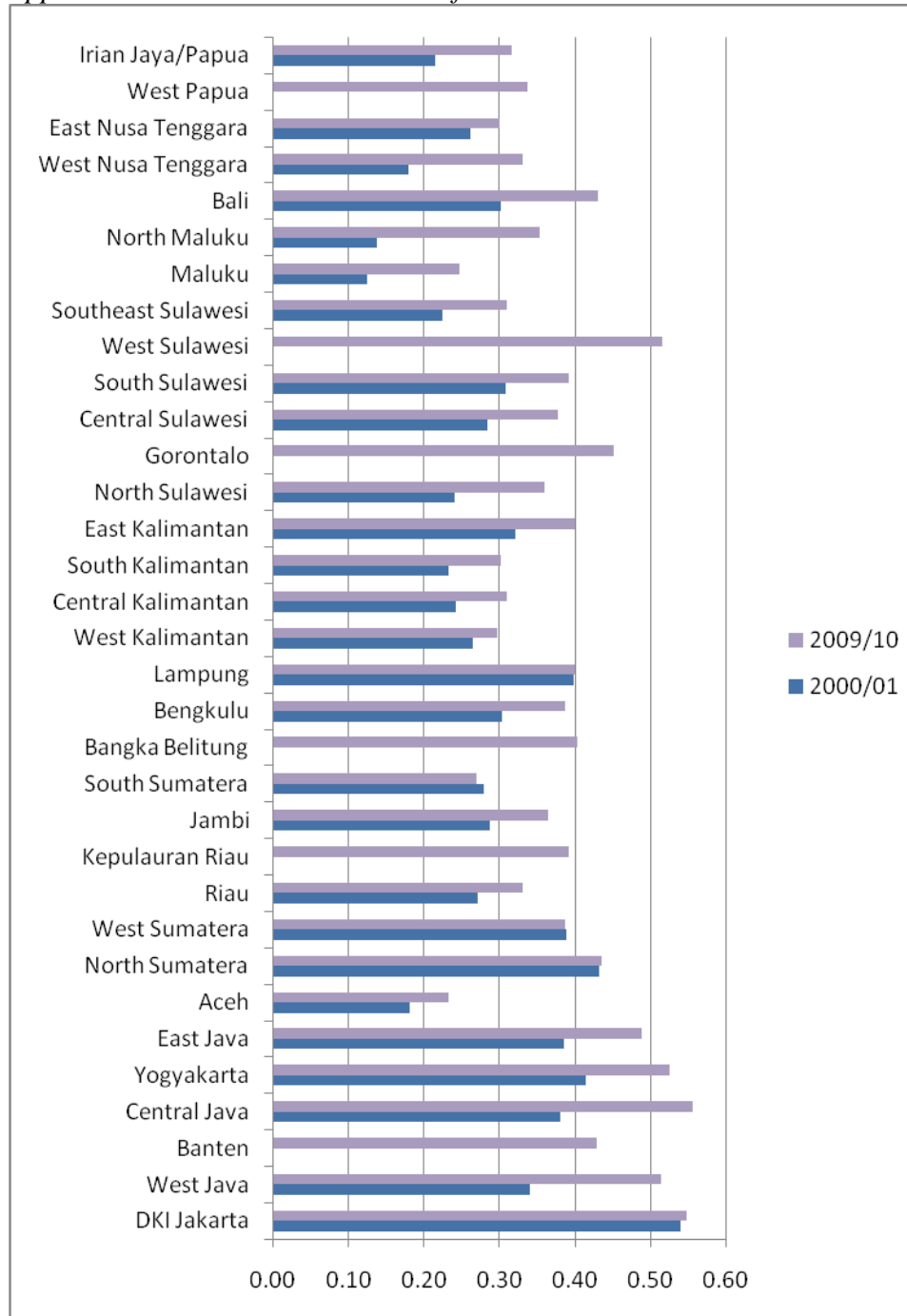
Appendix E. Development of SMKs Relative to the Percentage of SMAs in 33 Provinces from Year 2000 to 2009

No.	Provinces	2000 /01	2001 /02	2002 /03	2003 /04	2004 /05	2005/ 06	2006 /07	2007 /08	2008 /09	2009 /10
1	DKI Jakarta	0.54	0.55	0.55	0.55	0.54	0.54	0.54	0.55	0.54	0.55
2	West Java	0.34	0.33	0.38	0.39	0.41	0.44	0.44	0.44	0.47	0.51
3	Banten		0.34	0.33	0.42	0.38	0.37	0.38	0.37	0.42	0.43
4	Central Java	0.38	0.43	0.45	0.45	0.47	0.50	0.50	0.51	0.53	0.56
5	Yogyakarta	0.41	0.43	0.43	0.43	0.47	0.48	0.49	0.50	0.52	0.53
6	East Java	0.38	0.42	0.43	0.43	0.44	0.45	0.45	0.46	0.46	0.49
7	Aceh	0.18	0.18	0.18	0.19	0.19	0.21	0.20	0.21	0.22	0.23
8	North Sumatera	0.43	0.43	0.44	0.44	0.43	0.42	0.41	0.40	0.43	0.44
9	West Sumatera	0.39	0.40	0.40	0.41	0.42	0.40	0.41	0.40	0.39	0.39
10	Riau	0.27	0.27	0.28	0.29	0.25	0.24	0.26	0.31	0.35	0.33
11	Kepulauan Riau					0.41	0.33	0.35	0.34	0.35	0.39
12	Jambi	0.29	0.29	0.28	0.28	0.30	0.30	0.31	0.30	0.34	0.36
13	South Sumatera	0.28	0.26	0.24	0.21	0.23	0.23	0.23	0.23	0.25	0.27

Appendix E. (Continued) Development of SMKs Relative to the Percentage of SMAs in 33 Provinces from Year 2000 to 2009

No.	Provinces	2000 /01	2001 /02	2002 /03	2003 /04	2004 /05	2005 /06	2006/ 07	2007/ 08	2008/ 09	2009/ 10
14	Bangka Belitung		0.39	0.39	0.41	0.39	0.38	0.40	0.39	0.40	0.40
15	Bengkulu	0.30	0.29	0.28	0.28	0.30	0.33	0.35	0.37	0.36	0.39
16	Lampung	0.40	0.39	0.38	0.38	0.40	0.39	0.41	0.40	0.40	0.40
17	West Kalimantan	0.27	0.27	0.30	0.30	0.31	0.29	0.29	0.31	0.30	0.30
18	Central Kalimantan	0.24	0.25	0.23	0.22	0.23	0.23	0.26	0.26	0.28	0.31
19	South Kalimantan	0.23	0.25	0.27	0.26	0.28	0.29	0.28	0.29	0.31	0.30
20	East Kalimantan	0.32	0.35	0.34	0.34	0.36	0.36	0.36	0.36	0.38	0.40
21	North Sulawesi	0.24	0.24	0.26	0.26	0.26	0.26	0.27	0.29	0.34	0.36
22	Gorontalo		0.29	0.25	0.29	0.31	0.39	0.40	0.36	0.40	0.45
23	Central Sulawesi	0.28	0.25	0.26	0.28	0.31	0.31	0.30	0.32	0.36	0.38
24	South Sulawesi	0.31	0.30	0.34	0.33	0.34	0.34	0.35	0.36	0.38	0.39
25	West Sulawesi					0.40	0.44	0.43	0.44	0.51	0.52
26	Southeast Sulawesi	0.23	0.22	0.22	0.22	0.20	0.19	0.20	0.24	0.29	0.31
27	Maluku	0.13	0.16	0.18	0.18	0.22	0.23	0.20	0.21	0.23	0.25
28	North Maluku	0.14	0.13	0.14	0.13	0.21	0.21	0.20	0.26	0.34	0.35
29	Bali	0.30	0.30	0.32	0.32	0.35	0.36	0.37	0.39	0.42	0.43
30	West Nusa Tenggara	0.18	0.18	0.17	0.21	0.25	0.24	0.24	0.26	0.31	0.33
31	East Nusa Tenggara	0.26	0.26	0.28	0.28	0.29	0.28	0.27	0.27	0.29	0.30
32	West Papua						0.27	0.28	0.30	0.33	0.34
33	Irian Jaya/Papua	0.22	0.23	0.24	0.23	0.27	0.28	0.28	0.30	0.31	0.32

Appendix F: Pictorial Distribution of SMKs in 33 Provinces in 2000/01 and 2009/10



Notes

¹ "... Both of these (red. democratization and centralization) should be run simultaneously, and that is the new paradigm, which replaces the old centralistic paradigm ... With the decentralization of education and the empowerment of community, the education funding becomes a joint responsibility between the central government, local government and community" (article 46, paragraph 1) (Arifin 2003:1-4). Legal articles refer to Law No. 20/2003 concerning the national education system of Indonesia. Arifin (2003) provides a short and concise description of this Law, as he was one of the heads of the Golkar Faction in the task force for the preparation and composition of this Law in DPR. This Law contains all neoliberal policies that the government of Indonesia has been undertaking after the financial crisis of 1997/1998.

² A document (DPR RI 2003:XVI) recording the processes of the preparation of the Law No. 20/2003 mentions, "Another new paradigm as outlined in the Law No. 20/2003 is the concept of equality between education units held by the government and those held by the community. The term public education versus private education unit is no longer applicable; all are entitled to the funds from the state in an integrated system."

³ By converting public education into independent legal entities or corporate education entities, each school will operate under the responsibility of that entity. The government will not intervene, but they will stay as external supervisor or facilitator, and will still provide public funds. The nature of this provision, however, will become an investment rather than just a public expense. Also, the schools have to go through a competitive mechanism to receive this type of government fund. Due to this quasi-privatization, it is called a quasi-market system.

⁴ Middle class is defined as "the new middle consists of people with about a third of their income left for discretionary spending after providing basic food and shelter. They are neither rich, inheriting enough to escape the struggle for existence, nor poor, living from hand to mouth, or season to season" (p. 1). They have diverse backgrounds, professions, and income (The Economist 2009). This class described by David Riesman, an American sociologist, as different groups of people who have minds working like "radar" (Riesman et al. 2001:24), "taking in signals from near and far, not like a gyroscope, pivoting on a point" (The Economist 2009).

⁵ "As the concept of decentralization evolved over the past half century, it has taken on increasingly more diverse and varied meanings, objectives, and forms. The first wave of post-World War II thinking on decentralization, in the 1970s and 1980s, focused on deconcentrating hierarchical government structures and bureaucracies. The second wave of decentralization, beginning in the mid-1980s, broadened the concept to include political power sharing, democratization, and market liberalization, expanding the scope for private sector decision making. During the 1990s decentralization was seen as a way of opening governance to wider public participation through organizations of civil society" (Cheema and Rondinelli 2007a:2-3).

⁶ This approach was developed by John W. Meyer and colleagues at Stanford University (Meyer et al. 1997).

⁷ Apple explains, "Conservatism by its very name announces one interpretation of agenda. It conserves." However, "conservatism has in fact meant different things at different times and places. At times, it involves defensive actions; at other times, it involves taking initiative against the status quo. Today we are witnessing both" (Apple 1996:27).

⁸ This might not be relevant to most developing countries.

⁹ Decentralization in Colombia and in many newly independent counties of the ex-Soviet Union nations was driven by the need of the government to restore power and to control chaos. In Spain, it was to solve regional problems due to the emergence of separatist movements. In Brazil, it was to promote local autonomy for education participation. In Mexico, it was to pay teachers on time. In Zimbabwe, it was due to the socialist spirit. In Argentina, it was to distribute fiscal burden. In Chile, it was a belief in laissez-faire ideology. In India, it was to foster democracy. And in Venezuela, it was to support development.

¹⁰ In New Zealand, the reform has eliminated all intermediate levels of decision making between central government and schools. In England, even though it was not as dramatic as in New Zealand, the grant-maintained schools have bypassed the intermediate level influence of local education authorities. In Sweden, unlike in the United States where decision-making power is concentrated at district level, power is divided evenly between the school and the

district. In terms of the political complexion of the reform, devolution, institutional autonomy and school choice were often associated with a conservative agenda for education, arguing that social affairs were best organized according to the general principle of consumer sovereignty. But, there were some cases where state educational issues led to reform, especially in Australia and the United States (Whitty and Power 2003:306).

¹¹ Reinventing Government for the Twenty-First Century is a work that reflects the ideas advocated in this series of global forums on reinventing government in which Vicente Fox, President of the Republic of Mexico, gave an interesting foreword, "In a democracy, we should design and improve the strategies that will enable us to advance toward a government that will respond to citizens' needs and ensure better communication with them. We should rid ourselves of old paradigms - closed ideologies and false dilemmas that ask us to choose between the market and the state. Experience clearly tells us that we need broader internal and external markets and a better state. We need a global development strategy that will join competence and efficiency with equality. In a democracy, governing also calls for honesty and accountability, the efficient use of resources, ongoing professionalization and training, intelligent and responsible deregulation, the use of new technologies that benefit citizens, and total commitment to quality in public sector activities. *A democratic government should foster the decentralization of power and advocate the participation of both the private sector and civil society in government projects and processes*" (Rondinelli and Cheema 2003:x).

¹² In order to be an effective state, two strategies should be taken: (a) "matching the state's role to its capability ... Where state capability is weak, how the state intervenes - and where - should be carefully assessed," and (b) "raising state capability by reinvigorating public institutions" by designing "effective rules and restraints," checking "arbitrary state actions," combating "entrenched corruption," subjecting "state institutions to greater competition," increasing "efficiency," increasing the "performance of state institutions," improving "pay and incentives," "making the state more responsive to people's needs, and bringing government closer to the people *through broader participation and decentralization*" (World Bank 1997a:3).

¹³ In a report, the World Bank (2008) emphasized, "In recent years, developing countries have decentralized functions and responsibilities to lower levels of government at an increasing pace. The main reasons for such reforms are often political, but governments also adopt them as a way to improve service delivery and local governance. Typically, after the political decision is made, a country will turn to its development partners including the World Bank-for support in implementing the new policies and achieving their development objectives ... Governments have not usually asked the World Bank to help with their decisions about whether to decentralize, nor has the Bank typically advocated decentralization, except in *particular sectors*. Usually-in 12 of the 20 case study countries-governments have decentralized for political reasons and only subsequently asked the Bank to help implement the process, make it more rational, and improve service delivery and accountability" (pp. viii-ix).

¹⁴ "The government aims to promote greater transparency in policy making and competition to support an ongoing restructuring of the economy that is necessary to promote growth. To this end, the government intends to speed up its structural reform program through further trade and investment reform, and deregulation and privatization" ... "Steps will also be taken to promote domestic competition. These measures will aim to increase efficiency, thereby improving the supply of products to consumers. In parallel, with its efforts to increase private sector efficiency and competitiveness, the government will undertake a public sector expenditure and investment review in order to promote more efficient use of government resources." For education, under the social safety net program, "Measures necessary to achieve fiscal targets will protect expenditures on health and education" ... "In particular, budgetary allocations for social spending will be increased, so as to ensure that all Indonesians receive at least nine years of education and better basic medical services" (IMF 1997).

¹⁵ In 1970, for example, the World Bank gave a loan of US\$4.6 million for a program called First Education Project for Indonesia to be paid back in 50 years, from December 1980 to June 2020, with a service charge of 3/4 percent per annum (World Bank 1970). Three similar loans were given after that: US\$6.3 million in 1972, US\$13.5 in 1973, and US\$37 million in 1976 (World Bank 1972; World Bank 1973; World Bank 1976). Beside these general loans for education, there were several loan programs that had specific uses: three loans for non-formal education projects for US\$15 million in 1977, US\$43 million in 1983, and US\$69.5 million in 1991, respectively (World Bank 1977b; World Bank 1983a; World Bank 1991); a loan for a Teacher Training Project (World Bank 1977a); a loan for a

Polytechnic Project (World Bank 1978); a loan for a University Development Program (World Bank 1980); a loan for agricultural education (World Bank 1983b); a loan for the Higher Education Development Project with a value of US\$140.3 million in 1988 (World Bank 1988); and a loan for the Quality of Undergraduate Education Project with a value of US\$71.2 million in 1997 (World Bank 1997b).

¹⁶ M. Ryaas Rasyid earned his doctoral degree in political science from the University of Hawai'i at Mānoa, USA.

¹⁷ M. Ryaas Rasyid (2002) stated, "In August 2000, after being removed from the Ministry of Regional Autonomy (the ministry was integrated into the Ministry of Home Affairs) to become minister of the administrative and bureaucratic reform, I reminded President Wahid and then Minister of Home Affairs Suryadi to pay attention to the need to provide guidelines for the implementation of decentralization policy. I informed them that more than one hundred presidential decrees are to be promulgated and it was the job of then Minister Suryadi to coordinate other ministers and central agencies to work on this purpose. However, there was no positive response from both of them. In fact, it was President Wahid himself who one time in December 2000 asked me to draft a presidential decree for the delay of the implementation that had been planned to be fully effective in January 2001. I refused to follow the order by reminding the president that half of the policy had been implemented since January 2000. What we were going to implement in January 2001 were fiscal decentralization, reallocation of civil servants, and the redistribution of assets. These three aspects were included in the Letter of Intent with IMF, and I believed that once we tried to slow down the implementation would instantly create suspicion from local and provincial government. After a short discussion, President Wahid backed off and hesitantly said that the implementation should be carefully managed. Later on, I realized that the president's idea was coming from some ministers, including Minister Suryadi, who considered the policy as a threat to their own departmental interests. One of the evidences can be seen through the enactment of a presidential decree in January 2001, initiated by Minister Suryadi, which determines the delay of decentralization in the field of land administration. The delay was valid for two years" (p. 7).

¹⁸ "The Project is estimated to cost the equivalent of \$113.5 million, including taxes and duties equivalent to \$0.55 million. The total cost includes physical and price contingencies, and interest and other charges during implementation. A loan of \$84.2 million from the ordinary capital resources of ADB will be provided. The loan will have a 25-year term, including a grace period of 5 years, an interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, a commitment charge of 0.15% per year on any undisbursed amount of the loan, and such other terms and conditions set forth in the draft project loan agreement. The Project is classified by the Government as a national project. The central government will provide the loan proceeds as grants directly to participating communities. In accordance with the Government Regulation on Financial Management and Responsibility in the Implementation of De-concentration and Co-administration (PP No. 7/2008), the Project will be financed through the central government budget" (ADB 2009:2).

¹⁹ "The borrower was generally able to comply with loan covenants, except for one requiring DGHE to encourage project public universities to increase tuition fees¹⁰ at a rate greater than the change in the consumer price index. Tuition fees are not determined solely by DGHE or individual universities. The local governments are also involved and take into account their localities' socioeconomic conditions. Thus, the revision procedures took time, and the covenant could not be implemented even prior to the 1997 Asian financial crisis. Once the crisis broke out, ADB agreed to DGHE's request for no increase in tuition fees, and emphasized that other forms of cost recovery (such as income generation from extension programs, research grants, and renting out of facilities) should be encouraged instead. Cost recovery through increased tuition fees is not really an issue in Indonesia's higher education for the following reasons: (i) some project universities (for example, ITS and University of Jenderal Soedirman [UNSOED]) were able to increase tuition fees by about 60% after project completion; (ii) both public and private universities normally increase their tuition fees almost every year for new students, without regularly reporting to DGHE; (iii) under DGHE's autonomy plan,¹¹ public universities will gradually become autonomous and be able to generate more income from various sources on their own (about half of their annual recurrent budget); and (iv) since students in private universities pay full user fees and account for 72% of the total undergraduate enrollment in the universities under MONE ... the overall cost recovery for the higher education subsector in Indonesia is much higher than the average of the Organization for Economic Cooperation and Development countries (79% versus 30%)" (ADB 2009:6).

²⁰ “Competitive funding schemes for higher education have been tested in previous Bank- supported projects in all regions. Completion reports from these projects indicate that such a funding innovation is an effective way to change organizational culture, promote innovation and improve efficiency. This project supports further strengthening and scaling up of competitive funding in Indonesia and seeks also to conduct an evaluation of various funding mechanisms to determine more precisely the cost effectiveness of various funding options ... Several industrial countries have introduced performance-based funding schemes for higher education. These mechanisms link public budget allocations to measurable performance criteria. This approach requires HEIs to be more accountable for their results, and can be a promising way to improve the efficiency and quality of routine expenditures. This project tests performance-based funding for public HEIs in the Indonesian context” (ADB 2009:7-8).

²¹ This Capacity Development Plan (CDP) program for the education sector was to “enable local governments to better allocate human and financial resources to improve capacity in governing the education sector. CDPs also provide valuable information to external partners (i.e. donors, central and provincial governments) to improve the quality of budget support provided to local governments” (ADB 2009:2).

²² The World Bank (World Bank 2010c) described this program as follows, “The objective of the Project is to improve access to quality education in Indonesia for all children of ages 7 to 15 by improving strengthening school-based management and community existing fiduciary arrangements for greater transparency and accountability of the BOS program and, consequently bringing about better utilization of BOS funds” (p. 3).

²³ Fasli Jalal had been working closely with the World Bank and other international agencies through a variety of bureaucratic positions, beginning when he was the Bureau Chief of Public Health and Nutrition (1991-1993 & 2000) at the National Development Planning Agency (Bappenas), followed by Director General of Non-School Education and Youth (2000-2001), Director General of Higher Education (2005-2010), and Vice Minister of National Education (2010-2011).

²⁴ A hearing document from the House stated, “The dialogue on the bill of national education system between Commission IV of the People’s Representative Council (DPR) with the government commenced on February 27, 2003 and lasted on May 19, 2003. The bill initially as of May 27, 2002 as the proposed initiative of the DPR was not intensively covered by the media, although it was socialized and publicly reviewed in July 2002 in five major cities. The mass media seemed less interested in the bill, although a press conference was conducted ... Public attention had suddenly appeared in February 2003 and peaked in March 2003 when many delegates came to the People’s Representative Council (DPR), and especially when a demonstration led by a group calling itself Community Concerned with the National Education (MPPN) happened. It turned out that the bill that moved the public’s attention was not a version of the National Education Bill proposed by the People’s Representative Council on May 27, 2002, but the government version (February 20, 2003 and February 28, 2003) which was a response to the draft of Law on National Education System proposed by DPR” (DPR RI 2003c:xii-xiii).

²⁵ “There are some new paradigms that have been drawn in this bill, like the democratization of education by extending the role of the community in providing education, commitment to quality education, democracy, justice, national perspective, empathy to the weak, acculturation and empowerment of the learners, competency-based curriculum, national education standards, adequate funding by management based on the principle of establishing a balance between faith, piety and noble character with intelligence, science and technology, arts and equality between the educational unit organized by the government and of that organized by the community ... Other new paradigm as outlined in bill is the concept of equality between the educational unit organized by the government and the educational unit organized by the community. No education unit is called with the term ‘private’ and another with the term ‘public’; all have the right to receive funding from the state in an integrated system. Similarly, educational unit administered by the Ministry of Education and those administered by the Ministry of Religious Affairs with particular characteristics are equivalent” (DPR RI 2003c:xii, xvii).

²⁶ They are governmental regulation no. 19/2005 concerning the national standard of education, ministerial regulation no. 23/2006 concerning the competency of the education output, governmental regulation no. 48/2008 about education financing, ministerial regulation no. 63/2009 concerning quality assurance, and ministerial regulation no. 78/2009 concerning the commission of international education for basic and middle schools. All of these policies were produced in line with the demands of decentralization stipulated in Law no. 32/2004 (amended in

2008), replacing Law no. 22/1999, which was considered to have gone far away from the national objective of decentralization concerning local governance, and governmental regulation no. 38/2007 concerning the distribution of governmental affairs between central, provincial, and district/municipal government.

²⁷ (1) There was no “clear and efficient definition and assignment of roles and responsibilities.” Although the law has specified sectors that were transferred to district governments, “the new institutional arrangements under decentralization remain unfinished, ambiguous, and controversial”; (2) There was no “alignment of responsibility and authority,” even in Law no. 20/2003 on education; (3) Provincial governments do not have enough authority relative to districts and schools; (4) Most districts do not have the effective management systems and skills to implement the reform; (5) Community, parent, and private sectors do not have enough opportunities to participate in the reform; (6) There were no clear mechanisms for organizational and individual accountability; (7) There was no high quality information about quality; (8) There was no effective technical support and guidance because most instructions and guidelines were aimed at control rather than support; (9) Equitable educational access, opportunities, and quality did not improve. Large variations across districts and schools in indicators of quality remained, if they did not deteriorate; (10) Resource allocation varied across districts and schools; (11) There was no resistance towards decentralization at district and school levels because local people had their own interests. Some resistance existed only at the national level, especially in teacher management; (12) Although there was no problem in project design supporting decentralization objectives, there were problems in implementation; (13) Institutional and political arrangements were unpredictable because policy and implementation often contradicted each other; and (14) a “form and process of resolving disputes or contested roles and responsibilities did not exist” (King 2004:7).

²⁸ 1) Addition of study time at school, (2) Addition of time studying in tutoring (Bimbel), (3) Addition of private tutoring (home tutoring), (4) Student worksheets for math, science, social studies, religion, and Bahasa Indonesia, (5) Photocopying drill items for math, science, social studies, religion, and Bahasa Indonesia, (6) Books for tryout test, (7) Books for TAU exercise, (8) Photocopying of the exercise tests, (9) Photocopying of the TAU exercise, (10) Committee fees of the school superintendent, (11) Fee for the regulatory cross-meeting of the school superintendent, (12) Snack for supervisors, (13) Consumption of supervisors, (14) Souvenir for supervisors, (15) Graduation, (16) Tourism studies, (17) Outbound, (18) Validation of the student's name, (19) Student's photograph, (20) Fee for the writing of name and grade in graduation certificate, (21) Fee for legalizing student graduation certificate, (22) Fee for student certificate postage, (23) Fee for the cover of student graduation certificate, (24) Fee for buying a book of memories, (25) Fee for souvenir to keep memories between student and the classroom teacher, (26) Fee for souvenir to keep memories between student and school teachers, (27) Fee for souvenir to keep memories of the school, and (28) Cost of transportation for supervisors/officers of the Department of Education who are invited to the school farewell (Darmaningtyas et al. 2009).

²⁹ Minimum Standard Service School: (1) It has lower average scores than the average on the national examination of the national standard schools (SSN); (2) It is included in schools belonging to the category “fairly or less” in the regency/city concerned, meaning it has sufficient characteristics or less for the eight national education standards (competency, content, processes, facility and infrastructure, educator and educational standards, management, financing, and evaluation) or is below the good and very good status. This is verified by the school performance assessment conducted by the regency/city office of education; (3) It is not a school supported by a foundation that has strong funding both from inside and outside the country; and (4) It is not a school with an accreditation score below A (MONE 2006c; MONE 2010f).

³⁰ A National Standard School (SSN) is a school that has or nearly has met the national standards of education (SNP), namely the standards of competency, content, processes, facility and infrastructure, educators and education, management, financing, and evaluation. **Characteristics:** (1) Having a complete document of the education unit level curriculum (KTSP); (2) Having complete learning devices, from syllabi to lesson plans; (3) Applying a contextual learning method for classes for all subjects; (4) The minimum average of scores gain from year 1 to year 3 for all subjects is 0.6; (4) The minimum average achievement for competency mastery is seventy-five percent; (5) Minimally seventy-five percent of teachers hold bachelor degrees in the third year; (6) At least fifty percent of teachers are certified; (7) The ratio of the number of classes and study groups is 1:1 (no double shifts); (8) The number of students for one study group is thirty-five students maximum; (9) Teaching time is between 18 to 20 hours per week; (10) The number of laboratories is one each for natural science, language, computer and skills; (11)

Having a phone line and internet access in the computer laboratory and teacher and principal's office; (12) Having an office for the principal, teachers, counseling and supervision, and administration, and a decent toilet; (13) Having a library and reading room; (14) Consistently implementing aspects of school-based management (autonomy/independence, openness, collaboration, accountability, and sustainability); (15) Having learning media for all subjects; (16) Having carried out a comprehensive assessment system; and (17) Having a minimum funding standard of Rp. 100,000 per month per student (MONE 2006c; President of RI 2005).

³¹ An International Standard School (SBI) is a school/*madrasah* education that has met national standards, and is enriched by reference to the standard of education of one of the members of the Organization for Economic Development (OECD) and/or countries that have certain advantages in the field of education such that it has a competitive edge in the international forum. **Characteristics:** (1) Developed based on the needs and initiatives of school/community; (2) The curriculum should be meet international standards, and be cutting-edge and advanced according to the development of global science and technology; (3) School based-management is implemented with good governance; (4) Dynamic learning processes are applied with an information and communication technology (ICT) base; (5) The principles of transformational/visionary leadership are applied; and (6) Professional and competitive human resources supported by a comprehensive, relevant, cutting-edge, sophisticated and international level infrastructure (MONE 2010e; President of RI 2010).

³² "Early childhood education is a development effort aims at children from birth to age six, conducted through the provision of educational stimulus to promote the growth, and physical and mental readiness of the child to enter further education" (Law No. 20/2003 concerning the National Education System, Item 1, Point 14).

³³ "Expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children" is goal 1 of the Dakar Framework for Action, approved in Dakar, Senegal, in 2000. The Jomtien Declaration, written in 1990, states that "Learning begins at birth" ... "Both declarations recognize that stimulation of physical, psycho-social, emotional, cognitive and linguistic development throughout a child's first six years of life is crucial if the child is to reach its fullest potential" (UNESCO 2004).

³⁴ MindChamps preschool, a Singaporean based preschool; Apple Tree preschool, a private preschool based in Virginia, USA; Town Kids for preschool, a private provider based in Australia with branches in nine countries; and KLC School of Education, a private provider from Singapore.

³⁵ "We need to educate both parents and nannies that their roles, being closest to the children, are just as important as the school. Behaviors of both parents and nannies have an enormous influence on children since they are very good at imitating what they see. Educating nannies to have such awareness, therefore, can help child development" (Sungkar 2010).

³⁶ Gatot Hari Priowirjanto (2002), the Director of the Vocational School Department at MONE, wrote: "Facing economic recovery, secondary vocational schools (SMK) participated in development. As part of the national economic system, SMKs should work closely with industries in order to produce a technology literate workforce, flexible to changes, and multi-skilled. Several challenges for the secondary vocational school system need further thought and real actions, including improving key life skills or competency. SMKs should continue to improve basic skills, mastery of basic science, communication skills, problem-solving skills, work ethic and attitudes, and adaptation to technology at the appropriate level" (Priohariwirjanto and Sutrisno 2002:17).

³⁷ The medium term plan for 2004-2009 says, "Some of the strategic policies drawn up in order to expand equity and access to education are as follows: ... (g) Expanding access to vocational education in accordance with local needs and advantages. Secondary vocational school expansion carried out through the addition of vocational education programs is more responsive to the demands of a growing job market. In addition, additional efforts are made in general secondary schools to increase vocational education for students who want to work after graduation" (MONE 2005a:20). This plan was reemphasized in the medium term plan for 2010-2014: "Objectives and targets to be achieved through the development of education in 2010-2014 are as follows: ... (3) The achievement of wide and equal access to secondary education with an emphasis on quality, gender equality, and relevance to community needs at provincial, district, and city level using the following indicators: ... (b) The ratio of secondary school students between general schools and vocational schools is 33:67" (MONE 2009a:17).

³⁸ “With all the potential and challenges described here, Indonesia needs to accelerate the economic transformation in order to realize the welfare of the whole community earlier. This is the embodiment that will be pursued through acceleration and expansion of Indonesia’s economic development. That requires a change of mindset that is based on the spirit of *“Not Business As Usual”*. The most fundamental change of mindset is the understanding that economic development requires a joint collaboration between the central government, local governments, state enterprises, and private enterprises within the spirit of Incorporated Indonesia. It should be also understood that the ability of the government through the national and local public expenditure in financing the development is very limited. On the other hand, it should be understood that the more advanced a country’s economy, the less the proportion of government budgets in economic development is. *The dynamics of a country’s economy will ultimately depend on the business which includes national and local enterprises and private enterprises both domestic and international*” (President of RI 2011).

³⁹ Joko Widodo managed to win as the governor of Jakarta after the second round of elections in September 2012.

⁴⁰ The central government had signed an MoU with the provincial and regency/municipality on sharing RSBI program funding over four years in 2007. In the memorandum, the central government was obliged to provide funds amounting to Rp 400 million per year. However, he said, because of Government Regulation No. 38/2007 on the division of governmental affairs between the central, provincial, and regency/city government, the next pre-international standard school (RSBI) administration would be handled by the provincial education office. Based on this policy, the Minister of Education eventually reduced the sharing of the fund from originally Rp 400 million to Rp 300 million per year. According to him, fund sharing would continue to be reduced each year. *I hope that in the fifth year the government will no longer pour out funds because pre-international standard schools (RSBI) will have become independent.* They will have officially become international schools (SBI), not pre-international standard schools anymore. In (Radar Lampung 2009)

⁴¹ Fasli Jalal stated, “So far, only three public universities have entered the world ranking: Gadjah Mada University (UGM), Bandung Institute of Technology (ITB), and the University of Indonesia (UI). Other state universities that were listed in the 500 top universities in the world: the Bogor Agricultural University (IPB), University of Airlangga (Unair) Surabaya, Diponegoro University (Undip) Semarang, and Brawijaya University (Unibraw) Malang. In addition to the seven state universities, ten other state universities were targeted to go international. Among others, Padjadjaran University (Unpad) Bandung, Hasanuddin University (Unhas), and several other colleges. Some programs were funded by the Ministry of Education, such as exchange of lecturers with international universities, international meetings, exchange of students, and others” (Republika 2009b).

⁴² “Q: How does UI view the invitation to this conference and this cooperation of internationalization?

A. All right. The University of Indonesia is very welcoming because currently many universities around the world, ranging from the Americas, Europe and even Asia, have the same consciousness that they are currently facing global competition.

Q. Is the demand for internationalization strong for the University of Indonesia?

A. Yes, very strong. Due to the awareness of this, universities of the world must play a central role as a driver for the economic and social development of each country, including the University of Indonesia. In this context, higher education requires talented people, from students to professors and researchers. Through them human resources expected by universities can penetrate the global market competition. Presumably, this was the first reason to internationalize UI because the expectation of the next five years in the UI Strategic Plan is to position ourselves as part of a group of World Class Research Universities” (Kompas 2010p).

⁴³ He explains, “Through this conference, European countries, particularly Britain, are trying to map out the potential of Indonesia. Now, it is Indonesia’s readiness that is required in dealing with the implementation of international collaboration in higher education, optimally. By setting up various themes, they are actually shopping for a lot of information about us and other developing countries, meaning that they are doing the mapping. For ourselves, we should be able to seize opportunities by preparing strategies. In terms of human resources, we have many professors who are good enough to compete with any party; we also have student achievements everywhere at international

level. Similarly, with respect to natural resources, we have many volcanoes and varied tropical climate-related data that they do not have. *Just be careful not to rise in losses because so far a lot of our natural resources have been processed by outsiders, while our human resources have been made by them as a market*” (Kompas 2010j).

⁴⁴ After attending a session at East Asia Inward Mission at the University College London (UCL), London, he stated, “Indeed, the concept of internationalization of higher education or higher education (HE) tended to deflate the developing countries. However, this is a positive trend and should be used. We, especially the government, should be able to respond to the spirit of open collaboration. The problem is of limited capital (money), if used according to priorities, I believe it will do” (Kompas 2010g).

⁴⁵ Trisakti proudly announced, “To date, this program has produced about 90 graduates. The majority of the graduates continue their studies in the MBA program in Australia or other countries. Moreover, the graduates are now working at companies—which are both multinational companies in Indonesia and abroad. BBA (Hons) is an international title given to students who have international qualifications. All students of this program will take courses that are part of the educational curriculum that is run at Edith Cowan University” (Trisakti University 2010).

⁴⁶ Regarding the double degree program, BINUS University wrote on its site, “BINUS provides a wide range of education services. International students may study our short courses such as art and culture, Bahasa Indonesia, or tourism, as well as our undergraduate and graduate programs. BINUS also gives assistance or services in order to ease international students to finish their study in Indonesia” (BINUS 2012).

⁴⁷ Isfandiary Djafaar, Director of the International Special Class Program in the Faculty of Economics, University of Indonesia (UI), explained, “*We want students to be like going to a restaurant that has a lot of menus to choose from.* Offers of cooperation from various campuses abroad are flowing. However, UI is very selective, only seeks to work with a campus that has excellent accreditation, and is on the top rank in the country of origin. We seek equal partners, both in academic quality and reputation. Founded in 2001, the international class demand in UI continues to climb. When opened, only 37 students were enrolled. However, in 2010, the number rose to 120 people. The international class pre-registration fee is Rp. 30 million, and the tuition fee is Rp. 28 million per semester. While the cost of tuition in the Netherlands is around Rp. 111 million per year, the tuition fee in Australia is higher, more than Rp. 200 million per year. Only, at the University of Queensland, Australia, there is a quota for free first-year tuition for outstanding students. While at the University of Groningen, in the first year students do not have to pay tuition. One attraction of this program is the international finance and business management program. This ‘marriage’ of a range of disciplines in the field of economics is not found in the regular program. There are two entrances to the international class, namely through the UI’s selection and an invitation system to secondary school students. Through both doors, there is a requirement of a minimum of 500 TOEFL score, because lectures are in English. Only teachers who are fluent in English are allowed to teach in the double degree programs. Preference is given to faculties graduated from abroad, because they know what sort of system of teaching is expected abroad” (Tempo 2011b).

⁴⁸ The university website explained the requirements for incoming students who wanted to enter this government-sponsored international program: “International class for the interest and ability search path (PMDK) program is reserved for secondary school students who are at the time of registration are sitting in grade 12, and have academic and non-academic achievements in school or outside school. *The requirements are as follows:* The average grade on the report card for semester 1 to 5 is at least 7.5 (seven point five) of 10, the average grade of the subjects of the selected study program for semester 1 to 5 is at least 7.5 (seven point five) of 10, having a TOEFL score of at least 400, shown in a certificate from a TOEFL test institution, and only being allowed to choose the study of selected natural sciences (i.e., mathematics education, chemistry education, physical education, or biology education). *International class fee:* The registration fee for the international class for PMDK lane is Rp. 400,000 with the following details: Writing test fee is Rp. 250,000, and skill test and interview fee is Rp. 150,000,00” (UNESA 2010).

⁴⁹ On its website, it said, “International Undergraduate Program (Information Technology and Information System): This cooperation between the Faculty of Science and Technology with the Kulliyah [Faculty] of Information and Communication Technology, International Islamic University of Malaysia (IIUM). The cooperation between the two universities is grounded on the same vision of developing Muslim intellectuals with international level competence. This program offers single and double degree options, where lectures are conducted at the two different Universities,

three years at the State Islamic University and one year at the KICT International Islamic University of Malaysia. This program is conducted in English” (UIN Syarif Hidayatullah 2009).

⁵⁰ In a letter to all leaders of universities and polytechnics, Directorate General of Higher Education, MONE, stated, “In order to support the internationalization of the higher education policy of Indonesia, the Directorate General of Higher Education through the Directorate of Institutional and Co-operation provides a grant for International Cooperation (HKSI) for universities that can demonstrate quality performance in the organization of international cooperation. Forms of international cooperation that will be facilitated through this HKSI are a degree program (Dual Degree Program and Joint Degree Program) and a non-degree program (Credit Taking or Credit Transfer)” (MONE 2011d).

⁵¹ He explained, “The low rate of international publications is, among others, due to ignorance of publication procedure, limitations of financial resources, impatience with reviewers, and a less supportive academic environment. In fact, the substance or material of research results that may be published really does not matter. Publication of scientific articles in international journals will involve professors or researchers in a particular environment that could have an influence on international institutions. For those universities that have the vision to become an international university, the number of scientific publications in international journals will receive special attention because it is one of the assessment indicators” (Kompas 2008).

⁵² An announcement published by the Directorate General of Higher Education in 2009 mentioned the objective and the expected outcome of this program. “*Objectives and expected results*: The program aims to: (1) improve the ability of researchers to publish research results in scientific journals and international quality, (2) encourage researchers to be more courageous to write scientific articles in international scientific journals. The result expected is an increase in scientific communications between researchers, improvement of the quality of research in Indonesia, and fame of Indonesia in the international research arena. *Outcome expected*: This program provides an opportunity for all lecturers to submit an article to be published in international journals. For the year 2009, the Directorate of Research and Community Service will provide assistance to 50 articles to be published in international journals” (DGHE 2009b).

⁵³ Warsito P. Taruno, a special staff member of the Minister of Research and Technology in the field of research and cooperation, explained, “Any researchers or research groups who received an incentive grant this year were obliged to write the results of their research to be published in international journals. In addition, they were also required to register the work of innovation in the institutions of intellectual property rights to obtain patents. The rule implemented in the Ministry of Research and Technology is to enhance the research output in Indonesia that is still low” (Kompas 2010w).

⁵⁴ The letter outlined, “For bachelor’s degrees (S1), students should have published a paper in scientific journals, for master’s degrees students (S2), they should have published a paper in a national scientific journal, preferably one that was accredited by the Directorate General of Higher Education, and for doctoral (S3) students, they should have had a paper received for publication in an international journal” (DGHE 2012).

⁵⁵ He said, “It is not fine if all of a sudden there was no wind, no rain, we were ordered to comply with this and that rule. The feasibility study of this rule was not so deep, and contrary to the campus autonomy in managing its graduates. Historically, we had been granted autonomy, and the students themselves might pass without the consent of the Ministry of Education. The rule was contrary to the policy of the Directorate General of Higher Education stating that colleges do not only create scientists, but also give birth to entrepreneurship. The Director General of Higher Education must immediately withdraw the circular and talk about it first” (Rakyat Merdeka 2012).

⁵⁶ (1) SNMPTN is the traditional entrance system that has been in use for years since before the reform. This system relies on the national testing run by public universities in which students take an academic and aptitude test to enter a public university of their choice. Another form of this system is the invitation path by which schools propose to send students from grade 12 to a certain university based on their outstanding academic standing or rare talents and skills. The university then reviews the proposal. Selected students will receive an invitation to enter that university without having to take the joint national test. Through SNMPTN, applicants can only choose a regular bachelor program to join. (2) SIMAK-UI is an internal entrance system created by the University of Indonesia to screen student

candidates nationally. UI sets up several local test places across the country. This system is actually one of the most commercialized entrance paths. It often takes between 40 to 60 percent of the total new entrants. Through this system, UI screens students based on academic and economic ability to pay pre-registration fees. It works like an auction; students that are willing to pay higher are most likely to pass the exam. Through this system, applicants have more choices for study programs. They can choose regular, parallel, international class, and vocational programs. (3) PPKB is an entrance system that relies on the academic background of a student. It is only for students who want to take vocational education. To be invited to enter through this path, a student must have been in the top ten in the class and the top twenty in the school consistently since he or she was in 10th and 11th grade. (4) PKSDI is an entrance system created by UI through collaborations between local governments and industries. Local governments or companies nominate a student to study at UI. They also provide a partial or full scholarship for these students. Usually, these students have to make an agreement that when they finish they must return to their hometown to help their people through knowledge transfer. In order to enter UI through this track, students must be from the top ten in five semesters consecutively and have to have a secondary school certificate that is not older than two years. Preference is given to students from outside Java and Bali. (5) The Achievement path has two forms, science Olympiads and sports achievements. Students have to have won one of the national science Olympiads conducted by the Ministry of National Education to join this path. They have to be a fresh secondary school graduate that year and their final grade from grades 10 to 12 has to be seven on average, without any score below seven. For sports achievement, students can enter UI through this track if they have won a national or international game. However, besides this, they have to take an aptitude and academic ability test, and they must have a sponsor to pay their school fees. (6) Talent scouting is a special selection procedure to screen students for UI's international class programs. These students must have an outstanding achievement at school based on their academic rapport and achievement record (UI 2011).

⁵⁷ Another example is Gadjah Mada University (UGM). UGM also has different entrance paths named with different terms, but similar operation to those found in other public universities: (1) Independent Talent Search (PBS), (2) Sports and Arts Talent Search (PBOS), (3) Excellent Seed Search for Local Development (PBUPD), (4) Excellent Seed Search for Achievement (PBUB), (5) Excellent Seed Search for the Disadvantaged (PBUTM), and (6) National Selection for State University Entrance (SNMPTN). Independent Talent Search (PBS) is for students who have high academic achievement. Parents are responsible for tuition and fees. Sports and Arts Talent Search (PBOS) is for students who have a special talent in sports and arts. Parents are again responsible for tuitions and fees. Excellent Seed Search for Local Development (PBUPD) is for students with high academic achievement from areas outside Java and Bali. Their governments of origin become partners for UGM and pay student tuition and fees. Excellent Seed Search for Achievement (PBUB) is for students who have won a national or international competition in the field of sciences. The PBUB has two forms, scholarship and independent. For the scholarship form, UGM pays tuition and fees for students for eight semesters, and for the independent form, the student's parents are responsible. Excellent Seed Search for the Disadvantaged (PBUTM) targets students who have high academic achievement but are disadvantaged economically. UGM frees them from registration fees and UGM's partners will pay for their tuition fees for eight semesters (Tempo 2009).

⁵⁸ "That is nonsense. Come before the rector; do not only tell stories that discredit UI because of one's own weaknesses. When we noticed that there were students who did not register after passing the entrance exam, the university would call them one by one and ask them the reason why they did not register. If someone said that he/she did not have money, they gave him a scholarship. Many discredited UI. This stemmed from the disappointment of the prospective students because they did not pass the entrance examination. These people often shed their frustration with the way they spoke ill of UI because they did not make it. UI only accepted the cream of cream, only the best people who could get into UI" (Kompas 2009d).

⁵⁹ The rector of UI made a similar statement in 2008, "The truth is that UI is the best university, a world-class university. In the Joint Entrance Examination (UMB) 2008, of 70 thousand students who undertook the exam, only 3,200 could enter UI while in the National Selection of State Higher Education (SNMPTN), of 20 thousand students who participated only 1,600 students managed to get into UI. So, UI only accepted the best students. In addition, UI had several admission paths, such the Equity Opportunity Learning Program (PPKB) in the form of talent tracing, such as arts, sports, and science Olympiads... UI also provided scholarships in the form of tuition reduction for 3,509

students receiving a total of Rp.18.9 billion, and scholarships from 60 donors for a total of Rp.14,133 billion for 5,272 students” (Republika 2008b).

⁶⁰ Muhadjir, Head of Information and Public Relations (PIH), MONE, explained about the government plan to review public university entrance systems. “The government wants to put some effort into building confidence in higher education. So far, from kindergarten to elementary school, from elementary to middle school and from middle school to secondary school, there has been no trouble. Then, why then does going to college become very difficult and complicated. As if a thick wall is blocking between secondary schools and public universities. Very unfortunate if, after the students take the national exam (UN) as national screening, they still have to deal with this problem. Indeed, colleges have their own autonomy and authority in determining the selection of students as stipulated in Ministry Regulation No. 6/2008. However, this autonomy has its limits. The government wants to review it to seek agreement, but without causing further burden for students” (Kompas 2010d).

⁶¹ A student attending the Education and Training Expo in Jakarta Convention Center expressed her stress. “Confused, I was very confused when I was asked what path of university enrollment I was going to take because everything was interesting, but was it right that I could go with all. I wanted to choose one, but I was afraid of missing opportunities elsewhere, then I would lose money. Even worse, I still have to think about the national exam (UN) at the same time right now” (Kompas 2010e).

⁶² “The application of paragraph (c) in that article (*red. 32*) will open opportunities for foreign universities springing up in the country. If so, national and foreign universities will compete in the student market. This actually raises a new question, would similar opportunities be created for national universities in the overseas market? The third point is the desire to align national universities with foreign universities. These campuses have their own characteristics which can be a selling point for foreign students” (Puspitarini 2012).

⁶³ “Internationalization created an inlanders’ (*red. colonial*) mentality. Everything related to foreignness is considered better. It is natural to have higher education programs that commensurate with education abroad. This is what the government should do in the entire education system, without the need to make an international class label. Since the emergence of modern universities in the 13th century, the university is an international educational institution, rather than locally and nationally. Due to the nature of science, it knows no national boundaries. Science and technology were studied in elementary, secondary and higher education as a universal object of research. Therefore, each college should be encouraged and supported to compete with any university. There was no reason that it was necessary to make a program called internationalization of higher education, let alone to open a class with an international label” (Tempo 2012b).

⁶⁴ He explained, “The internationalization of education could threaten the existence of higher education, especially private universities (PTS) in the country. Therefore, there should be strict limits and rules relating to the role of foreign universities if allowed to enter Indonesia. In the bill there is no notion of internationalization of higher education, and what article is being used. Do not just use the Presidential Decree No. 77/ 2007 which is very liberal. If there are no clear rules on the inclusion of foreign universities to Indonesia, the fate of higher education will be equal to the entry of products from China to Indonesia, which caused the bankruptcy of local firms that could not compete” (Arief 2012).

⁶⁵ Thomas Suyatno, the Chairman of ABPTSI said, “The bill could potentially be brought by people to the Constitutional Court because it contains coercion and discrimination. It is not clear whether it is binding on any public university or private university because some conditions are hostile to the continuity of private higher education. There are chapters that set that the higher education institutions are allowed to collect funds from students for one-third of operating costs. For public universities, this is fine because they receive financial support from the government. For private universities, funds come from society. Specific things related to higher education should be simply regulated by government regulations, not by a law because there will be consequences, which requires the creation of other laws on basic education, and secondary education” (Arief 2012).

⁶⁶ “The bill of higher education guarantees that 20 percent of the poor students will be accepted to public universities with free tuition. The promise is that 20 percent of access to higher education for those who are economically disadvantaged is guaranteed, provided they meet the academic requirement. Public universities must accept them.

This quota of 20 percent is free of any charge, plus pocket money. This promise is one of the missions of the bill to open access, accessibility, and equality for higher education. The bill also mandates that every province should have a public university, while the county or city must have a minimum of a public academy. In addition, the bill also ensures government funding for all public universities, including universities with the status of the state-owned legal entities. Being a state-owned legal entity does not mean making a commercial public university. What is feared to be a commercial entity is not so because there is a principle of non-profit management. We are grateful for many people who criticized the bill. However, the government has the stand and main focus” (Arief 2012).

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