[Appendix B. *For Online Publication Only*] Supplement to "The Non-Democratic Roots of Elite Capture: Evidence from Soeharto Mayors in Indonesia"

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Contents

1 Additional Information on the Indonesian Context

1.1 The Soeharto Regime and the Genesis of the Elites

Soeharto took power in 1965 amid a period of political instability and when the communist party was increasing its bases for support and political power. Soeharto established an autocratic regime, the so-called New Order, that lasted until 1998. During this time, legislative elections took place every five years at the national and local levels.[1] However, these elections were far from democratic: Soeharto's government exerted tight control over the population and opposition parties. Only two moderate opposition parties were allowed to contest elections: PDI (Indonesia Democracy Party) and PPP (Development Unity Party). Soeharto's party, Golkar (Functional Groups), obtained on average 70% of the votes in the national legislative elections that took place during the Soeharto regime.

The New Order was characterized by a dramatic expansion of state capacity. Soeharto developed a complex system of patronage that extended from the capital city of Jakarta down to the village-level. A number of monopolies and price controls delivered ample opportunities for rent-seeking to those connected to the government. Public companies were created to control a number of profitable industries, such as the state oil company Pertamina, or the agency for logistics, Bulog. The latter allocated import monopolies for basic commodities such as rice, sugar, wheat, and cloves. The Soeharto regime also exerted tight control over the banking sector—state banks allocated 79% of total credit— and public sector procurement—the agency State Secretariat (Seknegs) assumed control over the allocation of contracts regarding supply and construction activities related to central government projects (Robinson and Hadiz, 2004; p. 59).

This complex system of rent-seeking led to large accumulations of wealth in the hands of a number of politico-business groups closely connected to the Soeharto administration. These elites greatly benefited from the allocation of contracts, concessions, credit, and extra-budgetary revenues, that proximity to the state delivered. This network of patronage was replicated at sub-national levels of the administration, including provinces, districts, and villages (Robinson and Hadiz, 2004).

The military and the government were closely interlinked during the New Order. In the initial stages, the New Order was essentially a military regime that was managed by a cabinet of army generals. As the regime consolidated, more power was concentrated in the figure of

[1] In particular, legislative elections during the Soeharto regime took place in 1971, 1977, 1982, 1987, 1992, and 1997.

Soeharto. The military was also among the early beneficiaries of the allocation of rents by the regime. They had control over some of the main state corporations, such as Pertamina, Bulog, as well as other state-owned trading and mining companies (Robinson and Hadiz 2004, page 54). The military also obtained a number of important political positions and they were instrumental in implementing the policies mandated by the central government. By the mid 1970s, three-quarters of the district mayors were active members of the military (Malley 2003).

A distinct characteristic of the type of autocratic regime that emerged in Indonesia is the fact that Soeharto-era elites could be defined by their connections to the government. Several scholars have argued that proximity to the state was the fundamental source of political power. For instance, Antlöv and Eko (2012) summarize this view in the following way:

> *"Political authority in Indonesia is linked to proximity to the state, and not around ruling dynasties, land-holding families or religious institutions as in some other postcolonial countries. The Indonesian state is built up around the bureaucracy."* (Antlöv and Eko 2012; page 6).

Similarly, Hutchcroft (1998) argues that the New Order represented a different typology of authoritarian state compared to those that emerged in other Southeast Asian countries. He denotes the contemporary regimes that emerged in the Philippines or Thailand as *patrimonial oligarchies*. In those regimes, a powerful business class extracts privilege from a largely incoherent bureaucracy. In contrast, the New Order is better characterized as *administrative patrimonialism*: *"power is located in the hands of a class of office-holders who are the main beneficiaries of rent extraction from a disorganized business class"* (Hutchcroft 1998: 52, cited in Robinson and Hadiz 2004).

According to Robinson and Hadiz (2004), the nature of the Indonesian elites is a result of the characteristics of post-colonial Indonesia. The Dutch colonialism did not leave large landowning elites or a powerful urban bourgeoisie. In contrast, the main legacy was the establishment of a well structured bureaucracy, centered around the protection and regulation of the agrarian export economy.

In coexistence with this elite, there was a small middle class composed of small business owners, professionals, teachers, intellectuals, and managers of private sector firms. In the early stages of the New Order these groups were supportive of the regime, since they were concerned about the growing influence of the communist party. Over time, the middle class

developed an ambivalent attitude towards the regime. On the one hand, they were alienated from democratic representation and suffered from the authoritarian traits of the regime. Some of the critics of the Soeharto rule that became opposition leaders during the transition were drawn from these ranks. On the other hand, they were vulnerable to co-option by the regime and, when given the opportunity, they sometimes collaborated with the rent-seeking structure.

Civil society during the Soeharto regime was disorganized and lacked political vehicles to organize their demands. The New Order was established upon the purge of about 500,000 communists and alleged communists. The large-scale killings and subsequent repression destroyed the basis of support for the communist party and other labor-based organizations. As a result, opposition to the regime from urban working class and peasants was inoperative during most of the New Order.

1.2 The Unexpected End of the Soeharto Regime

The New Order came to an end in 1998 when Soeharto stepped down from office after losing critical supports from the military and the elites. However, the fall of the Soeharto regime was largely unanticipated. By the year 1997, the regime was perceived as fairly stable. This is particularly illustrated by the publication of a special report on Indonesia in the newspaper *The Economist* on July 24th of 1997 (The Economist (1997)). For instance, the article reports *"Indonesia is showing few signs of being an authoritarian domino on the verge of tumbling. Protests have been on a smaller scale, and generally moderate in its demands."* This statement is remarkable, given that the report was published only 10 months prior to the fall of the Soeharto regime. While this report discussed the possible succession of Soeharto, it also described how the same debate had been ongoing for a very long time in Indonesia. For instance, it includes the following sentences: *"Now 76, he [Soeharto] is likely to embark on a seventh term in 1998. Like other long-serving rulers, Soeharto seems unable to let go."*; *"Speculation about the succession has been a favourite game in Indonesia for at least ten years."*; *"Some believe Soeharto will stand down in the middle of his next term. Others say that, like a Javanese king, he will want to die on his throne"*.[2]

[2]The episodes of Soeharto's illness in the last years of the regime were exploited in the seminal paper Fisman (2001) to estimate the value of political connections to Soeharto. However, it is important to note that news about Soeharto's health had been taking place for most of the 1990s decade. In particular, the events that Fisman (2001) studies took place in January 1995, April 1995, April 1996, July 1996, April 1997. Soeharto also underwent extensive medical tests in 1994 when he was diagnosed with kidney stones (Jakarta Post (1999)). Overall, this suggests that the perceptions of the Soeharto's health status were probably not systematically different in the period 1994-1997. Soeharto passed away in 2008.

Part of the reason why the fall of the Soeharto regime was unexpected is that the main triggering event of Soeharto's loss of critical support was linked to the onset of the East Asian financial crises in the second half of 1997. Indonesia suffered a severe balance of payment crises and a severe devaluation of its currency. The most dramatic consequences developed during the year 1998: a large increase in prices led to scarcity of basic commodities, bankruptcy of many firms, and sharp increases in poverty rates throughout Indonesia.[3] General discontent rapidly grew and large-scale demonstrations and riots took place in Jakarta and in other cities around Indonesia in May 1998. These protests targeted Soeharto and demanded his removal from power. Economic performance had been one of the key legitimizing factors of the New Order, but the economic crises showed that the regime was flawed and unable to continue to deliver high rates of growth. Furthermore, the large accumulation of wealth in the hands of Soeharto's own family outraged a large number of people.

Soeharto also lost critical supports from the military and other politico-business elites. The economic crises and macroeconomic instability forced Soeharto to solicit assistance from the International Monetary Fund (IMF). The rescue package involved the acceptance of a number of reforms that substantially damaged the interests of the elites: removal of price controls, subsidies, and privatization as well as liberalization of state monopolies. These reforms substantially eroded the support that the politico-business elites granted to Soeharto. Furthermore, the large-scale protests and riots that demanded Soeharto's resignation, convinced several members of the elite, that the survival of the regime in its current format was not possible without resorting to violence and substantial repression from the state. (Robinson and Hadiz, 2004; p. 169). Ironically, the elites that were nurtured during the Soeharto regime came to the conclusion that Soeharto's presidency was endangering their political and economic survival. Consequently, they withdrew their support for him.

1.3 Transitional Government and Elite Dynamics after Soeharto

In May 1998, Soeharto stepped down and a transitional government led by Habibie came into power. Habibie had previously been Soeharto's hand-picked vice-president and, initially, most observers were skeptical about Habibie's commitment to democratization. However, his government undertook several ambitious reforms that effectively transformed the polit-

[3]While Indonesia was severely affected by the crisis, its negative consequences started taking place in 1998. An example of this is the evolution of the exchange rate of the rupiah to the US dollar. On August 1997, Indonesia abandoned the rupiah trading band and allowed the currency to freely float. However, as can be seen in Appendix Figure 1, this did not lead to an immediate large drop in the value of the rupiah. Instead, the largest devaluation of the currency took place in the first months of 1998. The figure was obtained from http://www.tradingeconomics.com/indonesia/currency. Last accessed December, 8th 2015.

ical system into a relatively well functioning democracy. These reforms liberalized political parties and the media, protected freedom of speech, and decentralized spending and political power to the district level. There is still debate among Indonesian scholars about the ultimate reasons for these reforms. One of the main determinant factors was probably the political mobilization of student groups in the May 1998 protests and the broad support for their demands by the small middle class (Robinson and Hadiz, 2004).

The first democratic legislative election after the fall of Soeharto took place in June 1999. National, provincial, and district legislatures were selected during this election. Although there were instances of vote buying and voter intimidation, in general, it was perceived to be a relatively free and fair election. Forty-eight parties participated in the elections and seventeen obtained representation in the national legislature. Golkar contested the elections under a new leadership. However, it was still perceived as the party that represented the status-quo and the political machinery at the service of the Soeharto-era elites. The opposition was highly fragmented and lacked consensus over a reformist agenda. The numerous parties that emerged were highly personalized and most of them were created under the auspices of one of the main opposition leaders. The main opposition party was PDI-P, a nationalist party led by Megawati Sukarnoputri, the daughter of the first Indonesian president. Among its basis of support, there were sections of the middle class, as well as the urban poor and peasantry. However, some sections of the poor also voted for a number of small Muslim parties that also contested the election.

PDI-P became the most voted party with 34% of the votes, whereas Golkar obtained the second position with 22% of the votes. The third party in terms of vote share was PKB. Led by Abdurramah Wahid, the party obtained 13% of the votes. After a process of coalition formation at the national level, Abdurramah Wahid was elected president and Megawati obtained the Vice-presidency. The election of Wahid as president represented a compromise: the election of a moderate leader was tolerable to the military, the Soeharto elites, but also the the middle classes and protesters.[4]

Despite the change in leadership at the national level and the subsequent implementation of several political reforms, many scholars have argued that the gradual process of institutional reform that characterized the Indonesian transition allowed many of the elites

[4]The presidency of Wahid lasted for two years later. After that, Wahid lost a confidence vote and the leader of PDI-P, Megawati Sukarnoputri, obtained the presidency. Direct presidential elections were introduced in 2004. Megawati failed to be reelected and, instead, Susilo Bambang Yudhoyono (SBY) obtained the presidency. He was later reelected in 2009. Finally, in 2014 Joko Widodo, also known as Jokowi, won the presidency. Jokowi, who came from a humble background and started his career at the local level, became the first president of Indonesia post-Soeharto that was not a powerful figure during the Soeharto regime.

associated with the Soeharto regime to retain much of their influence over the policymaking process (Malley (2003), Robinson and Hadiz (2004), Winters (2014), Poczner and Pepinsky (2015)).

At the end of the New Order, the politico-business groups that constituted the Soeharto-era elites were comprised of a complex class of bureaucrats, members of the military, business owners, their families, and their business associates. These individuals fused political power with bureaucratic authority and merged public office with private business interests. According to Robinson and Hadiz (2004) the main common characteristics of this political oligarchy was the fact that they had amassed large wealth thanks to their proximity to the state during the Soeharto regime. Their main common interest was to protect the extractive institutions that allowed them to extract rents. With this objective, they engaged in a number of strategies to adapt to the new political scenario and retain their political power in the different levels of the administration.

Some examples of the continued influence of Soeharto elites after democratization are the retained political power of the military: 38 seats in the national legislature and 10% of the seats in local legislatures are reserved for the military. Furthermore, the military and the bureaucracy were not reformed, and, at the local level, Soeharto-appointed mayors were allowed to finish their term before being replaced by elected leaders (Mietzner (2006, 2010)).

1.4 Local-Level Institutions and Local Elites in Indonesia

Indonesia is divided into 34 provinces, which are in turn divided into districts, also known as *kabupaten* or *kotamadya*. The district mayor is the head of the executive government and is also known as *bupati* or *walikota*. The position of the district mayor was created during the Dutch colonial period. They were appointed by the colonial power for fixed terms of five years.[5,6]

The Soeharto regime continued the policy of appointment of district mayors. The large majority of appointed mayors were either members of the military or career bureaucrats (Malley 2003). All of these individuals were also members of Golkar.

While district mayors were tightly controlled by the Soeharto regime[7] the mayor position

[5]In 1922 the Dutch colonial powers carried out an administrative reform that divided the territory in provinces and municipalities. More detailed regulations followed in 1926. These regulations stipulated that the district mayors had to be appointed by the colonial power (Niessen (1999), Cribb and Kahin (2004)).

[6]In 1997 there were in Indonesia 296 districts. On average these districts had 500,000 inhabitants.

[7]During this period, district mayors served as both regional political leaders and as representatives of the central government in the different regions. This was one of the practices used by Soeharto to exert a high level of control on the decisions taken in the different regions (Malley (2003))

was very important: mayors controlled a large budget and their position was an entry door to the rent-seeking structure of the Soeharto administration. Budget allocations and other benefits, were allocated on the basis of loyalty to Soeharto (Antlöv (2003)).

The Nature of Local Elites

Individuals in the network of the district mayor benefited from access to the massive patronage structure developed during the New Order. Similarly to the elite network dynamics that took place at the national level, towards the end of the regime, local elites became an autonomous and self-serving group formed by members of the military, bureaucracy, business owners, their families, and their business associates (Hadiz 2010).

The fall of Soeharto led to an upheaval in the rules of the political game: alignment with the central government no longer guaranteed retaining power or access to rent-seeking opportunities at the local level. Local elites had to design new venues for rent extraction and new strategies to ensure their political survival. On the one hand, democratization led to a change in *de jure* local institutions: as the term of the Soeharto mayor expired, mayors were elected by the local legislature constituted in the 1999 election. Consequently, obtaining electoral support at times of elections became substantially more important. On the other hand, local elites had to re-define and establish new alliances with new powerful groups, such as the military and paramilitary groups.

Indonesian scholars have denoted this change in the rules of the local political game as the *localization of political power* (Sidel (2004), Hadiz (2010)). Sidel (2004) describes the transformation of power as follows:

> *"With competitive elections in 1999 came the transfer of state power to those capable of mobilising and capturing votes and thus elected offices. (. . .) Overall, power was shifted downwards outwards, from within a centralised bureaucracy firmly rooted in Jakarta to elected members of assemblies in regencies, municipalities, and provinces around the archipelago." (Sidel (2004) page 12).*

Strategies of Elite Capture & the Role of the Local Military

Hadiz (2010) summarizes the main strategies that local elites used to capture political power

> *"The maintenance of political ascendance involves different combinations and degrees of money politics, electoral fraud, political intimidation, selective mass*

mobilisations and parastatal or non-state security groups. (Hadiz (2010), page 60)"

As described above, local legislatures were entitled to elect new district mayors as the term of the Soeharto-appointed mayors expired. During the years leading up to these legislative elections, local elites mobilized their resources to influence the electoral outcome. The use of bribes and intimidation to buy legislators' votes became an extended practice. For this purpose, elites developed close alliances with the military, police, and criminal organizations, known as *preman* in Indonesia. These organizations were instrumental in the implementation of money politics and intimidation strategies. The instances of intimidation have been, on occasion, quite extreme, including the abduction of members of the local legislature.[8] Other times, *preman* groups have organized mass mobilizations and riots with the objective of influencing or delaying elections. These same organizations were also instrumental in the vote buying and intimidation strategies at times of direct elections.

The building of alliances with the military was one of the main strategies of elite capture during this period. (Hadiz (2010)). During the New Order, members of the military were permanently deployed at each level of the administration, from provinces to villages. Democratization did not alter the territorial structure of the military and, therefore, a large number of members of the military remained at the local level. However, with an authoritarian central government no longer in power, the local military units were free to redefine their alliances (Honna (2010)).

Local elites exerted a great amount of effort in trying to collude with local military groups. In addition to holding 10% of the seats in the local legislature, the military could also intimidate opponents and voters. In order to obtain the support of the local military, local elites gave the military implicit consent to conduct their rent-seeking activities. For instance, the military obtained extra-budgetary revenues from a number of illegal businesses, such as illegal logging, drug and human trafficking. Furthermore, the military also extracted illegal fees from small and medium firms in exchange of "protection" (Rieffel and Pramodhawardani (2007), Honna (2010)). Conducting these illegal activities requires the connivance of those in power. Furthermore, those holding local office provided budgetary allocation to the military or to firms of the military. This situation led many local elites and locally-deployed members of the military to establish a mutually beneficial arrangement: the military provided support to local elites at times of elections in exchange for implicit consent to carry out their illegal

[8]In the indirect election of the mayor of Medan in North Sumatra, groups with close links to the military abducted PDI-P legislators to force them to vote for the Golkar preferred candidate (Hadiz (2010), p.124).

activities and extortion of private sector firms. This *quid-pro-quo* relationship between local elites and the military was sustained through an implicit agreement of mutual trust and cooperation.

Local elites also resorted to other venues to retain their hold on power, including buying out local media (Hadiz (2010)) and hiring a network of supporters (Buehler (2007)).

For most of these activities, those individuals holding power had a comparative advantage in the development of these capture strategies: the district mayor and high-level local bureaucrats had access to important resources that they could assign discretionarily. They could also hire or promote individuals that were loyal to them (Hadiz (2010), Martinez-Bravo (2014)). Furthermore, those individuals holding office had potentially developed closer connections with members of the military and had access to more resources to co-opt the military.

Evidence of Elite Persistence & the Role of Golkar

These strategies of elite capture have resulted in a substantial amount of persistence of the Soeharto elites in local politics. Several scholars have discussed this phenomenon and have provided evidence that a large fraction of district mayors elected in the post-Soeharto period are retired members of the military or members of the bureaucracy (Malley (2003), Buehler (2007), Mietzner (2010)). Given that the main defining factor of Soeharto-era elites is that they were able to amass their wealth on the basis of connections to the regime, the persistence in power of former members of the military and bureaucrats seems highly indicative of elite capture.

Local elites have continued to use Golkar as their main political vehicle to pursue their attempts to remain in power. Golkar, created and supported by Soeharto, was the party with the most developed organizational structure. While Golkar represented the autocratic status quo, as the transition evolved, the party was able to regain electoral importance. Some scholars have argued that this also indicates the success of the predatory interest to remain politically powerful. For instance, Hadiz (2010), summarizes this argument in the following way:

> *"Helping to ensure such persistence of predatory politics in democratic Indonesia is the continued marginalisation of cohesively liberal, social democratic, or more radical social forces from the processes of political contestation. This is partly indicated in the fact that in just six years after Soeharto's fall, the former state party of the New Order, Golkar, had already regained its status as the country's*

premier political organisation. Winning the presidential poll in 2004 was a former senior New Order general" (Hadiz 2010, page 44)

While in most regions Golkar continued to be the main political vehicle of these elites, it is important to note that in some regions, local elites have also impregnated the party structures of other parties such as PDI-P or PKB (Hadiz (2010)).

However, most Indonesian scholars argue that the degree of elite capture is heterogenous across districts. Anecdotal evidence supports that in some areas corrupt district mayors have been ousted from power in favor of more accountable mayors. In this paper, we discuss how the differential incentives that Soeharto mayors faced to invest in elite capture strategies during the democratic transition could account for the differences in the prevalence of elite capture across districts.

1.5 System of Selection of Local Mayors

Over time, the method of selection of district mayors has experienced a number of changes. As we described above, during the Soeharto regime and the Habibie transitional government, district mayors were appointed by the Ministry of Home Affairs, a fundamental branch of the central government.[9] After democratization, the system was reformed and mayors became indirectly elected by the district legislature. The local legislatures resulting from the 1999 legislative elections were entitled to elect the mayor according to the rules of proportional representation once the term of the Soeharto-appointed mayor expired.

There is little documentation explaining the reasons why the Soeharto-appointed mayors were allowed to finish their term before calling for indirectly elections by the legislature. (One of the few references is Hofman and Kaiser (2006), page 88.) First, it is important to note that the transitional government of Habibie took the decision to allow the mayors to finish their term. This was included in the electoral reform passed into law in January 1999. Since Habibie was close to the Soeharto-era elites, it may not have been in his interest to curtail the terms of the appointed mayors. Once that policy was in place, it may have been too politically costly for Wahid—the first democratically elected president post-Soeharto—to overrule that

[9]More specifically, district legislatures produced a shortlist of candidates for the district mayor position and the Ministry of Home Affairs typically selected the individual at the top of the list. In any case, the local legislatures were under the tight control of Soeharto's party, so the list of candidates were always non-controversial candidates with substantial support from the Soeharto government (Mietzner (2010)). During the Soeharto regime, district mayors were supposed to serve as both regional political leaders and as representatives of the central government in the different regions. With this practice, the Soeharto central administration exerted a high level of control on the decisions taken in the different regions (Malley (2003)).

decision. The government of Wahid suffered from considerable political instability and there were continuous rumors about threats of coups d'etat (Robinson and Hadiz 2004, page 242). Wahid may not have wanted to erode his basis of political support in the regions by shortening the terms of mayors. Finally, it is important to note that Indonesia has a tradition of allowing officials to finish their terms before reforms are introduced. For instance, at the village level, the terms of the village heads were not reset with democratization (Martinez-Bravo, 2017). Also, as we explain next, the introduction of subsequent political reforms were implemented in a staggered manner in order to respect the term length of the outgoing mayor.

A few years later, the system of selection of district mayors was further reformed with the introduction of direct elections starting in 2005. The objective of this reform was to further increase the level of accountability of mayors towards citizens (Mietzner (2010)).[10,11]

Despite these changes in the method of selection of district mayors, the term length and the maximum number of consecutive terms have remained the same during the Soeharto regime and the democratic period: district mayors can serve at most two terms of five years each.

1.6 Public Finances and Public Good Provision in Indonesia

Right after democratization, Indonesia undertook a large decentralization reform that substantially increased spending capabilities of districts. This reform was perceived by political groups and the Indonesian society as complementary to democratization: decision making rights were devolved to administrative levels closer to citizens. The transitional government also pursued decentralization as a strategy to obtain the support of the regions and to appease separatist movements (Hofman and Kaiser, 2006). The main decentralization laws, (Law 22, Law 25) were approved in 1999 and were implemented starting in 2001.

Fiscal Decentralization

During the Soeharto regime, most development spending incurred by districts was funded through earmarked central-government transfers called INPRES (Instruksi Presiden). These grants were allocated for specific puposes, such as school construction or funding water and

[10]The introduction of direct election was also staggered across time since the indirectly elected mayors were allowed to finish their five year term.

[11]A number of papers that have studied the impact on local governance of the change in the selection of mayors from indirect to direct elections. Some examples are Skoufias et. al. (2011), Valsecchi (2013), Moricz and Sjöholm (2014), Mukherjee (2014). However, to the best of our knowledge, no other paper has studied the impact of the staggered replacement of Soeharto-regime mayors on the quality of local governance.

sanitation programs. Districts also obtained a small subsidy to cover their routine expenses (Subsidi Daerah Otonom, SDO). The decentralization reform not only led to an increase in the amount of funds transferred to the districts, but also transferred most resources through discretionary transfers. Nowadays, Indonesia is one of the most decentralized nations of the world. Sub-national governments spend 37% of all public sector budget, and districts incur the large majority of this spending (World Bank 2007).

Next, we describe the different types of revenues that district governments obtain after decentralization.

- **General Allocation Grant (*Dana Alokasi Umum, DAU*).** This central government grant corresponds to the main source of revenue for most district governments. On average, it accounts for 68% of district revenues.[12] The allocation of DAU is decided according to objective criteria. First, the central government transfers the resources to pay wages of public sector employees that were already employed in the district.[13] Second, the central government allocates the remaining resources based on a formula that takes into account the availability of other revenues—local levies and revenue sharing from natural resources—and expenditures needs—population, area, poverty rate. The grant is, for the most part, discretionary: after paying the wages of civil servants, districts can allocate the remaining funds according to their own priorities.

- **Special Earmarked Grant (*Dana Alokasi Khusus, DAK*)**. This corresponds to a smaller scale grant that districts receive from the central government and that serves specific purposes. The extent of this grants is limited: on average, DAK accounts for 3% of district revenues. Districts must apply to the central government to request this grant. The central government has discretion over whether to award the grant or not.

- **Revenue Sharing from Natural Resources (*Sumber Daya Alam, SDA*)**. Districts are entitled to obtain a share of the revenue from natural resources in their provinces. The specific shares are determined by the central government and are the same across Indonesia. The revenue that districts obtain depends on the type of natural resource and whether the district is producing the natural resource or not. This category corresponds to 2.5% of the total district revenue, on average.

[12]The measures of percentage of revenues from each source corresponds to the fiscal year 2003. Own calculation.

[13]This system implies that increases in payroll cost would be matched one-to-one by transfers from the central government.

- **Taxation Revenue Sharing (*Bagi Hasil Pajak, TAX*)**. Districts are entitled to keep 12% of the personal income tax, as well as a fraction of taxes on land and buildings. On average, revenue sharing accounted for 7.2% of district government revenues. Districts are not entitled to determine tax rates.

- **Own-Source Revenues (*Pendapatan Asli Daerah, PAD*)**. District governments obtain some limited revenue from local taxes, user charges and income from regional enterprises. This category amounts to 8% of district revenue, on average.

- **Other Sources of Revenue**. The remaining district revenues correspond to small-scale loans, transfers from provincial government, emergency funds, and miscellaneous other sources. These categories account for 11% of district revenue, on average.

District government responsibilities

Decentralization also changed the responsibilities of different levels of government. Before the reform most local public goods were provided by deconcentrated agencies that were part of central-government ministries. The decentralization laws radically changed this allocation of responsibilities. Local governments became responsible for all areas of service delivery, with the exception of key policy areas were assigned by law to the central government.[14] In particular, the responsibilities that remained with the central government were national defense, international relations, justice, security, monetary policy, development planning, religion, and finance. Hence, local governments were in charge of health, education, public works, environment communications, agriculture, and industry (Hofman and Kaiser, 2006). The Indonesian Constitution was amended to include the principles of the decentralization laws. In particular the second amendment included a clause that grants "as broad as possible autonomy" to local governments (World Bank, 2003). The implementation of the decentralization reform involved the reassignment of 2/3 of civil servants in the health and education sectors, who became district-government employees. More than 16,000 service facilities were also re-assigned to be under the control of district governments.

Despite the radical changes in the assignment of responsibilities laid out in the decentralization laws, subsequent regulations allowed the central government to remain involved in the provision and management of some public goods. For instance, whereas districts are

[14] Among local governments, districts had the leading role in the provision of public goods. Provinces were only assigned a minor role in coordinating local governments.

responsible for primary and secondary education, the central government is still responsible for issuing regulations and for setting standards for these levels of education. Furthermore, the central government directly controls tertiary education (World Bank 2003). Similarly, in health sector, the central government issues regulations and provides oversight regarding minimum standards of health facilities. The central government is also in charge of coordinating the procurement of drugs and other medical material. Some hospitals in large cities have remained under the direction of the central government (World Bank 2008).[15] As a result, the central government continues to allocate some spending to these sectors. Despite this coexistence of spending by various levels of the administration, the initiative of district governments is the main determinant of the provision of key public goods such as basic health facilities and primary and secondary schools (World Bank, 2007). Furthermore, as Figure 2 in this Online Appendix shows, districts are also the level of the administration that spends the most in education, health, and government administration. The figure illustrates the main spending categories within the districts budget: education (33%), wages of civil servants and administration (30%), infrastructure (14%), health (7%).[16]

Social Spending by Other Levels of the Administration

The central government implemented a number of social protection programs after decentralization. These programs have typically targeted households at risk of poverty and exclusion. The largest of these programs is Raskin, which provides subsidized rice to poor households (Alatas et al. 2013). The government is also involved in the provision of health cards. This program is called Jamkesmas (previously Askeskin) and entitles poor households to free services in public health facilities. Before the implementation of these programs, households had to pay user fees when attending hospitals or other health facilities. The

[15]The Health Public Expenditure Review (World Bank, 2008; page 37) includes a case study for the creation of a new primary health care center, which is particularly illustrative. The district government submitted a petition to the Ministry of Health for the creation of the new center. The formal submission was made by the head of the District Health Office, a member of the district government that is appointed by the district mayor. The submission was accompanied by a budget estimate for the creation of the new facility. Initially, the district government was aiming to fund the construction with their general allocation grant (DAU) and with their own resources. However, after some more detailed analysis they decided to request additional funds for the creation of the facility. They submitted another proposal to the Ministry of Health to solicit a DAK allocation. The final proposal was approved and the district started constructing the facility in the following year. This case study illustrates that the initiative to develop public good facilities is taken by district governments. Potentially, they could cover the necessary investment using their own funds, but they can also request additional DAK funds to the central government. Some level of coordination with upper levels of government is still required to determine the feasibility of the proposal and to certify that the resulting facility meets minimum quality standards.

[16]Estimates based on 2005 fiscal year (World Bank, 2007).

third largest program implemented by the central government was BLT (*Bantuan Langsung Tunai*), an unconditional cash transfer program targeted to poor households. The program was implemented in 2005 and 2008 and was granted to 19 million households. (See Alatas et al. 2013 for more details).

These programs have been implemented in a top-down fashion upon the initiative of the central government. Districts played no formal role in the application of these programs in their territory. While the implementation of these programs regularly required the collaboration of lower-levels of the administration, these levels have typically been subdistrict or village-level governments.

Village governments are also involved in the provision of local infrastructure such as roads, bridges, and water and waste-disposal management systems (World Bank, 2010). Village governments are in charge of maintenance and upgrades of these village-level infrastructures. The main sources of funding are villagers own contributions—both in terms of fees and labor contributions. District governments typically provide funding for the materials necessary for large upgrade projects. However, village governments normally take the decision of undertaking these projects. Furthermore, most projects are implemented by villagers with occasional assistance from engineers procured by the district government.

2 Data Appendix

2.1 Description of Datasets Used in the Paper

Data on Political Histories of Mayors

The data on mayors was obtained by combining two different data sources. The first dataset corresponds to data collected by the World Bank on the histories of district mayors during the early years of the democratic transition in Indonesia (Skoufias et. al. 2011). These data contain information on 171 mayors whose appointment date was between 1994 and 1998 and on 432 whose appointment date was between 1999 and 2004. We label the first set of mayors as Soeharto-appointees, while we label the latter set of mayors as (indirectly) elected in democracy. In addition to their appointment and expected end-date, the Skoufias dataset also provides information on the names of mayors. For the democratically elected mayors additional information was recorded on their gender, level of education and the number of the legislation where their appointment was passed into law.

Since the Skoufias data only contains information for 56% of the Soeharto-appointed mayors, we complement these data with a novel dataset collected by the authors. In particular, we access Indonesian Official Directories of Regional Representatives. We digitize information on the names of all district mayors in office for the years 1988 to 2004, with the only exception of year 1999 that we were not able to locate. Using these data we infer the appointment date of the Soeharto mayors missing on Skoufias data, by using the year before a particular mayor starts appearing in the Cornell directories.[17] Using our own data we complement the Skoufias data with an additional set of 134 Soeharto-appointed mayors. We also obtain information on the second-to-last Soeharto mayors from the Cornell directories.

In total, we have information on 295 last-Soeharto-appointed mayors. These corresponds to the universe of district mayors in Indonesia during the Soeharto period with the only exception of the city of Jakarta. Column 2 of Appendix-B Table 1 shows the number of districts for which we have data, by year of appointment of the last Soeharto mayor.

Background of Mayors

We also conduct an original data collection exercise on the professional background of the first directly elected mayors. In particular, we collect information on the mayors and vice mayors. For the 129 districts in our main sample, we obtain information on 251 mayors and vice mayors. In the analysis of this data, we restrict our attention to the 122 districts for which we have complete information on the name of both mayor and vice-mayor. The two main variables of interest for our analysis are the professional background during the Soeharto-regime as well as the incumbency status at the time of the direct election. We observe the professional background of 107 mayors and 96 vice mayors. We have information on the professional background of at least one of them for 119 districts. This information is used to construct the measure of elite capture "Connections to Soeharto Regime". To be more precise, an individual is coded as connected to the Soeharto regime if he was a member of the bureaucracy, politician or member of the military prior to 1998, otherwise he is coded as not connected. A district is coded as being connected to the Soeharto regime if the mayor or vice-mayor were connected to Soeharto.

The source for this data are CVs of the mayors and vice-mayor sometimes collected in books, but predominately found online on Indonesian news-portals, personal and official district websites featuring biographic information about the mayors and vice-mayor of in-

[17] We confirm that this procedure is accurate by comparing the two data sources (World Bank and Cornell directories data) for districts where the information is available in both sources. This comparison suggests that mayors start appearing in the directories the year after their appointment, i.e. the year they serve as mayor for the entire year.

terest. These sources were located by two research assistants. Both research assistants were Indonesian-native speakers and hired through the online platform "Upwork". They both worked independently on the same task and were monitored closely throughout the process. The classifications produced by the two research assistants were then compared to each other. In case of disagreement, we consulted the original source to resolve the conflict.

We also collected data on the backgrounds of mayors appointed during the Soeharto regime and the transitional period — i.e., period 1994 - 1998. We conducted a similar search as the one described above by one of our Indonesian research assistants. We collected information on age, education, place of birth and occupation. Unfortunately, the information on these mayors was not always available since these mayors were appointed about 20 years ago and no official dataset recorded their demographic information. Out of the 187 districts with appointments between 1994 and 1998, we were able to find information on years of schooling for 182 mayors, year of birth for 75 mayors, location of birth for 53 mayors and occupation for 127 mayors.

District-Level Electoral Data

Since 1971, district-level legislative elections regularly take place in Indonesia. On the same day, voters vote simultaneously for national, province, and district legislatures. In general, there are very few split-ticket votes—i.e. voters vote to the same party for the three chambers. The data on electoral results during the Soeharto period was generously provided by Professor Dwight King, from Northern Illinois University (King (2003)). These data contain the district-level electoral results for the national legislature for years 1971, 1977, 1982, 1987, and 1992.

The electoral results for 2004 corresponds to district-level vote shares for the district legislature. The electoral results for 2009 corresponds to district-level vote shares for the national legislature. Both electoral results were obtained from the Indonesian National Election Commission (KPU (2009)).

Measures of Extortion to Private Sector Firms: Economic Governance Survey

We also merge our baseline data with data from the Economic Governance Survey. These data were collected by KPPOD (Regional Autonomy Watch) and the Asia Foundation with the objective of measuring how local governance affected economic activity and businesses operations across Indonesia. The survey was conducted in two waves, in 2007 and in 2011, to a different set of districts. Hence, the combination of both waves provides information on almost the universe of disttricts in Indonesia.

The survey consisted of several questions to firm owners or managers on topics such as ease of obtaining business permits, security of land tenure, local taxes, quality of local infrastructure, degree of security and conflict resolution.

We focus our attention on questions that elicited corruption and illegal payments. Section 7 of the survey has the title "Transaction Costs". The questions asked firm owners to report illegal payments made to different organization for security purposes. In particular, the question's wording is "Did your company have to pay extra fees for security reasons to organization X?", where the different types of organizations prompted were the police, the military, local government officials, criminal organization (*preman*), or other. The dependent variable of interest takes value one if the firm reports having to pay an illegal fee to the listed organizations, zero otherwise.

Measures of Public Good Provision: PODES, Village Census

We complement our analysis with data from the Potensi Desa (PODES) village census. These data contain a number of measures of village-level public good provision. In addition to this, the 2005 wave of PODES contains information on the ranking of the three most voted parties in the 2004 General election. We miss one district of the Baseline sample, Nias in South Sumatra because of lack of coverage in the 2005 wave of PODES.

To deal with concerns of potential endogeneity of the Soeharto mayors' appointment timing, and to provide descriptive statistics, we merge our baseline dataset with the 1993 wave of PODES. The resulting sample contains 129 districts and 19,497 village-level observations. Occasionally some of the regressions contain fewer observations because of missing information in some villages on a particular covariate.

Finally, to investigate the effect of exposure to Soeharto mayors during the transition on public goods provision, we merge our baseline dataset with a village-level panel constructed from 9 consecutive waves of the of the Potensi Desa (PODES) village census. In particular, we use the waves fielded in 1986, 1990, 1993, 1996, 2000, 2003, 2005, 2008 and 2011 to construct the panel. For the earlier waves (1986-2003) we match villages across waves by enforcing exact matches of village names. The official crosswalk of village identifiers provided by BPS allows us to merge villages across waves in the period 2003 to 2011. This procedure produces a balanced panel of 11,992 villages in 108 districts when restricting to our core estimation sample.

We focus on a variety of outcome variables which measure basic public goods and are consistently reported across waves of the village census. Each outcome variable is assigned to one of three categories: Educational facilities, health facilities or basic services. In our

main analysis, we show z-scores for each of these categories to evaluate the joint significance or the effects. Note that in the main text we focus on health and education public goods because they are under the direct responsibility of district mayors. In contrast basic facilities require collaboration of lower levels of government, in particular villages. However, since all these outcomes are consistently reported across waves of the village census, we report the effects on all these measures of public good provision. Next, we list and describe in more detail each of the individual outcome variables.

Measures of Education Facilities:

- **Number of primary schools:** This variable corresponds to the number of primary schools available in the village.
- **Number of high schools:** This variable corresponds to the number of high schools available in the village. It aggregates both junior and senior high schools available in the village.
- **Number of kindergartens:** This variable corresponds to the number of kindergartens available in the village.

Measures of Health Facilities:

- **Number of health care centers**: This variable corresponds to the number of primary health care centers, also known as *puskesmas*. *Puskesmas* are primary health care centers in charge of basic medical services and preventive care.
- **Number of doctors in the village:** This variable corresponds to the number of formally trained doctors living and working in the village.
- **Number of midwives in the village:** This variable corresponds to the number of formally trained midwives living and working in the village.
- **Lack of Presence of Traditional Birth Attendants:** This variable takes value one if no traditional birth attendants operate in the village. The lack of presence of these unofficial workers is typically associated with access to good quality formally-trained health workers.

Measures of Access to Basic Services:

- **Access to safe drinking water:** This variable takes value one if most households in the village obtain their drinking water from a pump or from a water company. It takes value zero if households drink water from a natural well, from rain, river or another source.

- **Garbage Disposal**: This outcome variable takes value one if the village has a system of garbage disposal through the use of bins or by burying the waste into a hole. It takes value zero if households throw their waste to the river or dispose of their garbage through some other method.

- **Toilet in the village:** This variable takes value one if a public toilet is available in the village. It takes value zero otherwise.

- **Electricity or Kerosene for Cooking:** This outcome variable takes value one if most households in the village use either gas, kerosene or electricity as cooking fuel. It takes value zero if households predominately use firewood, charcoal or other combustibles for cooking.

- **Wide Road:** This variable takes value 1 if a four-wheel vehicle can pass the village's main road throughout the year. It takes on value zero if this is not the case.

Measures of Electoral Competition: Pilkada Data

The Pilkada dataset records information about the outcomes of the first direct elections of district mayors held in Indonesia between 2005 and 2008. In particular, the following variables of interest are recorded: the number of candidates in each district, the number of independent candidates, information on the background of the winner as well as vote shares obtained by each candidate. We use the latter to calculate the Herfindahl-index using the standard formula by Laakso and Taagepera (1979). We report results on a linearly transformed version of the Herfindahl-index, where we substract the Herfindahl-index from 1 such that a higher value of the outcome variable can be interpreted as a higher level of political competition.

The basic Pilkada dataset was obtained from the website http://www.pemilu.asia. It provides information on the electoral outcomes described for 398 districts. However, full information about the electoral results is only available for 360 districts. After reviewing and cleaning this dataset, and in an effort to keep the sample of districts as close to the

core estimation sample as possible across different specifications, we engaged in another data collection (using the same research assistants and overall procedure as described in the subsection on "Background of Mayors") to complement and correct missing or erroneous information on vote shares, number of candidates and the number of independent candidates. This led to imputations in 20 cases of our core estimation sample.

UNSFIR dataset on Conflict 1990-2003

The UNSFIR (United Nations Support Facility for Indonesian Recovery) dataset collects events of large-scale violence in the period 1990-2003. Enumerators coded the events described in provincial newspapers of 14 provinces. For the large majority of the conflict events, the districts where the events took place are reported. For each district and year we construct measures for the number of incidents that took place, number of casualties, and number of people injured. To the best of our knowledge, this is the dataset with the widest geographical coverage of provinces that contains measures of conflict for the last years of the Soeharto regime. For additional information on the dataset, see Varshney et al. (2008).

District Government Revenues Dataset

These data records the different revenues of district governments, as recorded in the financial statements collected by the Ministry of Finance. In particular, it provides information about the total revenue and revenue decomposed by source. See section 1.6 in this Online Appendix for a description of the sources of district-government revenue. The dataset covers the financial years 1994 until 2007. The structure of the yearly financial statements has changed multiple times over the course of this period. While the general outline of the reporting remained broadly consistent across years, continued decentralization led to a more detailed level of accounting from the financial year 2001 onwards. More precisely, for this period, the financial statements entail information about transfers provided by the central government under the DAU and DAK scheme. The number of observations varies across years as the financial statements were not available for all districts for some financial years.

Data on Federal Programs

The data on federal programs comes from two different sources: First, the village census or PODES, described in some detail above these lines, contains information on the number of households that have been given health cards in the years 2003, 2005, 2008 and 2011. In the last two years, the specific programs were referred as Askeskin and Jamkesmas, respectively.

We also obtain information on the provision of health cards from the National Socio-Economic Household Survey, also known as SUSENAS. Households reported whether they received health cards in the year 2009. Similarly, the 2009 wave of SUSENAS also contains whether households have received the BLT unconditional cash transfer program or subsidized rice under the Raskin program. See section 1.6 in this Online Appendix for more details about these programs.

Data on Public Good Outcomes

In Appendix-B Tables 4A and 4B we explore the effects on a number of additional public good outcomes. These correspond to child and maternal mortality, morbidity, enrollment rates, tests scores, and student-teacher ratios. These data belong to three different data sources: First, the village census or PODES, which is described in more detail above these lines. Second, the national Socio-Economic Household Survey, also known as SUSENAS, which provides information on mortality and morbidity. Third the INDO-DAPOER data collected by the World Bank. The latter contains district-level data on a number of measures of quality of education, such as student teacher ratio and average test scores.

2.2 Construction of the Baseline Dataset

We were able to obtain information on the appointment dates of the last Soeharto mayors for 295 districts. This corresponds to the universe of districts in 1997, except for the capital region of Jakarta. To construct our estimating sample we impose a number of restrictions. First, we restrict the sample to districts that did not split during the time of our study. Since the end of the Soeharto regime, Indonesia has experienced an intense process of district splitting (Fitriani et al. (2005)). In 1993 there were 285 districts in Indonesia. By 2007 the number was 459. After a district split, the newly created districts elect new mayors and, consequently, the initial timing of appointment is no longer a meaningful predictor of the amount of time the Soeharto mayor is in power during the democratic transition. Furthermore, the process of district division can generate particular political dynamics that can confound the mechanisms described in this paper. For instance, Burgess et al. (2012) show how district splitting in Indonesia lead to increases in illegal logging and deforestation. Bazzi and Gudgeon (2016) find that district splitting has effects on the prevalence of conflict. In order to mitigate these concerns, we focus our analysis on districts that never split. Appendix-B Table 1 presents the number of districts by year of appointment of the last Soeharto mayor. Column 2 reports the full sample. Column 3 shows the results for districts

that have full information on our covariates.[18] Column 4 further restricts the sample to districts that did not split. As we can see 63% of districts in Indonesia did not experience jurisdictional divisions. Section 3.6 in this Online Appendix presents a number of robustness checks that mitigate the concern that district splitting leads to sample selection. In particular, we show that the timing of appointment of the last Soeharto mayor does not predict the likelihood of a district splitting.

In addition to this, we drop from the sample the districts where the last Soeharto mayor was appointed in the year 1998. In 1998, the transitional government of Habibie was conducting the appointments since Soeharto had already stepped down. The nature of these appointments could therefore be substantially different from other years. As a result we omit 62 districts from the analysis. See section 3.5 for the results when including districts with appointments in 1998.

The final sample contains 129 districts. Column 5 of Appendix-B Table 1 shows the distribution of districts in this baseline sample by year of appointment of the last Soeharto mayor. These baseline data are merged with other datasets that contain different outcome variables. Occasionally the sample size is further reduced because of missing information in the additional datasets used.

2.3 Descriptive Statistics

Table 2 in this Online Appendix shows some descriptive statistics. Panel A provides measures of electoral support for Golkar (Soeharto's party) and PDI-P, the main opposition party.[19] During the Soeharto regime, Golkar obtained on average 69.3% of the votes, while PDI only obtained 15%. These data confirm the supremacy of Golkar during the Soeharto regime. During the democratic period, this situation changed: Golkar obtained 25% and 22% of the votes in the 1999 and 2004 elections, respectively. PDI-P was the most voted party in the 1999 election with a vote share of 32%. We also report the values of the Herfindahl index of political competition for legislative elections in 1992 and 2004. The results show a substantial increase in the level of political competition after democratization.

Panel B presents some statistics about mayors and the administrative structure of Indonesia. On average, the second-to-last Soeharto mayor was appointed in 1990, the last

[18] In particular, we drop 7 districts for which we do not have information on electoral results during the Soeharto regime. The districts dropped are Kota Batam, Kota Bitung, Kota Denpasar, Kota Jayapura, Kota Kupang, Kota Mataram, Kota Palu, and Lampung Barat.

[19] PDI-P's acronym during the Soeharto regime was PDI and was changed to PDI-P after democratization.

Soeharto mayor was appointed in 1995 and the first democratic mayor on 2000. This suggests that, on average, there was compliance with the rule of allowing the last Soeharto mayors to finish their five year term before replacing them with new mayors. To further investigate this, Appendix-A Table 1 in the main text of the paper provides the cross tabulation of appointment dates of the last Soeharto mayor and the first democratic mayor. As we can see, most Soeharto mayors fulfill their five year term before being replaced by new mayors.[20]

The last row of Panel B in Table 2 provides information on the number of jurisdictions. Our baseline estimating sample contains 129 districts, each containing, on average, 149 villages.

Panel C presents information on district characteristics and public good provision in the year 1993. Each district contained, on average 550,000 inhabitants. Households had access to some basic public goods. For instance, the number of facilities per 1,000 households was 5.3 for primary schools, 1.2 for high schools, and 0.04 for primary health centers. Households also had access to a few health workers: 0.84 doctors and 3.85 midwives per 1,000 households. In terms of availability of basic services, 20% of villages had access to safe drinking water, and only 3% had toilets in the village. In contrast, most villages had a system of garbage disposal through the use of bins (71%) and had a road wide enough for a four-wheel vehicle to pass throughout the year (95%).

3 Additional Robustness Checks

3.1 Endogeneity Test

The main identifying assumption in our empirical specification is that the timing of appointment of the last Soeharto mayor is orthogonal to underlying district characteristics. In this section, we examine this assumption empirically. Appendix-B Table 3 presents a number of pairwise correlations where the dependent variable corresponds to the year of appointment of the last Soeharto mayor and the regressor of interest is defined by each row. We measure the regressors at baseline, i.e., before the appointment of the last Soeharto mayors. All specifications include island-group fixed effects as controls. Column 1 reports the point

[20]There are some instances of early terminations and some events of possible extensions of the five year term. This could reflect measurement error on the appointment dates of mayors. Another possibility is that the timing of election of the democratic mayors was, to some extent, influenced by political factors determined during the democratic transition. Because of the possible endogeneity of the timing of replacement of the Soeharto mayors, we rely on the *appointment* timing in our main empirical strategy.

estimate, column 2 the standard error and column 3 the standardized beta coefficient, in order to facilitate the comparison across results. In Panel A, we explore whether the support for Soeharto's party predicts the timing of appointment. The regressors correspond to the vote shares that Golkar obtained in different legislative elections that took place during the Soeharto regime.[21] As we can see, none of the correlations is significant suggesting that political factors did not determine the appointment calendar during the Soeharto regime.

In Panel B, we explore if the timing of appointment was related to underlying measures of political instability. First, we construct measures of levels of conflict by computing the average number of incidents of conflict, casualties and people injured between 1990 and 1993.[22] The correlations are small in magnitude and statistically insignificant. Second, we investigate if the term length of the second-to-last Soeharto mayor predicts the appointment timing. The results indicate that this is not the case, and hence, the appointment timing of the last Soeharto mayor was not preceded by a concentration of early terminations or extensions of the term length of the previous mayors. These results support the assumption that the different years of appointment of the last Soeharto mayor did not differ in terms of the political environment. See Section 3.2 for further discussion and robustness checks.

Panel C investigates whether the baseline levels of public good provision and district characteristics are associated with appointment timing. Regressors in columns 10 to 22 are obtained from the 1993 village census. These correspond to basic public goods in education, health and access to general services. In general, the appointment timing is uncorrelated to the quality of public services across districts. The only exception refers to the likelihood of having traditional birth attendants in the village which is higher for districts with later appointment timings. Rows 23 to 26 of Appendix-B Table 3 examine whether the underlying level of economic activity in the district is correlated to the appointment timing. Unfortunately, there are no standard measures of economic activity at the district level before 1993, such as district-level GDP. We proxy the level of economic activity by using

[21]Despite the fact that the elections during the Soeharto regime were heavily controlled, scholars argue that the variation in vote shares across districts is still informative about the relative strength of support for Soeharto in the different regions (King (2003), Haris (2004)). Furthermore, there was substantial variation in vote shares across districts. For instance, in the year 1987, Soeharto's party's vote shares ranged from 35% to 99%.

[22]The conflict data is obtained from the UNSFIR dataset. These data records instances of large-scale conflict between 1990 and 2003 as reported in provincial newspapers in 14 provinces of Indonesia. These 14 provinces are those with highest underlying conflict. In order to not to alter the estimating sample, we assume there was no large-scale conflict in the provinces not covered by UNSFIR. The results are robust to restricting the sample to those provinces covered by the UNSFIR dataset. Since conflict events are sparse for some districts, we compute the average for the pre-appointment period. See Section 2 in this Online Appendix for further details.

measures obtained from the district-government budget in the year 1994.[23] In particular we use the logarithm of the value of different transfers that the districts obtain from the central government.

Overall, the results presented in Appendix-B Table 3 support the assumption that appointment timing is orthogonal to the characteristics of districts before these appointments took place, as well as to the underlying levels of political or economic stability.

3.2 Cohort Effects

Our empirical analysis exploits the variation across districts in the timing of appointment of the last Soeharto mayors. Under the plausible assumption that the timing of the fall of Soeharto was orthogonal to district-level political cycles, the fall of the regime was equivalent to randomly assigning districts to different levels of exposure to Soeharto mayors during the democratic transition. These events mitigate the first order endogeneity concern that districts assigned to different levels of exposure differ on underlying characteristics. However, a remaining concern is that the assignment to different levels of exposure is correlated with other factors that could have an independent effect on our outcomes of interest. The different levels of exposure are generated by the fact that the last Soeharto mayors are appointed in different years and, therefore, correspond to a different cohort of mayors. For instance, if the Soeharto government changed its appointment strategy over time, the differences across districts could be driven by having had Soeharto mayors with different characteristics in office. Also, if the event of a district-mayor appointment leads to conflict or political mobilization, it could generate different political dynamics across districts. While it is unclear why these alternative channels could have long-lasting effects on the quality of governance, they are, nevertheless, a potential confounder for our interpretation of the results.

In this section we undertake a number of strategies to evaluate the validity of these alternative explanations.

The Unexpected Nature of the Indonesian Democratic Transition

First, we argue that the characteristics of the Indonesian democratic transition greatly mitigate these concerns. Mainly, the fall of the Soeharto regime was largely unanticipated and the political and economic conditions where quite stable during the period 1994-1997. By the year 1997, the regime was perceived as fairly stable and few predicted the subsequent

[23]These data are obtained from the INDO-DAPOER dataset. The first year when these variables are available is 1994. See section 2 in this Online Appendix for further details.

fall of Soeharto. This is particularly illustrated by the publication of a special report on Indonesia in the newspaper *The Economist* on July 24th of 1997 (The Economist (1997)). While this report discussed the possible succession of Soeharto, it also described how the same debate had been ongoing for a very long time in Indonesia. For instance, it includes the following sentences: *"Now 76, he [Soeharto] is likely to embark on a seventh term in 1998. Like other long-serving rulers, Soeharto seems unable to let go."*; *"Speculation about the succession has been a favourite game in Indonesia for at least ten years."*; *"Some believe Soeharto will stand down in the middle of his next term. Others say that, like a Javanese king, he will want to die on his throne"*.[24] The report also predicted a low likelihood of an immediate regime change. In particular the report says *"Indonesia is showing few signs of being an authoritarian domino on the verge of tumbling. Protests have been on a smaller scale, and generally moderate in its demands."* This last statement is remarkable, given that the report was published only 10 months prior to the fall of the Soeharto regime.

Part of the reason why the fall of the Soeharto regime was so unexpected is because the main triggering event of Soeharto's loss of critical support was linked to the onset of the East Asian financial crises in the second half of 1997. While Indonesia was severely affected by the crisis, its negative consequences started taking place in 1998. An example of this is the evolution of the exchange rate of the rupiah to the US dollar. On August 1997, Indonesia abandoned the rupiah trading band and allowed the currency to freely float. However, as can be seen in Appendix-B Figure 1, this did not lead to an immediate large drop in the value of the rupiah. Instead, the largest devaluation of the currency took place in the first months of 1998.[25] Economic turmoil and social unrest started taking place in the late 1997 and intensified in 1998. Indeed the large-scale riots that led to Soeharto's decision to step down only took place on May 1998.

Differences in the Characteristics of Appointed Mayors

The second strategy we undertake to mitigate these concerns consists of empirically checking whether there were changes in the appointment strategy of Soeharto mayors in the last

[24]The episodes of Soeharto illness in the last years of the regime were exploited in the seminal paper Fisman (2001) to estimate the value of political connections to Soeharto. However, it is important to note that news about Soeharto's health had been taking place for most of the 1990s decade. In particular, the events that Fisman (2001) studies took place in January 1995, April 1995, April 1996, July 1996, April 1997. Soeharto also underwent extensive medical tests in 1994 when he was diagnosed with kidney stones (Jakarta Post (1999)). Overall, this suggests that the perception of the health status of Soeharto was probably not systematically different in the period 1994-1997. Soeharto passed away in 2008.

[25]The figure was obtained from http://www.tradingeconomics.com/indonesia/currency. Last accessed December, 8th 2015.

years of the regime. For this purpose we collected data on the demographic characteristics of mayors appointed between 1994-1998. We hired an Indonesian research assistant that conducted a number of searches in news portals and district websites.[26] Unfortunately, the information on these mayors was not always available since these mayors were appointed about 20 years ago and no official dataset recorded their demographic information. Out of the 129 districts in our baseline sample, we were able to find information on years of schooling for 124 mayors, year of birth for 58 mayors, location of birth for 37 mayors and occupation for 85 mayors.

The results are reported in Table 4 of this Online Appendix. In Panels A and B, we explore the differences in characteristics of mayors appointed between 1994 and 1997. Columns 1 to 3 report the results on education, age, and place of birth, respectively. As we can see, the results are generally not statistically significant and do not indicate any particular pattern of change of appointment of Soeharto mayors.

We also examine changes in the occupational background of the appointed mayors. This corresponds to one of our main outcomes of interest since we identify the Soeharto elites by previous occupation in the military and bureaucracy. However, the data exhibits very little variation in occupations: all mayors appointed between 1994 and 1997, with the exception of two mayors, were members of the military or the bureaucracy.[27] Hence, 98.4% of the mayors appointed during the final years of the Soeharto regime were members of the so called Soeharto elites. Note, however, that we miss information on the occupation background of mayors in several districts. It is possible that belonging to less standard occupations is associated with the likelihood of maintaining information online. Column 4 explores whether the likelihood of having missing information on the occupation of mayors is correlated to the appointment year. We find no evidence of this.

Overall, these results confirm that the mayors appointed between 1994 and 1997 did not systematically differ across cohorts. Hence, this evidence supports our fundamental assumption that during this period, the regime was stable and appointment patterns did not change.

In Panel C, we extend the sample to include districts that appointed the mayor in 1998. Note, that our baseline sample excludes districts with appointments in 1998. The reason for this sample restriction is that, by the year 1998, Soeharto had already stepped down. Hence, it is likely that these appointments were different in nature. The empirical evidence

[26] See Section 2 in this Online Appendix for further details.

[27] One of these mayors was a journalist, appointed in 1994, the other was a politician and was appointed in 1995.

suggests that this was, indeed the case. We find that mayors appointed in 1998 are more educated and considerably older at the time of appointment. The estimates on the 1998 are statistically significant at conventional levels. However, there are no differences on whether the mayor was a native of the district, or on the propensity to have missing information on the background of the mayor. Regarding the background, only two of the mayors appointed in 1998 had backgrounds outside the bureaucracy or military. 96.5% of mayors appointed in 1998 were members of the Soeharto elite. While this fraction is lower than from the previous years the differences are small.

The higher level of education of 1998 mayors may indicate that there was an attempt to select more competent mayors. Given this indication of a change in appointment patterns, and taking into account that there is not a clear theoretical prediction on how this change would affect outcomes, we decided to exclude those districts from our main specifications. However, we present our main results including districts with appointments in 1998 in Appendix-B Table 8. See also section 3.5 in this Online Appendix for further discussion.

Robustness to Dropping Districts with Appointments in 1997

While the characteristics of mayors appointed in 1997 are not statistically different from those of mayors appointed in earlier years, we could still be concerned that some of these appointments took place at a time of increasing political instability. In particular, the consequences of the East Asian Financial crises started having effects in Indonesia economy in the second half of 1997.

As an additional robustness check, we exclude from the sample the districts that had appointments in 1997. Table 5A in this Online Appendix presents the results for our main outcomes of interests, when we implement the linear specification. Column 1 presents our baseline results to facilitate the comparison. Column 2 evaluates the sensitivity of the results to dropping districts with 1997 appointees from the sample. As we can see, the results are robust to this specification. Appendix-B Tables 5B and 5C in this Online Appendix implement the same robustness check to our proxies for elite persistence and measures of political competition. While the result on the presence of mayors connected to Soeharto is unaffected, the effects on the z-score of political competition is no longer statistically significant. However, the point estimate remains negative and large in magnitude.[28]

Controlling for Underlying Conditions at the Time of Appointment

[28]In Appendix-B Tables 6A, 6B, and 6C we report the equivalent robustness checks when appointment timing is allowed to have non-linear effects in outcomes. The results are similar to those presented in Appendix-B Table 5A and 5B.

Our fourth strategy consists of directly controlling in our main specifications for measures of the underlying level of social unrest and economic conditions at the time of appointment. For measures of social unrest we use the UNSFIR dataset (Varshney et al. (2008)). These data collected information on large-scale violence that took place between 1990 and 2003 from local newspapers of 14 provinces. The provinces covered were those with the highest incidence of conflict. In order to not modify the estimating sample, we assume there were no large-scale conflicts in the non-covered provinces, which is a plausible assumption.[29] Using these data we compute for each district the number of conflict incidents, number of casualties, and number of people injured in the year of the appointment of the last Soeharto mayor. Column 3 of Appendix-B Tables 5A, 5B, and 5C reports the results. The results are very robust to adding these additional controls: neither the point estimates, nor the statistical significance are affected.[30]

In a similar exercise, we control for the level of economic activity at the time of the appointment. District-level data on economic variables are scarce for the 1990s. For this exercise, we proxy the level of economic activity by measures of district-government revenues from different sources. These data belong to the district-government revenues dataset collected by the Ministry of Finance of Indonesia.[31] We use as controls the per capita total district revenue, and per capita revenues from local resources—mainly coming from fees and levies—at the time of appointment of the last Soeharto mayor. The results are presented in column 4 of Appendix-B Tables 5A, 5B, and 5C. As we can see the results are robust to incorporating these controls.

3.3 Political and Economic Conditions at Time Elections of the First Democratic Mayor

A related concern is that the levels of exposure to the Soeharto mayors during the transition correlate with the conditions in which the first democratic mayors were elected. If the conditions under which this election took place have long-lasting effects on the quality of governance, the differential election timing could be a confounder for our results. Table 1

[29]The results are similar but less precisely estimated when we restrict the sample to the 14 provinces that were covered by the UNSFIR dataset. The results are available from the authors upon request. See the Data Appendix in Section 2 for further details on the UNSFIR dataset.

[30]The results in health and education public goods correspond to the panel-data specification. For this robustness check, we incorporate as controls the measures of conflict at the time of appointment interacted with a full set of year fixed effects. This allows the intensity of conflict to have a time-varying effect on our outcomes.

[31]See section 2 for further details.

in Appendix-A, suggests that the appointment and election timings are strongly correlated: districts that appointed their last Soeharto mayor later—hence, having a longer exposure to this mayor during the transition—also tend to have later election of their first democratic mayor.

The characteristics of the Indonesian transition mitigate this concern. Note that the first mayors elected in the democratic period were elected through indirect elections: the district legislatures constituted after the 1999 election were entitled to elect the mayor according to the rules of proportional representation once the term of the last Soeharto mayor had expired. Hence, the fact that all the local legislatures were constituted at the same point in time mitigates the concern that districts systematically differ in their party composition due to differences in the points in time when local assemblies were constituted. However, it is still possible that the legislative process through which the mayor was selected was influenced by the fact of taking place at different points in time.

To address this concern we control for the level of social unrest and the economic conditions at the time of the indirect election at each district. Following a similar approach to the one discussed in the previous subsection, we incorporate controls on the incidence of conflict and measures of district government revenue measured at the time of the legislative election of the first democratic mayor. The results are presented in columns 5 and 6 of Appendix-B Tables 5A, 5B, and 5C. The additional controls on incidence of conflict do not change the magnitude or significance of the results.

Finally, we implement a similar robustness check to control for the economic and political conditions at the time of the first direct elections. Most of our outcomes of interest are measured when the first directly elected mayors were in office. Differential levels of conflict or economic stability could affect the election process and, consequently, the characteristics of the elected mayor. Columns 6 and 7 of Appendix-B Tables 5A, 5B, and 5C present the results when adding economic controls and measures of conflict.[32] The results are also robust to this additional set of controls.

Overall, while we cannot cannot fully rule out the possibility that changes in popular support for different parties had some influence over the parliamentary process that selected the first democratic mayor, we believe this possibility is not very likely. Parliamentary

[32]Since the UNSFIR data on conflict is reported until 2003, while direct elections were introduced in 2005, we use a different source of information to proxy for political stability. We obtain measures of the number of villages that experienced conflict from the 2005 and 2008 village census. We proxy the prevalence of conflict in districts with direct election in 2005 and 2006 using the incidence of conflict reported in the 2005 village census. We use the 2008 village census to measure conflict for districts that implemented direct elections in 2007 or later.

coalitions were formed based on well defined local party coalitions with little regard to short-term variations in popular opinion. Furthermore, the lack of sensitivity of our results to controlling for incidence of conflict and economic activity gives us further confidence that differences in conditions at the time of the parliamentary election cannot fully account for our results.

3.4 Effects Driven by Subsequent Political Reforms

A potential alternative explanation is that our results are driven by the timing of subsequent district-level political reforms. Starting in 2005, direct elections for district mayors were introduced in a staggered fashion: elections took place when the five-year term of the previous mayor expired. Therefore, there is a natural positive correlation between the appointment timing of the last Soeharto mayor and the timing of introduction of direct elections.

However, the two timings are not perfectly collinear. In 2004 a moratorium was introduced on district elections and around 40% of districts held elections in the year 2005. To evaluate the validity of this concern we subject our baseline specification to additional controls on the timing of direct elections. In particular we add dummies for the different direct election years.[33]

Column 9 of Appendix-B Tables 5A, 5B, and 5C reports the results. The results are very robust to this additional set of controls. Therefore, it is unlikely that our empirical results are confounded by the timing of the introduction of direct elections.

A related concern, is that differences in the appointment timing of the last Soeharto mayor could be correlated with the experience of mayors at the time our outcomes of interest are measured. The number of years of experience of mayors relates to the timing of elections and also to whether they were reelected or not. To assess the robustness of our results to differences in the levels of experience of mayors, column 10 of Appendix-B Tables 5A, 5B, and 5C incorporates as controls dummies for the different number of years of experience of the district mayors in office at the time our outcomes of interest are measured. The results are highly robust to adding these controls.

3.5 Effects for Districts that Appointed Mayors in 1998

In this subsection, we discuss the robustness of our results to the inclusion of districts that appointed the mayor in 1998 to the sample. Note, that we exclude these districts from our

[33]We add dummies for elections in years 2005, 2006, and 2007 or later.

main analysis. The main reason is that the theoretical predictions for these districts are ambiguous. By May 1998, Soeharto had already stepped down. Hence, it is likely that these appointments were different in nature. In section 3.2 of this Online Appendix, we presented evidence suggesting that this was the case. We find that mayors appointed in 1998 are more educated and considerably older at the time of appointment. This suggests that the transitional government may have tried to appoint more competent and potentially more moderate mayors to appease popular discontent.

In Appendix-B Table 8, we examine how our results compare for districts with appointments in 1998. We incorporate these districts to our baseline sample and estimate our flexible specification. As we can see, the estimates of the dummies for appointment timing 1995 to 1997 are similar to our baseline results. This confirms that excluding the districts with appointments in 1998 does not fundamentally affect our results.

The coefficients on the 1998 appointment dummy have the same sign as the coefficients on the 1997 dummy, but they are typically smaller in magnitude. This could be the result of different counteracting forces being at play: On the one hand, the mayors appointed in 1998 had a long time to undertake investments in *de facto* power. On the other hand, the 1998 appointees may have been more competent and, potentially, more moderate than the 1997 appointees.

Given the indication that appointment patterns change, and the fact that there is not a clear theoretical prediction on how this change would affect outcomes, we exclude these districts from our main specifications.

3.6 District Splitting

Our baseline results are estimated on the sample of districts that do not suffer district splits during the sample period. Since the end of the Soeharto regime, Indonesia has experienced an intense process of district splitting (Fitriani et al. (2005)). In 1993 there were 285 districts in Indonesia. By 2007 the number was 459. After a district split, the newly created districts elect new mayors and, consequently, the initial timing of appointment is no longer a meaningful predictor of the amount of time the Soeharto mayor is in power during the democratic transition. Furthermore, the process of district division can generate particular political dynamics that can confound the mechanisms described in this paper. For instance, Burgess et al. (2012) show how district splitting in Indonesia led to increases in illegal logging and deforestation. Bazzi and Gudgeon (2016) find that district splitting has effects on the prevalence of conflict. Restricting the sample to districts that did not experience a district

split allows us to focus on districts with a relatively more stable political environment and more comparable institutional development.

However, this sample restriction may lead to sample selection bias and affect our estimates. In this subsection we discuss this possibility and present a number of additional robustness checks.

First, we provide a framework that clarifies under what conditions restricting the sample to districts that did not split could represent a threat to our identification strategy. This description closely follows Angrist and Pischke (2009). We adopt the Rubin or Treatment Effects notation. Let Y_i denote the outcome of interest and D_i denote the treatment status. We simplify the presentation by assuming a binary treatment: D_i takes value 1 if district i was exposed to Soeharto during the transition and 0 if it had no exposure.[34] Y_{0i} denotes the potential outcome in the absence of the treatment, while Y_{1i} denotes the potential outcome in the presence of the treatment. T_i is an indicator for whether the district remains in the sample, i.e., does not split. We allow this variable to depend on the treatment status. T_{0i} takes value 1 if district i that did *not* obtain the treatment remains in the sample, and 0 otherwise. Similarly, T_{1i} is an indicator for staying in the sample conditional on districts obtaining the treatment.

We can conceptualize the estimates we obtain from our main specifications as measures of the following expression:

$$E(Y_i|D_i = 1, T_{1i} = 1) - E(Y_i|D_i = 0, T_{0i} = 1) \tag{1}$$

In other words, our estimates measure the difference in outcomes between districts that do not split when are exposed to Soeharto mayors and districts that do not split when not exposed to Soeharto mayors. We can rewrite this expression as follows:

$$\begin{aligned} E(Y_i|D_i = 1, T_{1i} = 1) - E(Y_i|D_i = 0, T_{0i} = 1) = \\ E(Y_{1i}|T_{1i} = 1) - E(Y_{0i}|T_{0i} = 1) = \\ \underbrace{E(Y_{1i} - Y_{0i}|T_{1i} = 1)}_{\text{Causal Effect}} + \underbrace{E(Y_{0i}|T_{1i} = 1) - E(Y_{0i}|T_{0i} = 1)}_{\text{Selection Bias}} \end{aligned}$$

where the first equality follows from the assumption that treatment status—exposure to

[34]Note, however, that our empirical strategy does not fully conform to the simplified Rubin framework. All districts have some level of exposure to Soeharto mayors during the transition. Hence, all districts are treated, albeit with different intensities. The adoption of the Rubin framework in this section is just for illustration.

Soeharto mayors—is as good as randomly assigned. The last expression provides a useful decomposition of our estimand. In particular, it is composed of the causal effect of interest and a term representing the selection bias. The selection bias measures the difference in potential outcomes between districts that remain in the sample when treated and those that remain in the sample when not treated. If exposure to Soeharto affects the propensity of districts to split, treatment and control districts that remain in the sample may differ on underlying characteristics and, consequently, our estimates would be biased.

To investigate this possibility we proceed in a number of steps. First, we show evidence that the *likelihood* of districts splitting is not affected by exposure to Soeharto mayors during the transition. Appendix-B Table 9 presents the results. The unit of analysis are districts according to their borders in existence at baseline. The dependent variable is a dummy that takes value one for districts that subsequently split into multiple districts. None of the coefficients is statistically significant suggesting that the treatment does not affect the likelihood of district splitting. These results are reassuring because they suggest that the treatment did not facilitate or hinder the likelihood of district splitting.

However, the absence of selection bias not only requires that the treatment does not affect the likelihood of remaining in the sample, but also requires that the *composition* of districts that remain in the sample is the same across treatment and control groups. A second reassuring piece of evidence is provided by the endogeneity test presented in section 3.1 of this Online Appendix and in Appendix-B Table 3. These results indicate that districts with different levels of exposure to Soeharto mayors during the transition have similar characteristics at baseline. Note that these estimates are obtained in the sample of districts that did not split, hence, in our potentially selected sample. The measures of outcomes and covariates at baseline are proxies for Y_{0i}—i.e., potential outcomes in the absence of treatment—since they are measured before Soeharto mayors were appointed. Hence, the endogeneity test is the most direct test of the presence of selection bias. The results indicate that districts that do not split and remain in the sample, do not seem to differ at baseline depending on their levels of exposure to Soeharto mayors during the democratic transition. It is likely that these districts are also similar in unobserved characteristics. Hence, these results support the hypothesis that our estimates are not biased because of being estimated on a selected sample.

In addition to this, we also exploit the fact that we have measures of baseline characteristics for all districts, including those that subsequently split. Hence, we can examine whether treatment status predicts differences in the type of districts that tend to split. We

implement this test using a *Differences-in-Differences* strategy where the dependent variable is a district characteristic at baseline and our main regressors are appointment year of the Soeharto mayor, a split dummy and its interaction. In particular, we estimate the following model:

$$Y_i = \beta_0 + \beta_1 \text{App\_Year}_i + \beta_2 \text{Split}_i + \beta_3 \text{App\_Year}_i \times \text{Split}_i + \varepsilon_i \quad (2)$$

Y_i is a district characteristic at baseline. App_Year_i is the continuous empirical analogue of D_i in our notation above. Split_i takes value 1 when observations are dropped from the sample, hence, when T_i takes value 0.

We present the results in Appendix-B Table 10. In Panel A we examine the factors that the literature has identified as being the main determinants of district splitting. (See Pierksalla (2016) and Bazzi and Gudgeon (2016)). All district characteristics are measured at baseline—i.e., in 1994 or earlier—with the only exception of ethnic fractionalization that is obtained from the 2003 village census. Unfortunately, earlier measures of ethnic fractionalization are not available. The coefficients on the split dummy confirm the findings of the previous literature. Districts with lower population density, higher ethnic fractionalization and higher vote shares of Golkar are more likely to experience district splits. However, these factors did not seem to differentially affect district splitting depending on treatment status. The fact that the interaction coefficient shown in column (3) is never statistically significant suggests that higher exposure to Soeharto does not change the differences in underlying characteristics between districts that split and districts that did not split. Panel B repeats the same exercise for other characteristics included in the endogeneity test. All of the interaction coefficients are statistically insignificant, confirming that treatment status does not seem to change the composition of districts that split.

Overall, these results suggest that exposure to Soeharto mayors during the transition did not change the composition of districts that decided not to split, and hence remain in our baseline sample. As a result, our baseline estimates on the sample of districts that did not split are unlikely to be biased due to sample selection. Since the process of district splitting can generate important disruptions in public good provision, rent-seeking dynamics, and the nature of political competition, we believe that our focus on districts that did not split is a sensible choice. In this way we focus our analysis on districts that experience a relatively more stable political environment and more comparable institutional development to one another.

Finally, it is important to keep in mind that our empirical strategy provides unbiased estimates of the treatment effect on districts that did not split. In the presence of heteroge-

nous treatment effects the treatment effect on districts that did not split may differ from the treatment effect on the full sample. While we have no reason to believe that there are heterogenous treatment effects, we cannot rule out this possibility. The fact that Appendix-B Table 10 does not show differences in pre-treatment characteristics between early- and late-appointment districts across districts that split and those that do not, is suggestive of the lack of heterogenous treatment effects. However, the estimates identified in this paper are unbiased for the sample of districts that do not split.

3.7 Using Ending Timing Instead of Appointment Timing

In the main specifications in the paper, we use the appointment timing of the last Soeharto mayor as the regressor of interest. As we argue in the text and as suggested by Appendix-A Table 1, the appointment timing and the year of the end of the term—*ending timing*—of the last Soeharto mayors are strongly correlated.[35] Hence, the appointment year is a strong predictor of the number of years the Soeharto mayor remained in office during the democratic transition. In this section, we present the results when using the actual ending timing of the Soeharto mayor in each district as main regressor, instead of the appointment timing. Note that using the appointment timing is appealing because it is less likely to be endogenous to district-level unobserved shocks that also affect also affect our outcomes of interest. In contrast, it is likely that the ending timing is an endogenous regressor. For instance, consider a district that experiences a negative economic shock during the democratic transition. It is likely that this district suffers from a reduction in the provision of public goods and which, in turn, makes voters demand earlier elections. This would introduce an attenuation bias in the coefficient on ending year of the last Soeharto mayor on public good provision.

We further explore this empirically in Appendix-B Table 11A. In the first column of each panel we reproduce our baseline result for the respective outcome in order to facilitate the comparison. In this specification, we regress our outcomes of interest against the year of appointment of the last Soeharto mayor. We label this result as *Reduced Form*. In the second column for each panel we present an alternative specification were we regress our

[35]Note however, that there are a few mayors that served shorter or longer terms than 5 years. This could be driven by some mayors stepping down from office earlier, because of health or other reasons. Despite it is rare, it is possible that some mayors also obtained an extension of their term. It is also possible that these differences are driven by measurement error in the appointment or ending year. In Appendix-B Table 19 we verify that there are no differences in pre-treatment characteristics between districts where the mayor served 5 years or more than 5 years. This confirms that there is not a systematic pattern of selection in districts that our data records as the term lasting more than 5 years.

outcomes of interest on the year when the last Soeharto mayor ends their term. We label this specification *Ordinary Least Squares (OLS)*. If ending timing was an exogenous regressor, this would be the specification of interest, since the point estimates would tell us the effect of each additional year of actual exposure to Soeharto mayors during the democratic transition.

Comparing the two columns for each outcome, we observe that the sign of the coefficient is the same, but the magnitude of the effect and the statistical significance are typically lower in the OLS specification. These differences could be driven by the endogeneity in the timing of mayor elections, since shocks that lead to worse outcomes are probably correlated with earlier elections. As a result the coefficients will be biased towards zero.

To address the endogeneity of the ending timing, in a third specification we implement an instrumental variable strategy where the appointment timing is used as an instrument for the ending timing. We label these results as *Two Stage Least Squares (2SLS)*. The 2SLS estimates are larger in magnitude than the OLS, suggesting that this instrumental variables strategy corrects the attenuation bias. The 2SLS results are slightly larger in magnitude than the reduced form. This suggests that the 2SLS specification also addresses the attenuation bias that emerges from measurement error in appointment timing.

In Appendix-B Tables 11B, 11C, and 11D, we conduct an analogous exercise for our non-linear specification, where we incorporate dummies for the different ending years. The 2SLS results are similar to the reduced form results. However, several of the 2SLS estimates are less precisely estimated. This is driven by the fact that the first stage specification with dummies as regressor and as instruments is a very demanding specification. The precision of the first stage for the appointment timing in 2000 is low, which leads to a weak overall first stage. We report the First Stage for both specifications in Appendix-B Table 11E.

3.8 Differential Transfers or Federal Programs from Central Government

The public good results presented in the paper show that districts with longer exposure to Soeharto mayors during the transition have lower provision of public goods. We argue that this result is driven by the greater investments in *de facto* power of mayors that lead to worse quality of governance and service delivery. An important alternative explanation for this result is that the transitional central government punished districts that had a Soeharto mayor in power during the early stages of the democratic transition. For instance, the central government may have allocated fewer transfers or fewer centrally-provided public goods to those districts. This potential differential treatment may have generated a deficit in public

good provision that persisted over time.

A number of features of fiscal arrangements in Indonesia during the relevant period mitigate this concern. As presented in detail in section 1.6 of this Online Appendix, the role of the central government in public good provision was substantially reduced after democratization. While the Soeharto regime provided most public goods through deconcentrated ministry agencies, the decentralization reforms transferred the main public good provision responsibilities—including in health and education—to districts. In particular, basic education and health facilities were provided upon the initiative of district-level governments. Second, the nature of federal transfers also changed: the Soeharto regime funded districts through earmarked transfers. With decentralization the largest transfer that districts received, DAU—which accounts for 68% of the district budget—was non-earmarked. Third, the DAU transfer, was computed through a formula based on objective criteria. This limited the ability of the central government to discriminate districts on the basis of political considerations. Overall, this suggests that districts had a leading role in the provision of the main public goods and that the central government had a limited ability to benefit some districts either through transfers or direct public good provision. However, it is still possible that central governments could have had some impact in district funding. For instance, the central government has discretion over the allocation of DAK transfers, that account for 3% of the district budget. Furthermore, while the central government no longer had a leading role in public good provision, it was still responsible for issuing regulations and providing oversight of public goods provided by districts.

To further mitigate these concerns, we present a number of robustness checks. First, using data on district revenues we show that the presence of Soeharto mayors in power does not lead to a significant reduction in the transfers that districts receive from the central government. To show this we use different types of federal transfers as dependent variable of our baseline specification (1), presented in section 4 of the paper.

The results for all fiscal years between 1999 and 2007 are presented in Tables 12A and 12B of this Online Appendix. Column 1 presents the results for total transfers from central government to districts. Columns 2 to 5 decompose this transfer in their main components. Finally, column 6 presents the results for central government transfers except for the shared taxation revenue.[36] The results suggest that the timing of appointment of the Soeharto mayors is not correlated with the transfers obtained from the central government.

[36]Since the level of economic activity in a given district may affect the amount of transfers collected in that region, we think that excluding this category is a better measure of the resources that the central government intended to transfer to the regions.

Appendix-B Figures 4 and 5 summarize the main results. We represent the coefficients with their corresponding 90% confidence intervals, for different transfers and fiscal years. We denote in the figure the central government administration in office in each year. Figure 4 corresponds to DAU transfers, which are largest revenue source of district governments. The results indicate there is no significant correlation. However, this is not surprising since the allocation of DAU is determined based on an objective formula. Figure 5 presents the same graph when we examine the DAK transfer. Districts need to apply to obtain this transfer for a specific purpose. The central government decides whether to grant it or not. As we can see from the graph, even for fully discretionary transfers, we do not observe that the central government systematically allocated funds to districts depending on the presence of Soeharto mayors during the transition.[37]

In Tables 13A, 13B and 13C in this Online Appendix, we present the results for the flexible specification. For the most part there is not a significant pattern of results. The only possible exception is that 1996 districts may have received more earmarked transfers relative to the 1994 districts. Note that this is at odds with our results, since we observe *lower* public good provision in the 1996 districts. Hence, this would suggest that if anything our results on public goods for 1996 may be a lower bound.

To further mitigate the concern that differential transfers may affect public good provision, we present an additional robustness check where we control for central government transfers in our baseline specifications. The results are not affected by this additional control. The results are presented in Table 14 in this Online Appendix. Our other results in this paper are also robust to incorporating these controls. See Table 14B in this Online Appendix.

Finally, we also explore whether the allocation of federal programs of social protection was different across districts depending on the timing of appointment of Soeharto mayors. While the central government was not the main provider of public goods, after decentralization they implemented a number of programs targeted at the household-level that aimed at reducing poverty. We examine the provision of health cards, unconditional cash transfers, and subsidized rice. See section 1.6 for further information on these programs and the data appendix in section 2 for information on the data sources. The results are presented in Table 15 in this Online Appendix. Panel A presents the linear specification, while panel B shows the flexible specification. As we can see, almost none of the results are statistically significant and the point estimates show no particular pattern. These results suggest that the

[37]The results are similar if we use the actual end timing of the Soeharto mayor term, rather than the appointment timing. These results are available upon request.

central government did not differentially assign social protection programs across districts depending on their political alignment to mayors.

3.9 Reverse Coat-Tail Effects and Time Span since the Soeharto Mayor End of Term

One potential concern of the electoral results is that our main treatment—exposure to Soeharto mayors during the transition—is collinear with the time that passed since the district made the transition from Soeharto mayor to elected mayor. At the time of the 2004 general elections, those districts with the longest exposure to Soeharto mayors had experienced the mayoral transition recently—in 2002—, as opposed to mayors with the shortest exposure to Soeharto mayors, which had experienced that transition in 1999.

This could be problematic in the presence of reverse coat-tail effects. This refers to the situation where the presence of a popular lower-level politician increases the vote share of an upper level politician of the same party. This form of shared incumbency advantage could be motivated by voters making inferences about the performance of the upper-level politicians based on their knowledge of the local-level politician (Broockman, 2009).

The presence of reverse coat-tail effects that persist over time, could be an alternative interpretation to our results. This alternative mechanism would require that: (1) having a Soeharto mayor in office leads to more electoral support for Golkar in general elections, because of a shared incumbency advantage; (2) this effect persists over time and it's active even when the Soeharto's mayors have stepped down; (3) this shared incumbency advantage decays over time, so that by 2004 its effects are stronger for districts that experienced a recent mayoral transition than for districts that experienced that transition a few years earlier. In this case, we could observe that districts that experienced a more recent mayoral transition exhibit stronger electoral support for Golkar, even in the absence of investments in *de facto* power.

Note that the persistence of the electoral effects for the 2009 general election mitigate, to some extent, this concern. The results, presented in Table 2 in the main text of the paper, are similar to those of the 2004 election, suggesting that the support for Golkar persists in districts with higher exposure to Soeharto mayors. If the 2004 results were driven by the legacy of reverse coat-tail effects, we may expect that these would dissipate over time. The coat-tail effects alternative mechanism requires that the shared incumbency advantage decays over time. Hence, we would expect that the differences in support for Golkar across districts that are driven by the legacy of the coat-tail effects would narrow over time, and

potentially would be absent 7 to 10 years after the mayoral transition took place. We find the persistence of the effects on electoral support are more consistent with the idea that districts had become different during the democratic transition. In particular, we find them consistent with our hypothesis that investments in *de facto* power lead to more elite capture and generated benefits to the Soeharto elites that persisted over time.

However, one could still argue that the decay of the reverse coat-tail effects may be very slow over time and, in that case, by 2009 we could still observe differences in electoral support driven by the differences in the time passed since replacement of the Soeharto mayor 7 to 10 years ago. Hence, to further address this alternative mechanism we provide an additional robustness check.

We exploit the fact that our outcomes are measured in multiple years and we attempt to measure outcomes in each district within the same number of years since the Soeharto mayor was replaced. For instance, in the case of electoral results, we have measures for 2004 and 2009. For districts that experienced a mayoral transition in 1999, 5 years have passed by the time the 2004 election took place. For districts that experienced a mayoral transition in 2003, 6 years have passed by the time the 2009 election took place. By comparing the effects in electoral support in these two points in time we (almost) hold constant the time has passed since the mayoral transition in each district. If the effects are driven by the legacy of reverse coat-tail effects we would expect the results to disappear. In contrast, if the effects are driven by the fact that districts had become different during the transition—for instance because investments in *de facto power*—we may expect the differences to still be present in these comparisons. In the *de facto power* mechanism, districts should still differ as a function of the exposure to Soeharto mayors during the transition, even if we measure outcomes within the same number of years since the mayoral transition in each district.

It is important to keep in mind that this robustness check has a number of caveats. First, none of our outcomes is measured at high frequency. Hence, the sample is drastically reduced when trying to measure outcomes within the same number of years since the mayoral transition. This affects the precision of some of our estimates. Second, if the outcome of interest experiences a strong a secular change over time using measures from different years is problematic. That is the case for the electoral results: Golkar's vote share experienced decline of 6 percentage points between 2004 and 2009 (from 21% to 15% vote share). In order to make sure we are comparing outcomes on the same scale, we first standardize the outcomes using the mean and standard deviation of the year in which they are measured. Then, we assign the standardized measure to different districts to hold constant the number

of years since the district experienced a mayoral transition.

The results are presented in Appendix-B Table 16A. Columns 1 and 2 show the effects on Golkar vote shares in 2004 and 2009, respectively, once they have been standardized by their corresponding mean and standard deviation. Columns 3 to 5 present the robustness checks when holding the number of years elapsed since the mayoral transition as constant as possible. Column 3 shows the most demanding specification: we compare outcomes (measured in 2004) of districts in which the last-Soeharto mayor was replaced in 1999 with the outcomes (measured in 2009) of districts in which the last-Soeharto mayor was replaced in 2003. This effectively compares the electoral results between districts that experienced the transition 5 and 6 years since the outcomes were measured. We implement our baseline econometric specification on this restricted sample and when the outcome is measured as described above. The results presented in column 3 are remarkably robust. Despite the fact that the sample only contains 34 districts, the point estimate is statistically significant and close in magnitude to the baseline standardized effects. Columns 4 and 5 show similar specifications when we include more districts, at the expense of comparing districts with more distant lags since their mayoral transition. The results become more precisely estimated and closer to the baseline effects reported in columns 1 and 2.

Overall, these results suggest that the differences across districts in their electoral support for Golkar are not an artifact of being measured with different lags since the mayoral transition. While this robustness check cannot entirely rule out the alternative hypothesis of legacy of reverse coat-tail effects, these results provide evidence at odds with the validity of this hypothesis. In contrast, we find this evidence supporting the idea that districts had become different during the democratic and exhibit persistent differential patterns of support for Golkar, irrespective of the time at which they are measured.

Finally, we also explore the robustness of our other results to measuring outcomes after the same number of years since the Soeharto mayor steps down in each district. While these other effects cannot be explained by the legacy of reverse coat-tail effects, related mechanisms could also provide alternative explanations. For instance, one possibility is that, in districts where the mayoral transition took place later, democratic mayors had fewer time to dismantle the institutions or policies developed during the non-democratic regime. In this case, we would also expect the differences to dissipate once we measure outcomes within the same number of years since the Soeharto mayor stepped down.

We present the results in Appendix-B Tables 16B and 16C. In Table 16B we show the results on extortion by the military and police. Column 1 shows our baseline result for

comparison. Column 2 and 3 show the results when the incidence of illegal fees is measured 7 to 9 years after the last Soeharto mayor is replaced in each district. (See the table notes for details). As we can see, the results are highly robust to this alternative specification and, they are larger in magnitude than our baseline results.

Table 16C shows the results on public good provision. In Panel A we show the results for education public goods and in Panel B we show the results for health public goods. Column 1 shows again the baseline results for comparison. The subsequent columns show results for different constant time spans since the mayoral transition. As we can see, sample restrictions affect the precision of the estimates and none of the effects is statistically significant at conventional levels. However, the point estimates are systematically negative and of a comparable magnitude as the baseline effects. Hence, these results provide suggestive evidence that even when holding constant the same time span since the Soeharto mayor transition, we can still observe negative effects on public goods, albeit imprecisely estimated.

While, the data limitations affects the precision of some of these specifications, the results are broadly similar to our baseline specification. Hence, even if we measure outcomes within the same number of years since the Soeharto mayor is replaced in each district, we still observe districts that longer exposures to Soeharto mayors during the transition exhibiting worse performance in terms of rule of law and public good provision. This is consistent with the hypothesis that the democratic transition leads to differential institutional paths that have persistent effects on outcomes, and it is at odds with the hypothesis that the results are driven by the fact that the democratic forces in some districts may have had more time to undo local institutions developed during the non-democratic regime.

3.10 Conflict

Next we examine the correlation between timing of appointment of Soeharto mayors and incidence of conflict. We start by exploring the conflict that emerged during the last years of the Soeharto regime. One potential concern to our empirical strategy would emerge if the timing of the fall of the Soeharto regime was determined by local political dynamics in a few districts. This would be particularly problematic if these local dynamics correlate to the appointment timing of mayors. For instance, if appointments of mayors in some districts generated unrest, and this lead to the fall of Soeharto, our claim that the fall of Soeharto is uncorrelated to local power dynamics would be compromised.

In order to address this concern we examine empirically whether the reappointment pattern of the Soeharto mayors is related to the intensity of protests that lead to the fall

of the regime. These protests were small in scale in 1997, and grew in intensity in 1998. The 1998 protests were highly concentrated in the capital city of Jakarta and, to a lesser extent, in the city of Solo. The results are presented in columns 1 to 4 of Appendix-B Table 17. The dependent variables corresponds to the number of incidents of conflict and number of fatalities in each district during the years 1997 and 1998. We use the UNSFIR data to compute this measures. These data has limited coverage because it focused on the regions with higher underlying levels of conflict. See section 2 in this Online Appendix for more information about this dataset. As a robustness check, we input zeros for districts that were not covered in the dependent variables of columns 3 and 4. None of the results is statistically significant. These results suggest that there was not a systematic relationship between the cycle of appointments of Soeharto mayors and the intensity of the protest that were a contributing factor to the fall of the Soeharto regime.

Hence, it is unlikely that local political dynamics correlated to the appointment timing of mayors were a contributing factor to the fall of Soeharto regime. The overwhelming importance of the East Asian financial crises and the political dynamics of the national-level elites, seemed to be the main factors behind the fall of the regime.

Second, we examine the correlation between appointment timing of mayors and the incidence of conflict between 2005-2011. One potential concern with the results on extortion of private sector firms by members of the military, is the possibility that districts where there is more rent extraction were "out of control", and the military and other groups were therefore able to extract more resources , independently of those in power. If for some reason, districts that are "out of control" tend to have had late appointments of the last Soeharto mayor, this could provide an alternative explanation to our results. We empirically investigate this possibility, by exploring whether districts with higher exposure to Soeharto mayors experience greater rates of unrest or conflict. It is likely that in districts that are out of control will also have a higher prevalence of conflict in those regions. For this purpose we examine measures of conflict reported in the village census in years 2005, 2008, and 2011. These data provides wide coverage complete coverage of all districts in our sample. Alternative datasets provide similar results, albeit have a more limited coverage in terms of districts. The results are presented in columns 5 to 7 of Appendix-B Table 17. The results suggest that the appointment timing of Soeharto mayors is uncorrelated with the incidence of conflict. While there are some significant coefficients in some of the years, there is no systematic pattern. The partial correlation between prevalence of extortion and incidence of conflict in 2011 is low and highly statistically insignificant—the point estimate is -0.025 with a p-value of 0.78.

The correlation for other years is similar.

Overall, these results suggest that districts with more extortion of private sector firms do not seem to have a particular pattern of incidence of conflict, which suggests that those districts are not out of control.

4 External Validity

4.1 Parallels with the Chilean Transition to Democracy

Indonesian scholars have traced a parallel between the Indonesian and the Chilean democratic transitions and have argued that the gradual nature of both of them has enabled elites to perpetuate their hold in power. For instance, the Indonesian scholar Vedi R. Hadiz writes:

> *"Writing on Chile, Posner critiques the fixation among 'transitologists' with elite pacts. He notes that whether or not it is acknowledged, the participants in such pacts represent sets of concrete social and economic interests, and that any 'institutional crafting' of the new 'rules of the game' that ensues will inevitably reflect this. He points out too that there is no real reason to assume that 'pacted democracies' will incrementally become more broad-based or accountable, or result in more equitably shared power. In fact, elite pacts may result in institutional arrangements that hinder such a development because they are against the interests of the dominant participants (Posner 1999: 63). Such observations are very relevant in particular to the case of post-authoritarian Indonesia and issues related to the localisation of power."* (Hadiz (2010), page 42).

Another aspect in common between the two countries is the unexpected nature of the transition to democracy. Our conceptual framework predicts that all agents of the non-democratic regime that could undertake investments in *de facto* power will begin making those investments right when agents foresee an upcoming democratization—i.e., an increase in *de jure* power of citizens. In the Chilean case, that moment probably took place when the results of the 1988 plebiscite were announced.

There are also some similarities between Indonesia and Chile in their local politics. Both the Soeharto and Pinochet regimes centrally appointed the district mayors. However, in the Chilean case there was not a staggered replacement of the Pinochet-appointed mayors. Municipal elections took place in all districts in 1992. Hence, while Pinochet's mayors may

have invested in *de facto* power between 1988 and 1992, there is not an obvious exogenous source of variation that affected their capacity to realize these investments across districts.

Still, the events on the Chilean transition are illustrative of the importance of the timing of municipal elections. Shortly after taking office in 1990, Patricio Aylwin, the first democratic president post-Pinochet, proposed the re-introduction of municipal elections. As Eaton explains *"The parties of the Concertation [left-wing coalition] offered strong support for the democratization of municipal government, because it was necessary to dislodge Pinochet appointees from the municipalities."* (Eaton 2004. page 5). Aylwin's proposal involved directly electing the district mayors and holding the municipal elections in 1991 (Bunker 2008). However, this reform was blocked in the Senate. The overrepresentation of the right wing forces in the Senate, mainly because of the presence of non-elected members, allowed the right to veto the return of municipal elections (Eaton 2004). Finally, in August 1991 the *Concertation* parties reached an agreement that enabled scheduling municipal elections in 1992, albeit introducing prerogatives by the right wing forces, such as the indirect election of the mayor through elected councilors. Overall, this illustrates that the replacement of the appointed mayors was also a salient issue in the Chilean democratic transition and that left-wing forces had a preference for earlier and open elections, with the old-regime elites preferring just the opposite.

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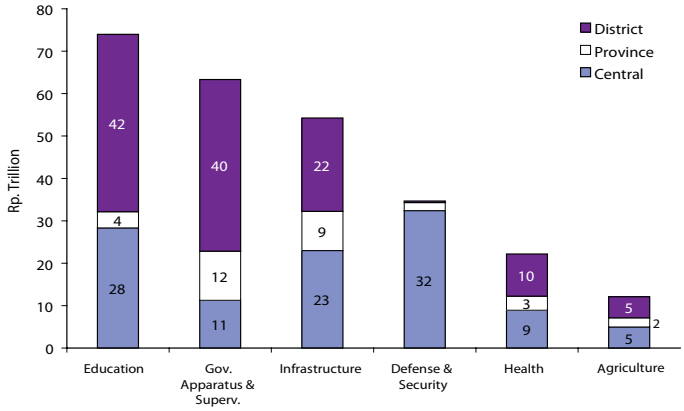
6 Appendix-B Figures

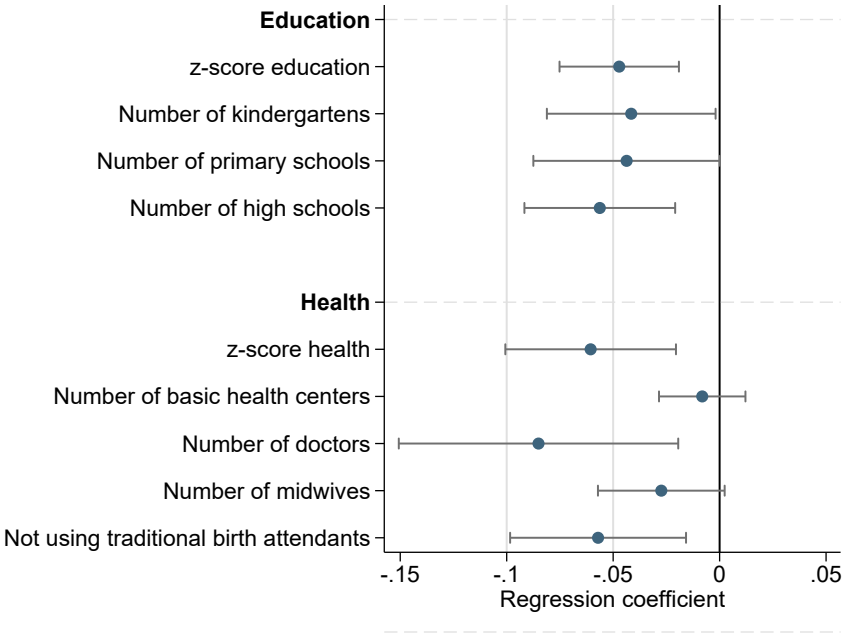
Figure 1: Historical Evolution of the Exchange rate Rupiah to USD

Figure 2: Spending in Different Public Goods, by Level of Government



Source: World Bank (2007) based on data for fiscal year 2005.

Figure 3: Effects of Exposure to Soeharto Mayors on Public Good Provision (2011 Village Census)



Notes: Point estimates and 90% confidence intervals.
All outcomes are standardized.

Figure 4: Effects on General Allocation Grant (DAU)

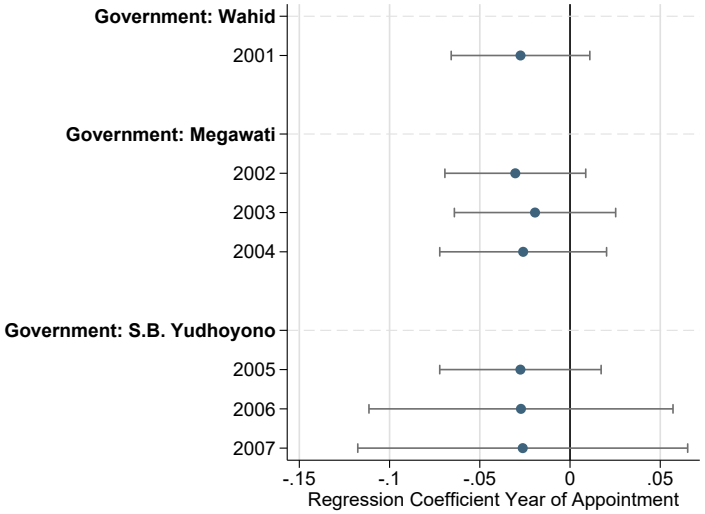
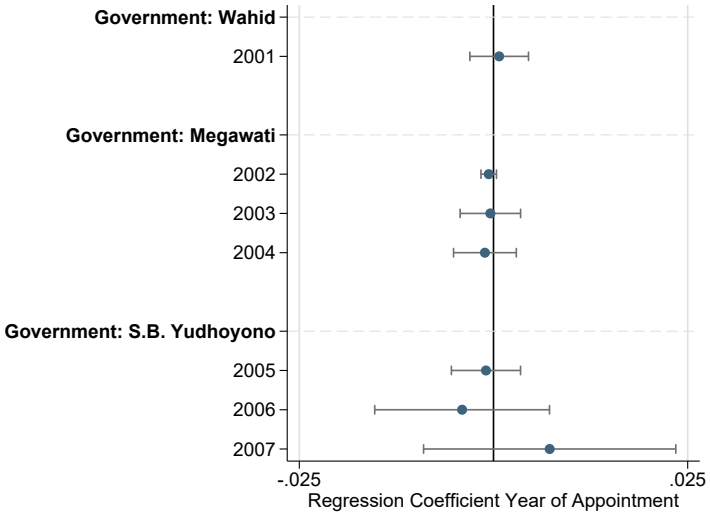


Figure 5: Effects on Special Earmarked Grant (DAK)



7 Appendix-B Tables

Outline of Tables

Table 18. Robustness Check Public Good Results: Full Sample

Table 19. Pre-treatment characteristics by Districts were Soeharto Mayor served 5 versus more years

Appendix-B Table 1. Distribution of Districts by Appointment Year

Year of Appointment of the Last Soeharto Mayor	Total Number of Districts	Number of Districts with All Covariates	Number of Districts that did not split	Number of Districts (Baseline Sample)
(1)	(2)	(3)	(4)	(5)
1994	49	46	28	28
1995	90	88	65	65
1996	46	46	23	23
1997	25	23	13	13
1998	85	81	58	-
Total	295	284	187	129

Appendix-B Table 2. Summary Statistics

	Observations / Number of Districts	Mean	Std. Dev.
	(1)	(2)	(3)
	Panel A. Measures of Political Attitudes		
Vote Share of Golkar during Soeharto Regime	129	69.30	14.37
Vote Share of Golkar 1999 Election	129	25.15	18.24
Vote Share of Golkar 2004 Election	129	21.62	10.55
Vote Share of PDI during Soeharto Regime	129	15.25	9.42
Vote Share of PDI-P 1999 Election	129	32.43	18.84
Vote Share of PDI-P 2004 Election	129	18.86	13.62
Herfindahl Index of Political Competition 1992	129	0.42	0.19
Herfindahl Index of Political Competition 2004	129	0.83	0.07
	Panel B. Mayors and Administrative Structure		
Year of Appointment of the 2nd to Last Soeharto Mayor	127	1990.14	1.10
Year of Appointment of the Last Soeharto Mayor	129	1995.16	0.88
Year of Appointment of First Democratic Mayor	129	2000.16	0.97
Number of Villages per District	129	149.24	124.84
	Panel C. District Characteristics & Public Good Provision		
Population in the District	129	550,303	453,506
Number of Primary Schools*	126	5.26	1.99
Number of High Schools*	126	1.16	0.69
Number of Kindergarten*	126	1.40	0.90
Number of Health Care Centers*	126	0.04	0.06
Number of Doctors*	126	0.84	1.05
Number of Midwives*	126	3.85	3.01
Presence of Tradional Birth Attendant	126	0.85	0.17

Notes: * per 1,000 households. Variables described in Panel C are reported in the 1993 village census.

Appendix-B Table 3. Endogeneity Test

	Independent Variables:	Dependent Variable: Year of Appointment Last Soeharto Mayor Coefficient (1)	 Standard Error (2)	 Beta Coefficient (3)
		Panel A. Measures of Political Support		
(1)	Golkar Vote Share 1971	-0.001	(0.004)	-0.021
(2)	Golkar Vote Share 1977	-0.004	(0.005)	-0.070
(3)	Golkar Vote Share 1982	0.004	(0.005)	0.075
(4)	Golkar Vote Share 1987	0.001	(0.006)	0.019
(5)	Golkar Vote Share 1992	0.001	(0.005)	0.014
(6)	PDI Vote Share 1992	-0.000	(0.008)	-0.002
(7)	Herfindahl Index 1982	0.009	(0.561)	0.002
(8)	Herfindahl Index 1987	0.067	(0.547)	0.012
(9)	Herfindahl Index 1992	-0.006	(0.482)	-0.001
		Panel B. Measures of Political Stability		
(10)	Conflict: Number of Incidents	0.082	(0.182)	0.029
(11)	Conflict: Number of Causalties	-0.358	(0.508)	-0.060
(12)	Conflict: Number of People Injured	-0.052	(0.133)	-0.022
(13)	Term Length Previous Mayor	-0.066	(0.130)	-0.048
		Panel C. Public Good Provision and Economic Variables		
(14)	Log Population	0.048	(0.059)	0.045
(15)	Population Density	-0.001	(0.001)	-0.037
(16)	Religious Fractionalization	0.098	(0.077)	0.046
(17)	Number of Primary Schools	-0.000	(0.009)	-0.001
(18)	Number of High Schools	-0.010	(0.008)	-0.021
(19)	Number of Kindergarten	-0.036	(0.024)	-0.076
(20)	Number of Health Care Centers	0.067	(0.048)	0.020
(21)	Number of Doctors	-0.015	(0.013)	-0.027
(22)	Number of Midwives	-0.003	(0.003)	-0.018
(23)	Presence of Tradional Birth Attendants	0.134**	(0.058)	0.053
(24)	Access Safe Drinking Water	-0.042	(0.081)	-0.015
(25)	Garbage Bin Disposal System	0.003	(0.061)	0.002
(26)	Toilet in the Village	0.004	(0.103)	0.001
(27)	Electricity or Kerosene for Cooking	-0.056	(0.110)	-0.023
(28)	Wide Road	-0.086	(0.137)	-0.023
(29)	Log Total Revenue (per capita)	-0.174	(0.147)	-0.133
(30)	Log Total Local Revenue (per capita)	-0.074	(0.093)	-0.071

Notes: Panel A and B show robust standard errors in parentheses. Panel C shows clustered standard errors at the district level in parenthesis for facilities (rows 14-28) and robust standard errors in parentheses for the economic variables (rows 29-30). All regressions include island-group fixed effects as controls. The number of districts could vary by specification because of missing information on the corresponding regressor. Conflict measures in Panel B are calculated as an average of conflict observed between 1990 and 1993 in the UNSFIR data set. Public good provision measures are calculated from the village census recorded in 1993. Economic variables are obtained from the district budget data set and refer to the financial year 1994. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 4. Characteristics of Mayors Appointed in 1994-1998

	Dependent Variables:			
	Years of Education	Age at Appointment	Local Mayors	Missing Background
	(1)	(2)	(3)	(4)
Mean Dep. Var.	*15.29*	*49.41*	*0.35*	*0.34*
	Panel A. Linear Specification (1994-1997)			
Year of Appointment	0.023	0.931	0.008	0.047
	(0.116)	(0.883)	(0.121)	(0.053)
Observations	124	58	37	129
R-squared	0.125	0.325	0.191	0.023
	Panel B. Flexible Specification (1994-1997)			
Appointment 1995	-0.239	0.617	-0.174	0.083
	(0.308)	(1.060)	(0.262)	(0.111)
Appointment 1996	-0.316	2.828*	0.036	0.055
	(0.361)	(1.505)	(0.362)	(0.148)
Appointment 1997	0.230	1.415	-0.067	0.184
	(0.331)	(3.733)	(0.419)	(0.177)
Observations	124	58	37	129
R-squared	0.144	0.351	0.220	0.027
	Panel C. Flexible Specification (1994-1998)			
Appointment 1995	-0.271	0.528	-0.135	0.073
	(0.303)	(1.097)	(0.204)	(0.109)
Appointment 1996	-0.404	2.726*	0.106	0.047
	(0.345)	(1.557)	(0.303)	(0.141)
Appointment 1997	0.227	0.993	-0.088	0.183
	(0.314)	(3.843)	(0.440)	(0.175)
Appointment 1998	0.558*	3.787**	-0.084	-0.011
	(0.295)	(1.484)	(0.194)	(0.108)
Observations	182	75	53	187
R-squared	0.187	0.318	0.269	0.032

Notes: Robust standard errors in parentheses. The unit of observation is the district level. The dependent variables in column 1 and 2 are measured in years. The dependent variable in column 3 takes value 1 if the district mayor serves in the same district where he was born. The dependent variables in column 4 takes value 1 if there is no informaton available about the professional background of the mayor. All specifications include as controls a set of island-group fixed effects and the district-level vote shares obtained by Golkar and PDI in the 1992 election. The number of observations changes across columns because of missing information on the dependent variable for some districts. The sample in Panel A and B is comprised of mayors with appointment years between 1994 and 1997. Panel C adds mayors with appointment in 1998 to the baseline sample. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 5.A. Robustness Checks (Linear Specification)

	Baseline	Dropping 1997	Conflict, at Time of Appointment	Economic controls, at Time of Appointment	Conflict, at Time of 1st Election	Economic controls, at Time of 1st Election	Conflict, at Time of Direct Election	Economic controls, at Time of Direct Election	Timing of Direct Election	Years of Experience of the Mayor
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Panel A. Dependent Variable: Illegal Payments to Army or Police									
Yr. of App.	0.024***	0.024**	0.024***	0.029***	0.022**	0.026***	0.025***	0.024***	0.029***	0.028***
	(0.009)	(0.011)	(0.009)	(0.009)	(0.009)	(0.008)	(0.009)	(0.009)	(0.009)	(0.011)
Observations	8,147	7,383	8,147	7,676	8,147	8,096	8,147	8,147	8,147	8,147
R-squared	0.039	0.038	0.039	0.039	0.043	0.040	0.039	0.039	0.041	0.042
	Panel B. Dependent Variable: Public Goods. Z-Score Education									
Yr. of App.×Post	-0.030**	-0.040***	-0.030**	-0.030**	-0.031**	-0.034***	-0.027**	-0.036***	-0.030**	-0.034***
	(0.011)	(0.014)	(0.013)	(0.012)	(0.013)	(0.012)	(0.011)	(0.012)	(0.013)	(0.012)
Observations	91,095	83,997	91,095	90,878	91,095	91,095	91,095	91,095	91,095	91,095
R-squared	0.113	0.110	0.113	0.117	0.113	0.115	0.114	0.115	0.114	0.114
	Panel C. Dependent Variable: Public Goods. Z-Score Health									
Yr. of App.×Post	-0.031**	-0.055**	-0.036**	-0.067***	-0.034**	-0.049**	-0.030*	-0.048***	-0.012	-0.025
	(0.016)	(0.022)	(0.018)	(0.016)	(0.017)	(0.020)	(0.016)	(0.015)	(0.020)	(0.015)
Observations	88,295	81,379	88,295	88,124	88,295	88,295	88,295	88,295	88,295	88,295
R-squared	0.197	0.205	0.197	0.202	0.198	0.199	0.197	0.201	0.198	0.198

Notes: Panels A, B and C show standard errors clustered at the district level in parentheses. The unit of observation is the firm in Panel A and the village-year in Panels B and C. Each estimate includes the baseline controls defined in the notes of the respective main tables. Each column subjects the baseline results to a different robustness check specified in the heading of the respective column. Column 2 drops districts that appointed the last Soeharto mayor in 1997. Columns 3, 5, and 7 add as controls measures of incidence of conflict at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. Columns 4, 6, and 8 add as controls measures of the level of economic activity at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. In column 9 we control for the timing of direct elections by adding dummies for elections in 2005, 2006, and 2007 or later. Column 10 adds as controls dummies for the number of years of experience of the district mayor in office at the time our outcomes of interest are measured. In Panels B and C these controls have time-variation since the identity of the mayor changed over time. In Panels B and C columns 2-9, the time invariant controls are interacted with a full set of year fixed effects. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 5.B. Robustness Checks (Linear Specification)

	Baseline	Dropping 1997	Conflict, at Time of Appointment	Economic controls, at Time of Appointment	Conflict, at Time of 1st Election	Economic controls, at Time of 1st Election	Conflict, at Time of Direct Election	Economic controls, at Time of Direct Election	Timing of Direct Election	Years of Experience of the Mayor
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Panel A. Dependent Variable: Elected Mayors with Connections to Soeharto									
Yr. of App.	0.109**	0.111*	0.121**	0.101**	0.101**	0.100**	0.0968**	0.103**	0.0839*	0.102**
	(0.044)	(0.0650)	(0.0474)	(0.046)	(0.0433)	(0.043)	(0.0445)	(0.044)	(0.0476)	(0.0471)
Observations	119	106	119	113	119	118	119	119	119	119
R-squared	0.218	0.227	0.226	0.226	0.243	0.229	0.210	0.237	0.231	0.284
	Panel B. Dependent Variable: Elected Mayors Supported by Golkar Coalition									
Yr. of App.	0.131***	0.122*	0.105**	0.113**	0.128***	0.142***	0.125**	0.136***	0.136***	0.107*
	(0.048)	(0.065)	(0.050)	(0.050)	(0.048)	(0.048)	(0.048)	(0.048)	(0.051)	(0.056)
Observations	122	109	122	118	122	122	122	122	122	122
R-squared	0.084	0.074	0.119	0.117	0.095	0.133	0.087	0.100	0.085	0.130
	Panel C. Dependent Variable: Golkar Most Voted Party in the Village (2004)									
Yr. of App.	0.072***	0.080***	0.083***	0.081***	0.075***	0.078***	0.072***	0.074***	0.070***	0.073***
	(0.018)	(0.026)	(0.020)	(0.019)	(0.018)	(0.018)	(0.018)	(0.018)	(0.018)	(0.017)
Observations	21,826	19,605	21,826	21,033	21,826	21,742	21,826	21,826	21,826	21,826
R-squared	0.196	0.201	0.203	0.203	0.214	0.198	0.197	0.198	0.196	0.200

Notes: Panels A and B show robust standard errors in parentheses. Panel C shows standard errors clustered at the district level in parentheses. The unit of observation is the district level in Panels A and B. In Panel C, the unit of observation is the village level. Each estimate includes the baseline controls defined in the notes of the respective main tables. Each column subjects the baseline results to a different robustness check specified in the heading of the respective column. Column 2 drops districts that appointed the last Soeharto mayor in 1997. Columns 3, 5, and 7 add as controls measures of incidence of conflict at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. Columns 4, 6, and 8 add as controls measures of the level of economic activity at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. In column 9, we control for the timing of direct elections by adding dummies for elections in 2005, 2006, and 2007 or later. Column 10 adds as controls dummies for the number of years of experience of the district mayor in office at the time our outcomes of interest are measured. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 5.C. Robustness Checks (Linear Specification)

	Baseline	Dropping 1997	Conflict, at Time of Appointment	Economic controls, at Time of Appointment	Conflict, at Time of 1st Election	Economic controls, at Time of 1st Election	Conflict, at Time of Direct Election	Economic controls, at Time of Direct Election	Timing of Direct Election	Years of Experience of the Mayor
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Panel A. Dependent Variable: Golkar District-Level Vote Share in Legislative Elections 2004									
Yr. of App.	1.595**	1.024	1.696**	1.659**	1.561**	1.483**	1.523**	1.563**	1.593**	1.382*
	(0.665)	(0.965)	(0.746)	(0.709)	(0.690)	(0.703)	(0.680)	(0.681)	(0.777)	(0.754)
Observations	129	116	129	123	129	128	129	129	129	129
R-squared	0.509	0.477	0.514	0.522	0.524	0.513	0.512	0.511	0.509	0.517
	Panel B. Dependent Variable: Golkar District-Level Vote Share in Legislative Elections 2009									
Yr. of App.	1.381**	0.679	1.376*	1.122	1.208*	1.436**	1.402**	1.403**	1.475**	2.190**
	(0.658)	(0.875)	(0.726)	(0.681)	(0.690)	(0.679)	(0.656)	(0.633)	(0.699)	(0.983)
Observations	129	116	129	123	129	128	129	129	129	129
R-squared	0.306	0.267	0.306	0.325	0.348	0.306	0.306	0.320	0.307	0.330
	Panel C. Dependent Variable: Z-Score Measures of Political Competition									
Yr. of App.	-0.200**	-0.070	-0.186**	-0.190**	-0.186**	-0.189**	-0.149*	-0.192**	-0.240**	-0.177**
	(0.081)	(0.090)	(0.088)	(0.085)	(0.079)	(0.086)	(0.076)	(0.080)	(0.095)	(0.077)
Observations	126	115	126	121	126	125	126	126	126	126
R-squared	0.272	0.308	0.275	0.296	0.291	0.288	0.160	0.288	0.285	0.365

Notes: Panels A, B and C show robust standard errors in parentheses. The unit of observation is the district level. Each estimate includes the baseline controls defined in the notes of the respective tables. Each column subjects the baseline results to a different robustness check specified in the heading of the respective column. Column 2 drops districts that appointed the last Soeharto mayor in 1997. Columns 3, 5, and 7 add as controls measures of incidence of conflict at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. Columns 4, 6, and 8 add as controls measures of the level of economic activity at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. In column 9 we control for the timing of direct elections by adding dummies for elections in 2005, 2006, and 2007 or later. Column 10 adds as controls dummies for the number of years of experience of the district mayor in office at the time our outcomes of interest are measured. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 6.A. Robustness Checks (Flexible Specification)

	Baseline	Dropping 1997	Conflict, at Time of Appointment	Economic controls, at Time of Appointment	Conflict, at Time of 1st Election	Economic controls, at Time of 1st Election	Conflict, at Time of Direct Election	Economic controls, at Time of Direct Election	Timing of Direct Election	Years of Experience of the Mayor
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Panel A. Dependent Variable: Illegal Payments to Army or Police									
App. 1995	0.042***	0.041***	0.042***	0.043***	0.035**	0.050***	0.043***	0.046***	0.047***	0.048***
	(0.015)	(0.015)	(0.016)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.017)
App. 1996	0.049**	0.044*	0.044*	0.049**	0.035	0.058**	0.053**	0.049**	0.091***	0.065*
	(0.023)	(0.023)	(0.024)	(0.023)	(0.022)	(0.023)	(0.023)	(0.023)	(0.030)	(0.033)
App. 1997	0.076***		0.082***	0.101***	0.080***	0.078***	0.078***	0.080***	0.064**	0.070*
	(0.029)		(0.030)	(0.032)	(0.030)	(0.029)	(0.029)	(0.029)	(0.029)	(0.039)
Observations	8,147	7,383	8,147	7,676	8,147	8,096	8,147	8,147	8,147	8,147
R-squared	0.039	0.038	0.040	0.040	0.044	0.041	0.040	0.040	0.043	0.043
	Panel B. Dependent Variable: Public Goods. Z-Score Education									
App. 1995×Post	-0.039	-0.039	-0.036	-0.007	-0.032	-0.041	-0.030	-0.045	-0.039	-0.047
	(0.033)	(0.033)	(0.034)	(0.029)	(0.035)	(0.029)	(0.032)	(0.032)	(0.033)	(0.032)
App. 1996×Post	-0.079***	-0.079**	-0.077**	-0.027	-0.077**	-0.090***	-0.057*	-0.070**	-0.058*	-0.096***
	(0.030)	(0.030)	(0.031)	(0.029)	(0.033)	(0.033)	(0.032)	(0.033)	(0.031)	(0.032)
App. 1997×Post	-0.076*		-0.068	-0.113***	-0.078*	-0.077*	-0.081**	-0.117***	-0.096**	-0.082**
	(0.040)		(0.049)	(0.041)	(0.042)	(0.040)	(0.037)	(0.041)	(0.047)	(0.040)
Observations	91,095	83,997	91,095	90,878	91,095	91,095	91,095	91,095	91,095	91,095
R-squared	0.113	0.110	0.113	0.118	0.113	0.115	0.114	0.115	0.114	0.114

Notes: Standard errors clustered at the district level in parentheses. The unit of observation is the firm in Panel A and the village-year in Panel B. Each estimate includes the baseline controls defined in the notes of the respective main tables. Each column subjects the baseline results to a different robustness check specified in the heading of the respective column. Column 2 drops districts that appointed the last Soeharto mayor in 1997. Columns 3, 5, and 7 add as controls measures of incidence of conflict at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. Columns 4, 6, and 8 add as controls measures of the level of economic activity at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. In column 9 we control for the timing of direct elections by adding dummies for elections in 2005, 2006, and 2007 or later. Column 10 adds as controls dummies for the number of years of experience of the district mayor in office at the time our outcomes of interest are measured. In Panel B, these controls have time-variation since the identity of the mayor changed over time. In Panel B columns 2-9, the time invariant controls are interacted with a full set of year fixed effects. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 6.B. Robustness Checks (Flexible Specification)

	Baseline	Dropping 1997	Conflict, at Time of Appointment	Economic controls, at Time of Appointment	Conflict, at Time of 1st Election	Economic controls, at Time of 1st Election	Conflict, at Time of Direct Election	Economic controls, at Time of Direct Election	Timing of Direct Election	Years of Experience of the Mayor
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Panel A. Dependent Variable: Public Goods. Z-Score Health									
App. 1995×Post	-0.001	-0.000	-0.006	0.027	0.004	0.002	0.002	0.034	0.001	-0.008
	(0.046)	(0.046)	(0.046)	(0.044)	(0.047)	(0.047)	(0.047)	(0.044)	(0.047)	(0.047)
App. 1996×Post	-0.098**	-0.098**	-0.102**	-0.114**	-0.101**	-0.117**	-0.091**	-0.085**	-0.070	-0.091**
	(0.044)	(0.044)	(0.043)	(0.044)	(0.047)	(0.047)	(0.046)	(0.042)	(0.051)	(0.045)
App. 1997×Post	-0.023		-0.027	-0.148***	-0.028	-0.085	-0.025	-0.085*	-0.001	-0.020
	(0.052)		(0.060)	(0.049)	(0.054)	(0.066)	(0.051)	(0.048)	(0.063)	(0.051)
Observations	88,295	81,379	88,295	88,124	88,295	88,295	88,295	88,295	88,295	88,295
R-squared	0.198	0.205	0.198	0.203	0.198	0.199	0.198	0.202	0.198	0.198
	Panel B. Dependent Variable: Elected Mayors with Connections to Soeharto									
App. 1995	-0.048	-0.0392	-0.0483	-0.023	-0.0654	-0.060	-0.0212	-0.088	-0.0464	-0.0302
	(0.106)	(0.107)	(0.107)	(0.109)	(0.104)	(0.107)	(0.104)	(0.105)	(0.106)	(0.122)
App. 1996	0.215*	0.246*	0.220*	0.248**	0.216*	0.184	0.239*	0.217*	0.147	0.243*
	(0.126)	(0.128)	(0.128)	(0.125)	(0.125)	(0.126)	(0.133)	(0.129)	(0.149)	(0.144)
App. 1997	0.287**		0.351**	0.232	0.240*	0.273*	0.214	0.239*	0.271*	0.262*
	(0.139)		(0.164)	(0.153)	(0.139)	(0.142)	(0.145)	(0.144)	(0.144)	(0.154)
Observations	119	106	119	113	119	118	119	119	119	119
R-squared	0.242	0.254	0.253	0.247	0.272	0.251	0.230	0.273	0.246	0.303

Notes: Panel A shows standard errors clustered at the district level in parentheses. Panel B shows robust standard errors in parentheses. The unit of observation is the village-year in Panel A and the district level in Panel B. Each estimate includes the baseline controls defined in the notes of the respective main tables. Each column subjects the baseline results to a different robustness check specified in the heading of the respective column. Column 2 drops districts that appointed the last Soeharto mayor in 1997. Columns 3, 5, and 7 add as controls measures of incidence of conflict at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively, each interacted with year fixed effects. Columns 4, 6, and 8 add as controls measures of the level of economic activity at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively, each interacted with year fixed effects. In column 9 we control for the timing of direct elections by adding dummies for elections in 2005, 2006, and 2007 or later, each interacted with year fixed effects. Column 10 adds as controls dummies for the number of years of experience of the district mayor in office at the time our outcomes of interest are measured. In Panel A, these controls have time-variation since the identity of the mayor changed over time. In Panel A columns 2-9, the time invariant controls are interacted with a full set of year fixed effects. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 6.C. Robustness Checks (Flexible Specification)

	Baseline	Dropping 1997	Conflict, at Time of Appointment	Economic controls, at Time of Appointment	Conflict, at Time of 1st Election	Economic controls, at Time of 1st Election	Conflict, at Time of Direct Election	Economic controls, at Time of Direct Election	Timing of Direct Election	Years of Experience of the Mayor
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Panel A. Dependent Variable: Elected Mayors Supported by Golkar Coalition									
App. 1995	0.019	0.024	0.015	0.060	0.008	0.078	0.048	0.048	0.022	0.043
	(0.095)	(0.096)	(0.096)	(0.103)	(0.097)	(0.100)	(0.092)	(0.096)	(0.096)	(0.112)
App. 1996	0.235*	0.254*	0.218	0.238*	0.238*	0.289**	0.277**	0.240*	0.287*	0.215
	(0.131)	(0.131)	(0.135)	(0.131)	(0.134)	(0.129)	(0.130)	(0.131)	(0.155)	(0.151)
App. 1997	0.376**		0.268	0.307	0.355**	0.396**	0.314*	0.401**	0.394**	0.309
	(0.169)		(0.174)	(0.186)	(0.172)	(0.173)	(0.164)	(0.175)	(0.175)	(0.198)
Observations	122	109	122	118	122	122	122	122	122	122
R-squared	0.098	0.090	0.130	0.121	0.111	0.139	0.098	0.107	0.102	0.134
	Panel B. Dependent Variable: Golkar Most Voted Party in the Village (2004)									
App. 1995	0.072**	0.076**	0.070**	0.066*	0.045	0.064*	0.071*	0.064*	0.073**	0.094*
	(0.036)	(0.036)	(0.035)	(0.036)	(0.036)	(0.038)	(0.037)	(0.036)	(0.036)	(0.048)
App. 1996	0.157***	0.160***	0.150***	0.163***	0.138***	0.159***	0.154***	0.154***	0.158***	0.151***
	(0.051)	(0.052)	(0.051)	(0.053)	(0.049)	(0.053)	(0.053)	(0.052)	(0.050)	(0.056)
App. 1997	0.204***		0.264***	0.235***	0.218***	0.223***	0.204***	0.209***	0.200***	0.218***
	(0.057)		(0.069)	(0.061)	(0.061)	(0.057)	(0.057)	(0.059)	(0.059)	(0.053)
Observations	21,826	19,605	21,826	21,033	21,826	21,742	21,826	21,826	21,826	21,826
R-squared	0.197	0.201	0.203	0.203	0.215	0.198	0.197	0.198	0.197	0.200

Notes: Panel A shows robust standard errors in parentheses. Panel B shows standard errors clustered at the district level in parentheses. The unit of observation is the district level in Panel A and the village level in Panel B. Each estimate includes the baseline controls defined in the notes of the respective main tables. Each column subjects the baseline results to a different robustness check specified in the heading of the respective column. Column 2 drops districts that appointed the last Soeharto mayor in 1997. Columns 3, 5, and 7 add as controls measures of incidence of conflict at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. Columns 4, 6, and 8 add as controls measures of the level of economic activity at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. In column 9 we control for the timing of direct elections by adding dummies for elections in 2005, 2006, and 2007 or later. Column 10 adds as controls dummies for the number of years of experience of the district mayor in office at the time our outcomes of interest are measured. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 6.D. Robustness Checks (Flexible Specification)

	Baseline	Dropping 1997	Conflict, at Time of Appointment	Economic controls, at Time of Appointment	Conflict, at Time of 1st Election	Economic controls, at Time of 1st Election	Conflict, at Time of Direct Election	Economic controls, at Time of Direct Election	Timing of Direct Election	Years of Experience of the Mayor
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Panel A. Dependent Variable: Golkar District-Level Vote Share in Legislative Elections 2004									
App. 1995	-0.396	-0.424	-0.353	-0.320	-0.769	-1.053	-0.502	-0.720	-0.629	-0.344
	(1.702)	(1.716)	(1.716)	(1.723)	(1.731)	(1.809)	(1.758)	(1.770)	(1.702)	(2.063)
App. 1996	2.421	2.349	2.104	2.417	1.751	1.785	2.092	2.432	2.169	3.067
	(1.863)	(1.880)	(1.898)	(1.894)	(1.892)	(2.022)	(1.975)	(1.907)	(2.363)	(2.318)
App. 1997	4.581**		5.607**	5.147**	4.794**	4.332*	4.477**	4.264*	5.306**	3.852*
	(2.228)		(2.690)	(2.473)	(2.355)	(2.292)	(2.234)	(2.324)	(2.497)	(2.143)
Observations	129	116	129	123	129	128	129	129	129	129
R-squared	0.516	0.482	0.522	0.529	0.534	0.523	0.519	0.519	0.518	0.522
	Panel B. Dependent Variable: Golkar District-Level Vote Share in Legislative Elections 2009									
App. 1995	0.002	-0.038	0.021	-0.307	-0.375	0.231	0.023	0.464	-0.303	0.427
	(1.675)	(1.703)	(1.712)	(1.603)	(1.715)	(1.661)	(1.690)	(1.607)	(1.726)	(1.846)
App. 1996	1.580	1.505	1.461	1.119	0.711	1.827	1.643	1.819	1.121	1.098
	(1.643)	(1.669)	(1.609)	(1.649)	(1.758)	(1.671)	(1.651)	(1.617)	(1.863)	(2.025)
App. 1997	4.502**		4.923*	3.910*	4.311*	4.605**	4.522**	4.589**	5.396**	11.081***
	(2.214)		(2.655)	(2.347)	(2.320)	(2.225)	(2.221)	(2.148)	(2.265)	(3.589)
Observations	129	116	129	123	129	128	129	129	129	129
R-squared	0.313	0.269	0.315	0.333	0.359	0.311	0.313	0.324	0.319	0.359

Notes: Robust standard errors in parentheses. The unit of observation is the district level. Each estimate includes the baseline controls defined in the notes of the respective main tables. Each column subjects the baseline results to a different robustness check specified in the heading of the respective column. Column 2 drops districts that appointed the last Soeharto mayor in 1997. Columns 3, 5, and 7 add as controls measures of incidence of conflict at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. Columns 4, 6, and 8 add as controls measures of the level of economic activity at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. In column 9 we control for the timing of direct elections by adding dummies for elections in 2005, 2006, and 2007 or later. Column 10 adds as controls dummies for the number of years of experience of the district mayor in office at the time our outcomes of interest are measured. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 6.E. Robustness Checks (Flexible Specification)

	Baseline	Dropping 1997	Conflict, at Time of Appointment	Economic controls, at Time of Appointment	Conflict, at Time of 1st Election	Economic controls, at Time of 1st Election	Conflict, at Time of Direct Election	Economic controls, at Time of Direct Election	Timing of Direct Election	Years of Experience of the Mayor
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Panel A. Dependent Variable: Z-Score Measures of Political Competition									
App. 1995	-0.210	-0.198	-0.210	-0.281*	-0.187	-0.275*	-0.324	-0.193	-0.212	-0.268
	(0.157)	(0.153)	(0.159)	(0.157)	(0.153)	(0.161)	(0.201)	(0.158)	(0.155)	(0.176)
App. 1996	-0.142	-0.117	-0.130	-0.173	-0.100	-0.154	-0.272	-0.114	-0.197	-0.145
	(0.183)	(0.176)	(0.180)	(0.189)	(0.178)	(0.196)	(0.235)	(0.187)	(0.273)	(0.196)
App. 1997	-0.875***		-0.926***	-0.831***	-0.844***	-0.817***	-0.536**	-0.876***	-0.892***	-0.740***
	(0.286)		(0.336)	(0.288)	(0.284)	(0.294)	(0.215)	(0.291)	(0.291)	(0.257)
Observations	126	115	126	121	126	125	126	126	126	126
R-squared	0.303	0.316	0.304	0.325	0.323	0.319	0.175	0.321	0.304	0.390

Notes: Robust standard errors in parentheses. The unit of observation is the district level. Each estimate includes the baseline controls defined in the notes of the respective main tables. Each column subjects the baseline results to a different robustness check specified in the heading of the respective column. Column 2 drops districts that appointed the last Soeharto mayor in 1997. Columns 3, 5, and 7 add as controls measures of incidence of conflict at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. Columns 4, 6, and 8 add as controls measures of the level of economic activity at the time of appointment of the last Soeharto mayor, at the time of election of the first democratic mayor, and at the time of election of the first directly elected mayor, respectively. In column 9 we control for the timing of direct elections by adding dummies for elections in 2005, 2006, and 2007 or later. Column 10 adds as controls dummies for the number of years of experience of the district mayor in office at the time our outcomes of interest are measured. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 7. Reelection Rates of District Mayors by Year of Appointment

Year of Appointment of the Last Soeharto Mayor	Number of Mayors by Appointment Date (Baseline Sample)	Number of which reelected	Fraction of Mayors reelected (col 3/col2)
(1)	(2)	(3)	(4)
1994	28	2	0.07
1995	65	8	0.12
1996	23	2	0.09
1997	13	2	0.15
1998	58	8	0.14
Total	187	22	0.12

Appendix-B Table 8. Baseline Results Including Districts with Appointments in 1998

	Dependent Variables:						
	Illegal Payments to Army or Police	Public Goods Z-Score Education	Public Goods Z-Score Health	Elected Mayors Connected to Soeharto	Elected Mayors Supported by Golkar	Golkar Most Voted Party in the Village	Political Competition Z-Score
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mean Dep. Var.	*0.15*	*0.00*	*0.00*	*0.71*	*0.22*	*0.31*	*0.00*
Appointment 1995	0.037**	-0.040	-0.001	-0.039	0.021	0.069*	-0.245
	(0.016)	(0.031)	(0.042)	(0.105)	(0.095)	(0.037)	(0.159)
Appointment 1996	0.043*	-0.073***	-0.090**	0.187	0.232*	0.146***	-0.202
	(0.022)	(0.028)	(0.040)	(0.124)	(0.131)	(0.052)	(0.197)
Appointment 1997	0.068**	-0.067*	-0.021	0.198	0.344**	0.196***	-0.601**
	(0.029)	(0.039)	(0.047)	(0.148)	(0.170)	(0.055)	(0.257)
Appointment 1998	0.055***	0.008	0.004	0.070	0.229**	0.060*	-0.289
	(0.017)	(0.034)	(0.059)	(0.123)	(0.115)	(0.034)	(0.302)
Observations	11,924	136,804	132,881	177	166	32,767	163
R-squared	0.038	0.113	0.195	0.120	0.083	0.198	0.180

Notes: Columns 1 to 3 as well as column 6 show standard errors clustered at the district level in parentheses. Columns 4, 5 and 7 show robust standard errors in parentheses. The unit of observation is the firm in column 1, the village-year in the panel specification displayed in columns 2 and 3, the district level in columns 4, 5 and 7, and the village level in column 6. Each specification includes the baseline controls defined in the notes of the respective tables. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 9. Appointment Timing and District Splitting

	Dependent Variable: Dummy Variable for District Split			
	Sample: All Districts		Sample: Districts with Appointments 1994-1997	
	(1)	(2)	(3)	(4)
Dep. Var. Mean	*0.34*	*0.34*	*0.36*	*0.36*
Year of Appointment	-0.008		0.047	
	(0.019)		(0.038)	
Appointment 1995		-0.130		-0.130
		(0.087)		(0.087)
Appointment 1996		0.109		0.109
		(0.104)		(0.104)
Appointment 1997		0.043		0.043
		(0.127)		(0.127)
Appointment 1998		-0.107		
		(0.088)		
Observations	284	284	203	203
R-squared	0.001	0.036	0.008	0.041

Notes: Robust standard errors in parentheses. The unit of observation is the district level. The sample consists of the set of districts in existence in 1993. The dependent variable takes value one if the district subsequently splitted. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 10. Robustness Check District Splitting

	Coefficient on:			
	Split Dummy	Appointment Year	Split x Appointment Year	Num of Obs
Dependent Variables:	(1)	(2)	(3)	(4)
	Panel A. Main Determinants of District Splitting			
Population Density	-26.084***	-2.285	2.461	196
	(6.279)	(3.849)	(3.870)	
Ethnic Fractionalization§	0.096*	0.004	0.007	203
	(0.056)	(0.024)	(0.033)	
Religious Fractionalization	-0.050	0.004	-0.016	203
	(0.059)	(0.024)	(0.038)	
Golkar Vote Share 1992	0.110***	-0.012	0.010	203
	(0.035)	(0.016)	(0.022)	
PDI Vote Share 1992	-0.049**	0.008	-0.009	203
	(0.020)	(0.010)	(0.013)	
	Panel B. Other District Characteristics at Baseline			
Log Population	-1.146***	-0.038	0.106	198
	(0.170)	(0.068)	(0.102)	
Number of Primary Schools	2.790***	-0.015	-0.018	198
	(0.562)	(0.170)	(0.328)	
Number of High Schools	-0.165	-0.079	0.064	198
	(0.128)	(0.062)	(0.079)	
Number of Kindergarten	-0.800***	0.042	0.013	198
	(0.174)	(0.083)	(0.119)	
Number of Health Care Centers	0.001	0.003	-0.001	198
	(0.014)	(0.009)	(0.011)	
Number of Doctors	-0.608***	-0.181*	0.141	198
	(0.177)	(0.102)	(0.106)	
Number of Midwives	1.251	-0.307	-0.074	198
	(0.934)	(0.321)	(0.579)	
Presence of Tradional Birth Attendants	0.025	0.031*	-0.012	203
	(0.042)	(0.016)	(0.025)	
Total District Government Revenue	0.295*	-0.121*	0.130	193
	(0.167)	(0.066)	(0.100)	
District Revenue from Local Sources	-0.460**	-0.041	-0.077	193
	(0.180)	(0.088)	(0.114)	
Herfindahl Index 1992	-0.117***	0.016	-0.011	203
	(0.043)	(0.018)	(0.027)	
Conflict: Number of Incidents	0.027	0.014	-0.021	203
	(0.064)	(0.024)	(0.039)	
Term Length Previous Mayor	0.072	-0.065	0.146	196
	(0.167)	(0.069)	(0.150)	

Notes : Robust standard errors in parentheses. Each row corresponds to a separate regression where the dependent variable is defined by the row heading. All dependent variables are measured at baseline (i.e., before 1994), except ethnic fractionalization, which is measured in 2003. Each variable is regressed against the split dummy, the appointment year of the last Soeharto mayor and the intereaction of these two variables. The appointment year variable has been re-scaled to take value value 0 for appointment in 1994 in order to facilitate the interpretation of the coefficient on the split dummy. All districts are included with the exception of those that appointed the last Soeharto mayor in 1998. The number of observations in each specification could vary because of missing information on the dependent variable. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 11.A Robustness Check to Using End of Term of Soeharto Mayors

	Reduced Form	OLS	2SLS	Reduced Form	OLS	2SLS	Reduced Form	OLS	2SLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Panel A. Payments to Military			Panel B. Z-Score Education Public Goods			Panel C. Z-Score Health Public Goods		
Appointment Year	0.024***			-0.030**			-0.031**		
	(0.009)			(0.011)			(0.016)		
Ending Year of Term		0.008	0.040**		-0.018	-0.050**		-0.031**	-0.052**
		(0.008)	(0.016)		(0.013)	(0.020)		(0.013)	(0.026)
Observations	8,147	8,147	8,147	91,095	91,095	91,095	88,295	88,295	88,295
R-squared	0.039	0.036	0.031	0.113	0.113	0.113	0.197	0.197	0.197
Kleibergen-Paap F-Statistic			63.52			43.44			43.67
	Panel D. Connections to Soeharto Regime			Panel E. Supported by Golkar Coalition			Panel F. Golkar Most Voted 2004 (Village)		
Appointment Year	0.109**			0.131***			0.072***		
	(0.0436)			(0.048)			(0.018)		
Ending Year of Term		0.0878**	0.167**		0.147***	0.201***		0.046**	0.119***
		(0.0404)	(0.0667)		(0.040)	(0.0679)		(0.018)	(0.034)
Observations	119	119	119	122	122	122	21,826	21,826	21,826
R-squared	0.218	0.208	0.189	0.084	0.119	0.113	0.196	0.189	0.177
Kleibergen-Paap F-Statistic			67.52			66.50			51.49
	Panel G. Golkar Vote Share 2004 (District)			Panel H. GolkarVote Share 2009 (District)			Panel I. Z-Score Political Competition		
Appointment Year	1.595**			1.381**			-0.200**		
	(0.665)			(0.658)			(0.081)		
Ending Year of Term		1.559**	2.495**		0.806	2.160**		-0.230***	-0.290***
		(0.685)	(1.015)		(0.617)	(0.995)		(0.061)	(0.106)
Observations	129	129	129	129	129	129	126	126	126
R-squared	0.509	0.511	0.507	0.306	0.293	0.273	0.272	0.309	0.301
Kleibergen-Paap F-Statistic			70.20			70.20			75.43

Notes: Panels A, B, C and F show standard errors clustered at the district level in parentheses. Panels D, E, G, H and I report robust standard errors in parentheses. The unit of observation is the firm in Panel A, the village-year in Panels B and C, the district level in Panels D, E, G, H and I, and the village level in Panel F. Each specification includes the baseline controls defined in the notes of the respective main tables. Columns 3, 6 and 9 show the 2SLS results in which we instrument for the ending year using the appointment year of the last Soeharto-mayor. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 11.B Robustness Check to Using End of Term of Soeharto Mayors

	Reduced Form	OLS	2SLS	Reduced Form	OLS	2SLS	Reduced Form	OLS	2SLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Panel A. Payments to Military			Panel B. Z-Score Education			Panel C. Z-Score Health		
App. 1995	0.042***			-0.039			-0.001		
	(0.015)			(0.033)			(0.046)		
App. 1996	0.049**			-0.079***			-0.098**		
	(0.023)			(0.030)			(0.044)		
App. 1997	0.076***			-0.076*			-0.023		
	(0.029)			(0.040)			(0.052)		
End. 2000		-0.004	0.140*		-0.040	-0.358		-0.014	0.052
		(0.017)	(0.082)		(0.047)	(0.510)		(0.051)	(0.515)
End. 2001		-0.019	0.150*		-0.094**	-0.397		-0.133***	-0.097
		(0.021)	(0.077)		(0.047)	(0.445)		(0.050)	(0.464)
End. 2002 or later		0.041	0.153**		-0.052	-0.350		-0.061	0.010
		(0.031)	(0.062)		(0.052)	(0.403)		(0.056)	(0.419)
Observations	8,147	8,147	8,147	91,095	91,095	91,095	88,295	88,295	88,295
R-squared	0.039	0.037	0.009	0.113	0.113	0.108	0.198	0.198	0.198
Kleibergen-Paap F-Statistic			2.223			0.248			0.223

Notes: Standard errors clustered at the district level in parentheses. The unit of observation is the firm in Panel A and the village-year in Panels B and C. Each specification includes the baseline controls defined in the notes of the respective main tables. Columns 3, 6 and 9 show the 2SLS results in which we instrument for the ending year using the appointment year of the last Soeharto-mayor. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 11.C Robustness Check to Using End of Term of Soeharto Mayors

	Reduced Form	OLS	2SLS	Reduced Form	OLS	2SLS	Reduced Form	OLS	2SLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Panel A. Connections to Soeharto Regime			Panel B. Supported by Golkar Coalition			Panel C. Golkar Most Voted 2004 (Village)		
App. 1995	-0.0480			0.019			0.072**		
	(0.106)			(0.095)			(0.036)		
App. 1996	0.215*			0.235*			0.157***		
	(0.126)			(0.131)			(0.051)		
App. 1997	0.287**			0.376**			0.204***		
	(0.139)			(0.169)			(0.057)		
End. 2000		-0.0815	-0.349		0.121*	-0.0567		0.009	0.289
		(0.105)	(0.494)		(0.062)	(0.461)		(0.041)	(0.214)
End. 2001		0.0631	0.106		0.199*	0.340		0.091	0.446**
		(0.152)	(0.485)		(0.118)	(0.458)		(0.065)	(0.198)
End. 2002 or later		0.299**	0.381*		0.584***	0.480***		0.135**	0.418**
		(0.148)	(0.198)		(0.153)	(0.175)		(0.059)	(0.165)
Observations	119	119	119	122	122	122	21,826	21,826	21,826
R-squared	0.242	0.217	0.146	0.098	0.128	0.049	0.197	0.190	0.144
Kleibergen-Paap F-Statistic			2.235			1.838			1.380

Notes: Panels A and B show robust standard errors in parentheses. Panel C shows standard errors clustered at the district level in parentheses. The unit of observation is the district level in Panels A and B and the village level in Panel C. Each specification includes the baseline controls defined in the notes of the respective main tables. Columns 3, 6 and 9 show the 2SLS results in which we instrument for the ending year using the appointment year of the last Soeharto-mayor. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 11.D Robustness Check to Using End of Term of Soeharto Mayors

	Reduced Form	OLS	2SLS	Reduced Form	OLS	2SLS	Reduced Form	OLS	2SLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Panel A. Golkar Vote Share 2004 (District)			Panel B. Golkar Vote Share 2009 (District)			Panel C. Z-Score Political Competition		
App. 1995	-0.396			0.002			-0.210		
	(1.702)			(1.675)			(0.157)		
App. 1996	2.421			1.580			-0.142		
	(1.863)			(1.643)			(0.183)		
App. 1997	4.581**			4.502**			-0.875***		
	(2.228)			(2.214)			(0.286)		
End. 2000		2.161	-2.468		0.332	-0.738		-0.102	-1.091
		(1.893)	(5.729)		(1.894)	(5.501)		(0.153)	(0.971)
End. 2001		2.764	2.666		-0.002	2.235		-0.203	-1.031
		(2.262)	(5.063)		(2.215)	(4.836)		(0.186)	(0.942)
End. 2002 or later		5.918**	4.624		3.385	5.202		-0.920***	-1.107***
		(2.476)	(4.358)		(2.248)	(4.378)		(0.235)	(0.327)
Observations	129	129	129	129	129	129	126	126	126
R-squared	0.516	0.512	0.472	0.313	0.297	0.273	0.303	0.317	0.183
Kleibergen-Paap F-Statistic			2.839			2.839			1.666

Notes: Robust standard errors in parentheses. The unit of observation is the district level. Each specification includes the baseline controls defined in the notes of the respective main tables. Columns 3, 6 and 9 show the 2SLS results in which we instrument for the ending year using the appointment year of the last Soeharto-mayor. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 11.E Robustness Check to Using End of Term of Soeharto Mayors (First Stage)

	First Stage Linear Specification	First Stage Non-Linear Specification		
		Dependent Variables:		
	Ending Year of Term	Ending Year 2000	Ending Year 2001	Ending Year 2002
	(1)	(2)	(3)	(4)
Appointment Year	0.723***			
	(0.093)			
Appointment 1995		0.242**	0.059*	0.009
		(0.106)	(0.033)	(0.020)
Appointment 1996		-0.323**	0.635***	-0.015
		(0.133)	(0.110)	(0.017)
Appointment 1997		-0.330**	-0.026	0.830***
		(0.160)	(0.024)	(0.117)
Observations	129	129	129	129
R-squared	0.517	0.295	0.440	0.763

Notes: Robust standard errors in parentheses. The unit of observation is the district level. The dependent variable in column 1 is the year in which the last Soeharto mayor ended his term. In columns 2 to 4, the dependent variable is a dummy variable which assumes value 1 if the last Soeharto mayor ended his term in the years 2000, 2001 and 2002, respectively. Otherwise, the dummy variable has value 0. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 12.A. Local Transfers from Central Government and Exposure to Soeharto Mayors (Linear Specification)

	Dependent Variables:					
	Total Central Government Transfers	General Allocation Grant (DAU)	Special Earmarked Grant (DAK)	Revenue Sharing from Natural Resources (SDA)	Revenue Sharing from Taxation (TAX)	Central Gov Transfers (Excluding Tax)
	(1)	(2)	(3)	(4)	(5)	(6)
	Panel A. Fiscal Year 1999					
Year of Appointment	-0.008			-0.000	-0.002	-0.006
	(0.007)			(0.001)	(0.001)	(0.006)
Observations	124			124	124	124
R-squared	0.129			0.448	0.237	0.113
	Panel B. Fiscal Year 2000					
Year of Appointment	-0.002			0.001*	-0.002	-0.001
	(0.008)			(0.001)	(0.002)	(0.008)
Observations						
R-squared	126			126	126	126
	0.131			0.320	0.083	0.127
	Panel C. Fiscal Year 2001					
Year of Appointment	-0.034	-0.027	0.001	-0.004	-0.004	-0.030
	(0.026)	(0.019)	(0.002)	(0.012)	(0.003)	(0.025)
Observations						
R-squared	129	129	129	129	129	129
	0.206	0.108	0.131	0.314	0.505	0.183
	Panel D. Fiscal Year 2002					
Year of Appointment	-0.041	-0.030	-0.001	-0.006	-0.004	-0.037
	(0.025)	(0.020)	(0.001)	(0.014)	(0.003)	(0.024)
Observations	124	124	124	124	124	124
R-squared	0.338	0.232	0.147	0.301	0.379	0.320
	Panel E. Fiscal Year 2003					
Year of Appointment	-0.030	-0.019	-0.000	-0.007	-0.003	-0.027
	(0.029)	(0.023)	(0.002)	(0.015)	(0.004)	(0.027)
Observations	126	126	126	126	126	126
R-squared	0.303	0.190	0.469	0.341	0.539	0.273

Notes: Robust standard errors in parentheses. The unit of observation is the district level. All specifications include as controls a set of island-group fixed effects and the district-level vote shares obtained by Golkar and PDI in the 1992 election. The outcome variables are measured in million rupiah per capita. The dependent variable in column 1 corresponds to total transfers by the central government. The dependent variable in columns 2 to 5 corresponds to different types of tranfers from the central government. Column 6 shows total transfers by the central government (excluding transfers related to the tax revenue-sharing scheme) as dependent variable. DAU and DAK are not available for the years 1999 and 2000, i.e. before the decentralization reform came in effect. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 12.B. Local Transfers from Central Government and Exposure to Soeharto Mayors (Linear Specification)

	Dependent Variables:					
	Total Central Government Transfers	General Allocation Grant (DAU)	Special Earmarked Grant (DAK)	Revenue Sharing from Natural Resources (SDA)	Revenue Sharing from Taxation (TAX)	Central Gov Transfers (Excluding Tax)
	(1)	(2)	(3)	(4)	(5)	(6)
	Panel A. Fiscal Year 2004					
Year of Appointment	-0.029	-0.026	-0.001	0.001	-0.003	-0.026
	(0.027)	(0.023)	(0.002)	(0.011)	(0.004)	(0.025)
Observations	122	122	122	122	122	122
R-squared	0.333	0.226	0.243	0.262	0.401	0.307
	Panel B. Fiscal Year 2005					
Year of Appointment	-0.026	-0.027	-0.001	0.010	-0.007	-0.019
	(0.027)	(0.023)	(0.002)	(0.009)	(0.006)	(0.024)
Observations	120	120	120	120	120	120
R-squared	0.214	0.184	0.275	0.193	0.273	0.203
	Panel C. Fiscal Year 2006					
Year of Appointment	-0.053	-0.027	-0.004	0.003	-0.024	-0.029
	(0.057)	(0.042)	(0.006)	(0.024)	(0.022)	(0.050)
Observations	105	105	105	105	105	105
R-squared	0.455	0.187	0.171	0.226	0.699	0.209
	Panel D. Fiscal Year 2007					
Year of Appointment	-0.038	-0.026	0.007	-0.005	-0.014	-0.024
	(0.055)	(0.046)	(0.008)	(0.013)	(0.019)	(0.052)
Observations	129	129	129	129	129	129
R-squared	0.364	0.209	0.186	0.132	0.678	0.197

Notes: Robust standard errors in parentheses. The unit of observation is the district level. All specifications include as controls a set of island-group fixed effects and the district-level vote shares obtained by Golkar and PDI in the 1992 election. The outcome variables are measured in million rupiah per capita. The dependent variable in column 1 corresponds to total transfers by the central government. The dependent variable in columns 2 to 5 corresponds to different types of tranfers from the central government. Column 6 shows total transfers by the central government (excluding transfers related to the tax revenue-sharing scheme) as dependent variable. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 13.A. Local Transfers from Central Government and Exposure to Soeharto Mayors (Flexible Specification)

	Dependent Variables:					
	Total Central Government Transfers	General Allocation Grant (DAU)	Special Earmarked Grant (DAK)	Revenue Sharing from Natural Resources (SDA)	Revenue Sharing from Taxation (TAX)	Central Gov Transfers (Excluding Tax)
	(1)	(2)	(3)	(4)	(5)	(6)
	Panel A. Fiscal Year 1999					
App. 1995	0.025			0.000	-0.001	0.025
	(0.029)			(0.001)	(0.004)	(0.026)
App. 1996	-0.020			-0.001	-0.002	-0.017
	(0.018)			(0.001)	(0.004)	(0.016)
App. 1997	-0.009			0.000	-0.008	-0.002
	(0.027)			(0.002)	(0.005)	(0.024)
Observations	124			124	124	124
R-squared	0.142			0.449	0.239	0.128
	Panel B. Fiscal Year 2000					
App. 1995	0.021			-0.000	-0.002	0.022
	(0.028)			(0.001)	(0.004)	(0.025)
App. 1996	-0.013			0.004	-0.004	-0.009
	(0.022)			(0.003)	(0.004)	(0.020)
App. 1997	0.009			0.003	-0.004	0.013
	(0.031)			(0.002)	(0.005)	(0.028)
Observations	126			126	126	126
R-squared	0.139			0.332	0.084	0.137
	Panel C. Fiscal Year 2001					
App. 1995	0.108	0.046	0.006	0.061*	-0.004	0.112
	(0.099)	(0.070)	(0.005)	(0.034)	(0.007)	(0.094)
App. 1996	-0.059	-0.093*	0.004	0.033*	-0.003	-0.056
	(0.061)	(0.053)	(0.003)	(0.019)	(0.008)	(0.058)
App. 1997	-0.053	-0.024	0.002	-0.016	-0.016*	-0.037
	(0.094)	(0.067)	(0.007)	(0.042)	(0.008)	(0.088)
Observations	129	129	129	129	129	129
R-squared	0.221	0.125	0.137	0.335	0.508	0.202

Notes: Robust standard errors in parentheses. The unit of observation is the district level. All specifications include as controls a set of island-group fixed effects and the district-level vote shares obtained by Golkar and PDI in the 1992 election. The outcome variables are measured in million rupiah per capita. The dependent variable in column 1 corresponds to total transfers by the central government. The dependent variable in columns 2 to 5 corresponds to different types of tranfers from the central government. Column 6 shows total transfers by the central government (excluding transfers related to the tax revenue-sharing scheme) as dependent variable. DAU and DAK are not available for the years 1999 and 2000, i.e. before the decentralization reform came in effect. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 13.B. Local Transfers from Central Government and Exposure to Soeharto Mayors (Flexible Specification)

	Dependent Variables:					
	Total Central Government Transfers	General Allocation Grant (DAU)	Special Earmarked Grant (DAK)	Revenue Sharing from Natural Resources (SDA)	Revenue Sharing from Taxation (TAX)	Central Gov Transfers (Excluding Tax)
	(1)	(2)	(3)	(4)	(5)	(6)
	Panel A. Fiscal Year 2002					
App. 1995	0.054	0.008	-0.001	0.052	-0.006	0.060
	(0.072)	(0.055)	(0.002)	(0.033)	(0.007)	(0.067)
App. 1996	-0.062	-0.096	-0.001	0.036*	-0.001	-0.061
	(0.067)	(0.061)	(0.001)	(0.021)	(0.009)	(0.064)
App. 1997	-0.101	-0.051	-0.002	-0.032	-0.016*	-0.085
	(0.081)	(0.061)	(0.002)	(0.049)	(0.009)	(0.075)
Observations	124	124	124	124	124	124
R-squared	0.352	0.245	0.147	0.322	0.388	0.336
	Panel B. Fiscal Year 2003					
App. 1995	0.147	0.058	0.010	0.075*	0.004	0.143
	(0.111)	(0.076)	(0.008)	(0.039)	(0.010)	(0.102)
App. 1996	-0.025	-0.075	0.002	0.040*	0.009	-0.034
	(0.086)	(0.075)	(0.007)	(0.021)	(0.011)	(0.083)
App. 1997	-0.048	-0.002	0.001	-0.029	-0.018	-0.030
	(0.093)	(0.069)	(0.006)	(0.053)	(0.012)	(0.085)
Observations	126	126	126	126	126	126
R-squared	0.321	0.205	0.476	0.367	0.549	0.293
	Panel C. Fiscal Year 2004					
App. 1995	0.020	-0.003	0.000	0.030	-0.008	0.028
	(0.085)	(0.071)	(0.006)	(0.024)	(0.010)	(0.079)
App. 1996	-0.041	-0.087	-0.007	0.046**	0.007	-0.048
	(0.077)	(0.071)	(0.006)	(0.022)	(0.013)	(0.073)
App. 1997	-0.082	-0.041	0.001	-0.020	-0.022*	-0.060
	(0.088)	(0.075)	(0.006)	(0.037)	(0.013)	(0.081)
Observations	122	122	122	122	122	122
R-squared	0.337	0.233	0.251	0.282	0.423	0.313

Notes: Robust standard errors in parentheses. The unit of observation is the district level. All specifications include as controls a set of island-group fixed effects and the district-level vote shares obtained by Golkar and PDI in the 1992 election. The outcome variables are measured in million rupiah per capita. The dependent variable in column 1 corresponds to total transfers by the central government. The dependent variable in columns 2 to 5 corresponds to different types of tranfers from the central government. Column 6 shows total transfers by the central government (excluding transfers related to the tax revenue-sharing scheme) as dependent variable. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 13.C. Local Transfers from Central Government and Exposure to Soeharto Mayors (Flexible Specification)

	Dependent Variables:					
	Total Central Government Transfers	General Allocation Grant (DAU)	Special Earmarked Grant (DAK)	Revenue Sharing from Natural Resources (SDA)	Revenue Sharing from Taxation (TAX)	Central Gov Transfers (Excluding Tax)
	(1)	(2)	(3)	(4)	(5)	(6)
	Panel A. Fiscal Year 2005					
App. 1995	0.078	0.047	0.005	0.037	-0.011	0.088
	(0.112)	(0.081)	(0.008)	(0.027)	(0.015)	(0.101)
App. 1996	-0.033	-0.092	-0.006	0.066*	-0.001	-0.031
	(0.085)	(0.072)	(0.007)	(0.036)	(0.016)	(0.076)
App. 1997	-0.049	-0.023	0.003	0.004	-0.031*	-0.017
	(0.091)	(0.072)	(0.008)	(0.025)	(0.019)	(0.081)
Observations	120	120	120	120	120	120
R-squared	0.221	0.198	0.287	0.212	0.282	0.213
	Panel B. Fiscal Year 2006					
App. 1995	0.240	0.091	0.018	0.101	0.031	0.209
	(0.220)	(0.155)	(0.025)	(0.070)	(0.066)	(0.204)
App. 1996	-0.053	-0.144	-0.015	0.089*	0.017	-0.070
	(0.166)	(0.146)	(0.019)	(0.050)	(0.036)	(0.155)
App. 1997	-0.078	0.023	0.001	-0.008	-0.093	0.015
	(0.190)	(0.137)	(0.020)	(0.070)	(0.075)	(0.164)
Observations	105	105	105	105	105	105
R-squared	0.468	0.202	0.182	0.243	0.701	0.225
	Panel C. Fiscal Year 2007					
App. 1995	0.160	0.060	0.015	0.029	0.056	0.104
	(0.202)	(0.147)	(0.025)	(0.044)	(0.051)	(0.180)
App. 1996	-0.258	-0.290**	-0.011	0.012	0.030	-0.288*
	(0.171)	(0.142)	(0.027)	(0.031)	(0.040)	(0.161)
App. 1997	0.107	0.139	0.044*	-0.017	-0.059	0.166
	(0.170)	(0.138)	(0.026)	(0.036)	(0.065)	(0.158)
Observations	129	129	129	129	129	129
R-squared	0.381	0.243	0.198	0.136	0.683	0.224

Notes: Robust standard errors in parentheses. The unit of observation is the district level. All specifications include as controls a set of island-group fixed effects and the district-level vote shares obtained by Golkar and PDI in the 1992 election. The outcome variables are measured in million rupiah per capita. The dependent variable in column 1 corresponds to total transfers by the central government. The dependent variable in columns 2 to 5 corresponds to different types of tranfers from the central government. Column 6 shows total transfers by the central government (excluding transfers related to the tax revenue-sharing scheme) as dependent variable. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 14.A. Robustness Check: Controlling for Local Transfers from Central Government (Linear Specification)

	Dependent Variables:		
	Z-Score Education Public Goods	Z-Score Health Public Goods	Z-Score Basic Services
	(1)	(2)	(3)
	Panel A. Linear Cross-Section Specification. Outcomes from 2011 Village Census		
Year of Appointment	-0.048***	-0.058**	-0.048
	(0.017)	(0.023)	(0.032)
Observations	13,014	12,665	12,935
R-squared	0.118	0.129	0.183
	Panel B. Flexible Cross-Sectional Specification. Outcomes from 2011 Village Census		
Appointment: 1995	-0.061	-0.018	-0.059
	(0.062)	(0.062)	(0.087)
Appointment: 1996	-0.123**	-0.169**	-0.106
	(0.059)	(0.067)	(0.093)
Appointment: 1997	-0.124**	-0.074	-0.142
	(0.054)	(0.074)	(0.110)
Observations	13,014	12,665	12,935
R-squared	0.119	0.134	0.183
	Panel C. Linear Panel Specification		
Year of Appointment×Post2003	-0.030***	-0.030**	-0.007
	(0.011)	(0.014)	(0.020)
Observations	89,708	86,952	85,104
R-squared	0.114	0.203	0.406
	Panel D. Flexible Panel Specification		
Appointment:1995×Post2003	-0.036	0.010	-0.019
	(0.033)	(0.043)	(0.052)
Appointment:1996×Post2003	-0.071**	-0.076*	-0.014
	(0.030)	(0.040)	(0.054)
Appointment:1997×Post2003	-0.082**	-0.034	-0.033
	(0.038)	(0.045)	(0.070)
Observations	89,708	86,952	85,104
R-squared	0.114	0.204	0.406

Notes: Standard errors clustered at the district level in parentheses. 108 districts included in the sample. In Panels A and B the unit of observation is the village level. All specifications in Panels A and B include a set of island-group fixed effects, district-level vote shares obtained by Golkar and PDI in the 1992 election, and a quartic in log population of the village as controls. In addition, the specifications presented in Panels A and B control for the total per-capita, central government transfers received in 2007 (in million rupiahs). Panels C and D correspond to panel specifications where the unit of observation is the village-year. The years included in the sample are 1986, 1990, 1993, 2003, 2005, 2008, and 2011. These regressions include district and year fixed effects, and a quartic in log population of the village as controls. In addition, Panels C and D include a time-varying control for total per-capita, central government transfers received in the previous year. More precisely, we assign the value of fiscal year 1994 (the earliest observation in our data set) to the PODES years 1986, 1990 and 1993. We assign the value for the fiscal year 2002 to the PODES year 2003. Equivalently, we assign the value of the fiscal year 2004 to the PODES year 2005. Finally, we assign the value of fiscal year 2007 (the latest observation in our data set) to the PODES years 2008 and 2011. All outcome variables have mean of the dependent variable of value 0, since they correspond to standardized averages. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 14.B. Robustness Check: Controlling for Local Transfers from Central Government (Flexible Specification)

	Dependent Variables:						
	Dummy for Illegal Payments Made to:	Elite Capture		Golkar Most Voted Party in the Village	Golkar District-Level Vote Share in Legislative Elections		Measures of Political Competition in Mayoral Elections
	Military or Police	Connections to Soeharto Regime	Supported by Golkar Coalition	2004	2004	2009	Z-Score
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Panel A. Linear Effect						
Dep. Var. Mean	*0.14*	*0.70*	*0.22*	*0.32*	*21.77*	*15.22*	*0.01*
Year of Appointment	0.024***	0.106**	0.135***	0.075***	1.686**	1.411**	-0.200**
	(0.009)	(0.0439)	(0.0486)	(0.018)	(0.659)	(0.650)	(0.0814)
Observations	8,147	113	116	21,368	126	129	120
R-squared	0.039	0.230	0.091	0.192	0.522	0.314	0.380
	Panel B. Flexible Specification						
Appointment 1995	0.042***	-0.0629	0.0310	0.074**	-0.442	-0.134	-0.245
	(0.015)	(0.110)	(0.0973)	(0.038)	(1.706)	(1.661)	(0.149)
Appointment 1996	0.049**	0.209	0.254*	0.167***	2.793	1.799	-0.121
	(0.023)	(0.128)	(0.134)	(0.053)	(1.904)	(1.628)	(0.189)
Appointment 1997	0.076***	0.277**	0.383**	0.207***	4.720**	4.411**	-0.899***
	(0.029)	(0.139)	(0.171)	(0.057)	(2.170)	(2.190)	(0.285)
Observations	8,147	113	116	21,368	126	129	120
R-squared	0.039	0.258	0.103	0.192	0.530	0.321	0.419

Notes: Columns 1 and 4 show standard errors clustered at the district level in parentheses. Columns 2 and 3 as well as 5, 6 and 7 show robust standard errors in parentheses. In columns 1, the unit of observation is the firm, while in columns 2 and 3 as well as 5, 6 and 7 the unit of observation is the district level. In column 4, the unit of observation is the village level. All specifications include island-group fixed effects and district-level vote shares obtained by Golkar and PDI in the 1992 election as regressors. Column 1 adds the number of years of experience of the firm, dummies for intervals of number of employees, and a dummy for the wave of the EGI survey as controls. Column 4 adds a quartic in log population of the village as controls. Column 2, 3 and 7 add a dummy variable to control for early direct elections as control. In addition, all specifications presented in Panels A and B control for the total per-capita, central government transfers received in the year prior to the measurement of the outcome variable (in million rupiahs). More precisely, in columns 1 and 6, we control for the value of the fiscal year 2007. In column 2, 3 and 7, we control for the value of the fiscal years 2005, 2006 or 2007, depending on the year in which the first direct election in the respective district took place. Finally, in columns 4 and 5, we control for the value of the fiscal year 2003. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 15. Federal Programs and Exposure to Soeharto Mayors

	Dependent Variables:						
	Health Insurance (PODES)				Other Programs (SUSENAS)		
	Number of Health Cards (per-capita) 2003	Number of Health Cards (per-capita) 2005	Number of Health Cards (per-HH) 2008	Number of Health Cards (per-capita) 2011	Household Received Health Card 2009	Household Received Cash Transfer 2009	Household Received Subsidized Rice 2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mean Dep. Var.	*0.05*	*0.07*	*0.27*	*0.26*	*0.10*	*0.27*	*0.51*
	Panel A. Linear Effect						
Yr. of App.	0.003	0.003	-0.005	-0.009	0.005	0.003	0.004
	(0.002)	(0.003)	(0.015)	(0.013)	(0.006)	(0.010)	(0.020)
Observations	21,453	21,826	22,206	22,269	89,120	89,120	89,120
R-squared	0.181	0.191	0.065	0.090	0.019	0.030	0.107
Number of Clusters	129	129	129	125	129	129	129
	Panel B. Flexible Specification						
App. 1995	-0.003	-0.007	-0.082***	-0.058**	0.001	0.002	-0.009
	(0.006)	(0.007)	(0.030)	(0.027)	(0.013)	(0.022)	(0.042)
App. 1996	0.008	0.006	-0.043	-0.033	0.017	0.012	0.005
	(0.007)	(0.008)	(0.048)	(0.031)	(0.016)	(0.030)	(0.061)
App. 1997	0.003	0.003	-0.031	-0.045	0.007	0.005	0.010
	(0.007)	(0.009)	(0.037)	(0.043)	(0.020)	(0.031)	(0.063)
Observations	21,453	21,826	22,206	22,269	89,120	89,120	89,120
R-squared	0.185	0.198	0.084	0.098	0.019	0.030	0.107
Number of Clusters	129	129	129	125	129	129	129

Notes: Standard errors clustered at the district level in parentheses. In columns 1 to 4, the unit of observation is the village level, while in columns 5 to 7 the unit of observation is the household. All specifications include island-group fixed effects and district-level vote shares obtained by Golkar and PDI in the 1992 election as regressors. Columns 1 to 4 also add a quartic in log population of the village as controls. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 16.A. Robustness Check: Results Measured at Constant Time Lag since Mayoral Transition

	Dependent Variables:				
	Golkar Vote Share 2004 (Standardized)	Golkar Vote Share 2009 (Standardized)	Standardized Golkar Vote Share		
			Years Elapsed since Soeharto's Mayor Replaced:		
			5-6 Years	4-6 Years	4-7 Years
	(1)	(2)	(3)	(4)	(5)
Dep. Var. Mean	*0.00*	*0.00*	*0.18*	*0.02*	*0.04*
Year of Appointment	0.151**	0.174**	0.219*	0.155*	0.150**
	(0.063)	(0.083)	(0.122)	(0.079)	(0.074)
Sample:	Base Sample	Base Sample	Sample of Districts with Elections 1999, 2003	Sample of Districts with Elections 1999, 2000, 2003	Sample of Districts with Elections 1999, 2000, 2002, 2003
Observations	129	129	34	105	111
R-squared	0.509	0.306	0.740	0.503	0.496

Notes: Robust standard errors in parentheses. The unit of observation is the district level. All specifications include as controls a set of island-group fixed effects and the district-level vote shares obtained by Golkar and PDI in the 1992 election. The specification in Column 3 compares outcomes (measured in 2004) of districts in which the last-Soeharto mayor was replaced in 1999 with the outcomes (measured in 2009) of districts in which the last-Soeharto mayor was replaced in 2003. The specification in Column 4 compares the outcomes (measured in 2004) of districts in which the last-Soeharto mayor was replaced either in 1999 or in 2000 to the outcomes (measured in 2009) of districts in which the last Soeharto mayor was replaced in 2003. Finally, the specification in Column 5 compares the outcomes (measured in 2004) of districts in which the last-Soeharto mayor was replaced either in 1999 or 2000 to the outcomes (measured in 2009) of districts in which the last Soeharto mayor was replaced in either 2002 or 2003. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 16.B. Robustness Check: Results Measured at Constant Time Lag since Mayoral Transition

	Dependent Variable: Illegal Payments Made to Military or Police		
	Baseline	Years Elapsed since Soeharto's Mayor was Replaced:	
		7-8 Years	7-9 Years
	(1)	(2)	(3)
Dep. Var. Mean	*0.14*	*0.16*	*0.15*
Year of Appointment	0.024***	0.036***	0.032**
	(0.009)	(0.012)	(0.012)
Sample:	Base Sample	Sample of Districts with Elections 1999, 2000, 2003	Sample of Districts with Elections 1999, 2000, 2002, 2003
Observations	8,147	4,473	4,683
R-squared	0.039	0.047	0.047
	127	87	89

Notes: Standard errors clustered at the district level in parentheses. The unit of observation is the firm. All specifications include as controls a set of island-group fixed effects, district-level vote shares obtained by Golkar and PDI in the 1992 election, the number of years of experience of the firm and dummies for intervals of the number of employees. The specification in Column 2 compares outcomes (measured in 2007) of districts in which the last-Soeharto mayor was replaced either in 1999 or in 2000 with the outcomes (measured in 2011) of districts in which the last-Soeharto mayor was replaced in 2003. The specification in Column 3 compares the outcomes (measured in 2007) of districts in which the last-Soeharto mayor was replaced either in 1999 or in 2000 to the outcomes (measured in 2011) of districts in which the last Soeharto mayor was replaced either in 2002 or in 2003. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 16.C. Robustness Check: Results Measured at Constant Time Lag since Mayoral Transition

		Years Elapsed since Soeharto's Mayor Replaced:				
	Baseline	6 Years	5-6 Years	9 Years	8-9 Years	5-6 Years and 8-9
	(1)	(2)	(3)	(4)	(5)	(6)
	Panel A. Dependent Variable: Z-Score Education Public Goods					
Year of Appointment	-0.047***	-0.021	-0.031	0.001	-0.023	-0.027
	(0.017)	(0.030)	(0.022)	(0.028)	(0.019)	(0.020)
Observations	13,014	2,044	10,835	2,044	10,835	21,670
R-squared	0.117	0.159	0.072	0.187	0.085	0.063
Mean	0.00	0.106	0.0453	0.140	0.0779	0.0616
Clusters	108	27	93	27	93	93
	Panel B. Dependent Variable: Z-Score Health Public Goods					
Year of Appointment	-0.061**	-0.037	-0.018	-0.035	-0.015	-0.017
	(0.024)	(0.038)	(0.027)	(0.041)	(0.027)	(0.027)
Observations	12,665	1,975	10,511	1,925	10,223	20,734
R-squared	0.119	0.068	0.099	0.070	0.094	0.096
Mean	0.00	0.110	0.133	0.125	0.150	0.141
Clusters	108	27	93	27	93	93
Sample	Base Sample	Sample of Districts with Elections 1999 and 2002	Sample of Districts with Elections in 1999, 2000, 2002 and 2003	Sample of Districts with Elections 1999 and 2002	Sample of Districts with Elections in 1999, 2000 2002 and 2003	Sample of Districts with Elections in 1999, 2000 2002 and 2003

Notes: Standard errors clustered at the district level in parentheses. 108 districts/clusters included in the baseline sample. In Panels A and B the unit of observation is the village. All specifications in Panels A and B include a set of island-group fixed effects, district-level vote shares obtained by Golkar and PDI in the 1992 election, and a quartic in log population of the village as controls. The specification in column 2 compares the outcomes (measured in 2005) of districts in which the last-Soeharto mayor was replaced in 1999 with the outcomes observed (and measured in 2008) in districts in which the last-Soeharto mayor was replaced in 2002. The specification in column 3 compares the outcomes (measured in 2005) of districts in which the last-Soeharto mayor was replaced in 1999 or 2000 to the outcomes observed (and measured in 2008) of districts in which the last-Soeharto mayor was replaced in 2002 or 2003. Similarly, the specification in column 4 compares the outcomes (measured in 2008) of districts in which the last-Soeharto mayor was replaced in 1999 with the outcomes (measured in 2011) of districts in which the last-Soeharto mayor was replaced in 2002. Column 5 shows the results of a specification which compares outcomes (as measured in 2008) in districts in which the last-Soeharto mayor was replaced in 1999 or 2000 with outcomes (measured in 2011) in which the last-Soeharto mayor was replaced in 2002 or 2003. Finally, the specification in column 6 combines the samples presented in columns 3 and 5. In addition to the previously specified control variables, column 6 also includes a time span dummy. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 17. Incidence of Conflict and Exposure to Soeharto Mayors

	Dependent Variables:						
	Conflict during years 1997-1998				Conflict during years 2005-2011		
	Number of Incidents	Number of Fatalities	Number of Incidents (imputed)	Number of Fatalities (imputed)	Any Conflict 2005	Any Conflict 2008	Any Conflict 2011
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mean Dep. Var.	*3.99*	*1.49*	*2.50*	*0.94*	*0.02*	*0.03*	*0.03*
	Panel A. Linear Effect						
Year of Appointment	0.632	-0.436	0.344	-0.287	0.001	0.003	0.000
	(0.526)	(0.782)	(0.323)	(0.488)	(0.002)	(0.003)	(0.002)
Observations	81	81	129	129	21,826	22,206	22,269
R-squared	0.229	0.043	0.317	0.061	0.007	0.008	0.012
Number of Clusters					129	129	125
	Panel B. Flexible Specification						
Appointment 1995	-1.189	-2.663	-0.682	-1.604	0.009**	-0.003	0.000
	(0.981)	(2.042)	(0.632)	(1.259)	(0.004)	(0.005)	(0.006)
Appointment 1996	1.611	-1.553	1.184	-0.990	0.009	0.020**	0.008
	(1.610)	(2.361)	(1.195)	(1.627)	(0.005)	(0.008)	(0.008)
Appointment 1997	0.561	-1.670	0.239	-1.069	0.000	-0.007	-0.007
	(1.411)	(2.147)	(0.852)	(1.299)	(0.004)	(0.006)	(0.010)
Observations	81	81	129	129	21,826	22,206	22,269
R-squared	0.275	0.095	0.339	0.089	0.007	0.010	0.012
Number of Clusters					129	129	125

Notes: Columns 1 to 4 show robust standard errors in parentheses. Columns 5 to 7 show standard errors clustered at the district level in parentheses. In columns 1 to 4, the unit of observation is the district level, while in columns 5 to 7 the unit of observation is the village level. All specifications include island-group fixed effects and district-level vote shares obtained by Golkar and PDI in the 1992 election as regressors. Columns 5 to 7 also add a quartic in log population of the village as controls. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 18. Robustness Check Public Good Results: Full Sample

	Dependent Variables:		
	Z-Score Education Public Goods	Z-Score Health Public Goods	Z-Score Basic Services
	(1)	(2)	(3)
	Panel A. Linear Cross-Sectional Specification. Outcomes from 2011 Village Census		
Year of Appointment	-0.060**	-0.035*	-0.030
	(0.024)	(0.018)	(0.030)
Observations	22,269	22,269	22,087
R-squared	0.168	0.109	0.247
	Panel B. Flexible Cross-Sectional Specification. Outcomes from 2011 Village Census		
Appointment 1995	-0.058	0.022	-0.047
	(0.069)	(0.045)	(0.073)
Appointment 1996	-0.140*	-0.087	-0.087
	(0.073)	(0.056)	(0.088)
Appointment 1997	-0.157**	-0.051	-0.076
	(0.076)	(0.054)	(0.098)
Observations	22,269	22,269	22,087
R-squared	0.168	0.112	0.247

Notes: Standard errors clustered at the district level in parentheses. 125 districts/clusters included in the sample. In Panels A and B the unit of observation is the village level. All specifications in Panels A and B include a set of island-group fixed effects, district-level vote shares obtained by Golkar and PDI in the 1992 election, and a quartic in log population of the village as controls. All outcome variables have mean of the dependent variable of value 0, since they correspond to standardized averages. *** p<0.01, ** p<0.05, *p<0.1.

Appendix-B Table 19. Pre-treatment characteristics by Districts were Soeharto Mayor served 5 versus more years.

Independent Variables:	Dependent Variable: Term of Last Soeharto Mayor Exceeds 5 Years Coefficient (1)	 Standard Error (2)	 Beta Coefficient (3)
	Panel A. Measures of Political Support		
(1) Golkar Vote Share 1971	-0.000	(0.002)	-0.022
(2) Golkar Vote Share 1977	0.001	(0.003)	0.021
(3) Golkar Vote Share 1982	0.000	(0.003)	0.016
(4) Golkar Vote Share 1987	0.000	(0.004)	0.002
(5) Golkar Vote Share 1992	0.000	(0.003)	0.019
(6) PDI Vote Share 1992	-0.000	(0.005)	-0.006
(7) Herfindahl Index 1982	-0.331	(0.320)	-0.133
(8) Herfindahl Index 1987	-0.145	(0.344)	-0.053
(9) Herfindahl Index 1992	-0.113	(0.294)	-0.050
	Panel B. Measures of Political Stability		
(10) Conflict: Number of Incidents	-0.128	(0.080)	-0.084
(11) Conflict: Number of Causalties	-0.087	(0.257)	-0.027
(12) Conflict: Number of People Injured	-0.139***	(0.048)	-0.128
(13) Term Length Previous Mayor	-0.003	(0.071)	-0.004
	Panel C. Public Good Provision and Economic Variables		
(14) Log Population	0.031	(0.035)	0.064
(15) Population Density	0.001	(0.001)	0.048
(16) Religious Fractionalization	0.008	(0.040)	0.008
(17) Number of Primary Schools	0.001	(0.006)	0.013
(18) Number of High Schools	0.004	(0.004)	0.021
(19) Number of Kindergarten	0.004	(0.014)	0.020
(20) Number of Health Care Centers	0.004	(0.011)	0.003
(21) Number of Doctors	0.011	(0.007)	0.044
(22) Number of Midwives	0.002*	(0.001)	0.031
(23) Presence of Tradional Birth Attendants	0.010	(0.032)	0.009
(24) Access Safe Drinking Water	0.072*	(0.040)	0.056
(25) Garbage Bin Disposal System	0.011	(0.040)	0.012
(26) Toilet in the Village	-0.015	(0.059)	-0.008
(27) Electricity or Kerosene for Cooking	0.050	(0.054)	0.044
(28) Wide Road	0.014	(0.064)	0.009
(29) Log Total Revenue (per capita)	0.115	(0.074)	0.191
(30) Log Total Local Revenue (per capita)	0.074	(0.050)	0.152

Notes: Panel A and B show robust standard errors in parentheses. Panel C shows clustered standard errors at the district level in parenthesis for facilities (rows 14-28) and robust standard errors in parentheses for the economic variables (rows 29-30). All regressions include island-group fixed effects as controls. The sample is restricted to districts in which the term length of the last Soeharto mayor was at least 5 years. The number of districts could vary by specification because of missing information on the corresponding regressor. Conflict measures in Panel B are calculated as an average of conflict observed between 1990 and 1993 in the UNSFIR data set. Public good provision measures are calculated from the village census recorded in 1993. Economic variables are obtained from the district budget data set and refer to the financial year 1994. *** p<0.01, ** p<0.05, *p<0.1.