

# The Non-Democratic Roots of Elite Capture: Evidence from Soeharto Mayors in Indonesia

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# The Non-Democratic Roots of Elite Capture

- Democracies widely differ on the quality of institutions
- Elites and powerful groups have large influence on politics
- Large literature argues that **elite capture** is rooted in the **recent non-democratic past** of countries.
  - Legacies of non-democratic regimes facilitate elite capture during democracy
  - Linz and Stepan (1996), Acemoglu and Robinson (2008), Acemoglu, Ticchi and Vindigni (2010, 2011)
- **Limited empirical evidence:**
  - on effects of non-democratic legacies
  - on how the democratic transition affects elite persistence

## This Paper

- This paper exploits **quasi-random variation** that originated during the Indonesian **transition to democracy** and affected the extent to which old-regime elites could **capture democracy**.
  - In 1998 the Soeharto regime ended in Indonesia.
  - But the district mayors were allowed to finish their 5-year term
  - The timing of appointment of Soeharto mayors was different across districts
- ⇒ Quasi-random **variation** on **how long** a **Soeharto mayor** was **in office** during the democratic transition

## Overview of the Results

- We find evidence that districts that had a Soeharto mayor for longer have worse governance outcomes:
  - ✓ Lower public good provision
  - ✓ Lower protection of property rights
- The results persist several years after the Soeharto mayor is replaced
- Consistent with the hypothesis that allowing old-regime elites to stay in power facilitates elite capture
  - ✓ Higher persistence of old-regime elites in power
  - ✓ Higher support for Golkar (Soeharto's party)
  - ✓ Lower political competition
  - ✓ Weaker political accountability

## Related Literature

- Literature on **historical roots of development** and quality of governance. Literature review: Nunn, (2009)
- Literature on **legacies of Non-Democratic regimes**:
  - O'Donnell & Schmitter (1986), Di Palma (1990), Huntington (1991), Linz & Stepan (1996), Slovik (2008, 2012), Acemoglu & Robinson (2008), Acemoglu, Ticchi & Vindigni (2010, 2011)
  - Empirical evidence: Albertus and Menaldo (2013), Martinez-Bravo (2014).
- Literature on **elite capture** in Democracies
  - Bardhan and Mookherjee (2000), Fisman (2001), Dal Bó and Di Tella (2003), Acemoglu, et al. (2013), Robinson and Torvik (2005), Baland and Robinson (2008), Finan and Schechter (2012), Alatas et al. (2013), Anderson, et al. (2015), Dal Bó, et al. (2009), Querubin (2011).

# Outline

1. Background
2. Conceptual Framework
3. Data & Empirical Specification
4. Results
5. Robustness Checks
6. Conclusions

# Background

# A Brief Political History of Indonesia

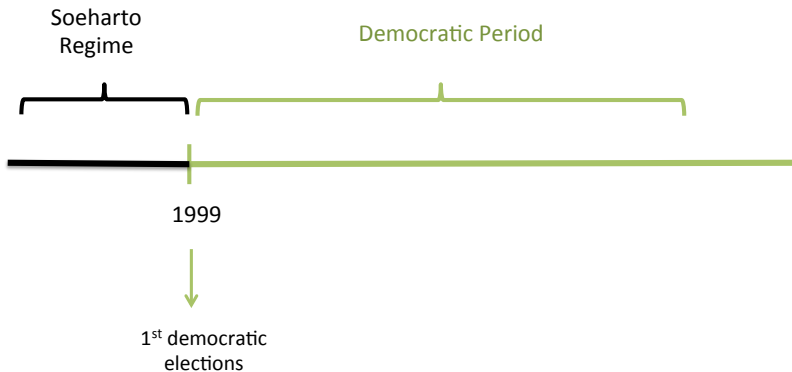
- **Soeharto regime (1965-1998)**
  - Non-democratic: tight control of population & opposition
  - May 1998. Soeharto steps down. Unexpected transition.
- **Habibie Transitional Government (1998 - 1999)**
- **Democratic period (1999 - Today)**
  - Legislative Elections held in 1999, 2004, 2009, 2014
  - Elections for national and local parliaments



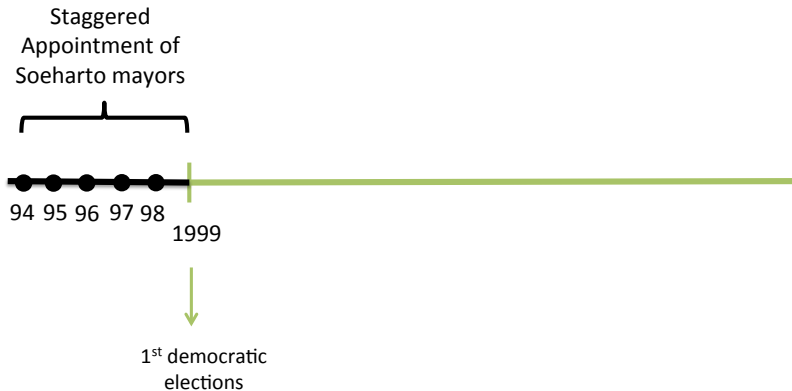
## District Mayors in Indonesia

- The District Mayor is a powerful position (local regulations, budget, public good provision)
- District Mayors were **appointed** during the Soeharto regime.
- With democratization they became **elected**
  - First, indirectly elected by local parliament constituted in 1999
  - After 2005, directly elected
- 5-year terms, 2 terms limit
- District Mayors **terms** were **not synchronised** across districts
  - Mayors were appointed since the Dutch colonial period
- Once Soeharto fell, mayors were allowed to finish their terms

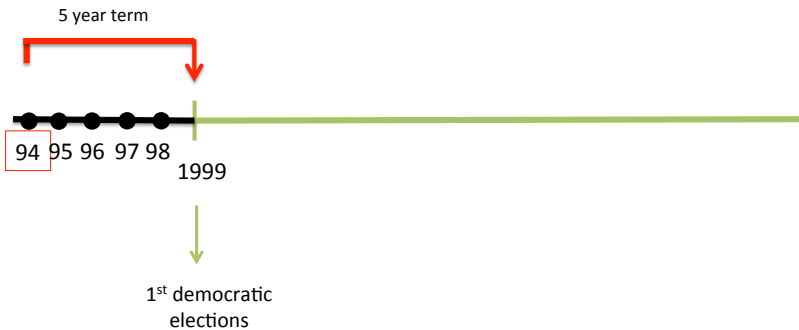
# Timeline of Events



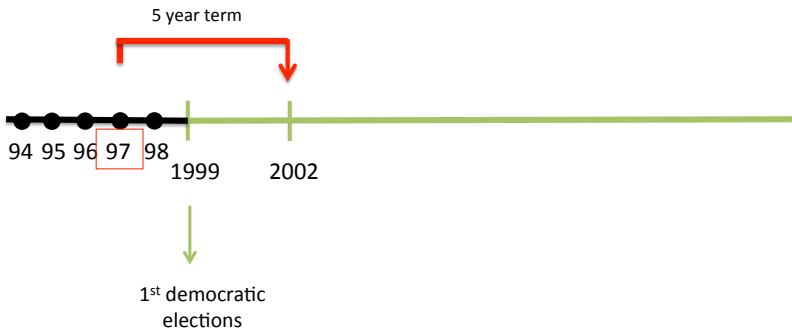
# Timeline of Events



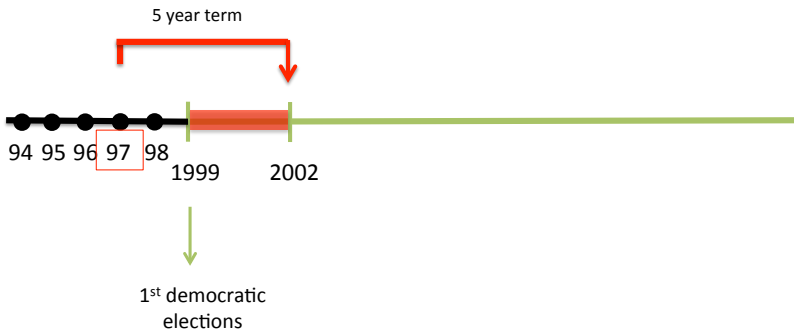
# Timeline of Events



# Timeline of Events



# Timeline of Events



# Timeline of Events

Districts with  
appointments in  
1998 Excluded from  
the sample



# Conceptual Framework



## Conceptual Framework

Based on Acemoglu & Robinson (2008)

- An elite and citizens contest power in each district
- First, local elites are in power in all districts.
- Democratic transition: increase in *de jure* power of citizens
- To remain in power the local elites can invest in ***de facto* power**:  $\theta_i$ . ( $C'(\theta_i) > 0$ ,  $C''(\theta_i) > 0$ )
- Two type of districts:
  - One period to invest in *de facto* power:  $\theta_{type1}$
  - Two periods to invest in *de facto* power:  $2\theta_{type2}$
- We show that  $\theta_{type1} > \theta_{type2}$  but  $2\theta_{type2} > \theta_{type1}$

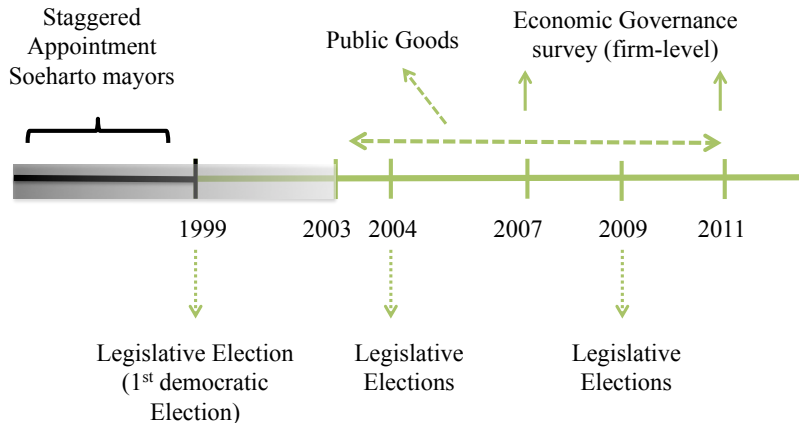
**Empirical Predictions:** More periods to invest  $\rightarrow$  larger investments  $\rightarrow$  more elite capture  $\rightarrow$  worse governance outcomes

# Data & Empirical Specifications

## Data sources

1. Data on **Political Histories of Mayors:**
  - Appointment & end-of-term dates of mayors in office 1988-2004
  - Data on backgrounds of mayors: occupation, demographics
2. Measures of **Public Good provision** from Village Census.
3. **Protection of Property Rights** from Economic Governance Survey, 2007 & 2011
4. Electoral Outcomes in **Legislative Elections, 1971-2009**
5. Electoral Outcomes in **Mayoral Elections, 2005-2014**

## Timeline of Events



## Empirical Specifications

$$y_{dh} = \alpha_0 + \alpha_1 \text{YearApp}_d + X'_d \gamma + \delta_h + \varepsilon_{dh}$$

- $d$  district,  $h$  island
- $\text{YearApp}_d$  year of appointment of the last Soeharto mayor.
  - Compliance 5-year term
- $X'_d$  vote shares during Soeharto period,  $\delta_h$  island-group FE

$$y_{dh} = \beta_0 + \beta_1 \text{App-1995}_d + \beta_2 \text{App-1996}_d + \beta_3 \text{App-1997}_d + X'_d \gamma + \delta_h + \epsilon_{dh}$$

- $\text{App-1995}_d$  dummy =1 if Soeharto mayor appointed in 1995
  - The omitted category is appointment in 1994
- Some of the outcomes are available at a more disaggregated level than the district: we cluster standard errors at the district level

## Main Identifying Assumption

- The appointment date of the Soeharto mayor is as good as randomly assigned (conditional on controls)
- We show that pre-determined variables do not predict appointment timing
  - Public good provision
  - Level of economic activity
  - Support for Golkar during the Soeharto regime
  - Levels of conflict

Results

# Results

## Table 2. Effects on Governance Outcomes

	Dependent Variables:					
	Illegal Payments to Military or Police 2007, 2011		Z-Score Education Public Goods per Capita 2011		Z-Score Health Public Goods per Capita 2011	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Mean Dep. Var.</i>	<i>0.14</i>	<i>0.14</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Year of Appointment	0.024*** (0.009)		-0.047*** (0.017)		-0.061** (0.024)	
Appointment 1995		0.042*** (0.015)		-0.060 (0.062)		-0.021 (0.063)
Appointment 1996		0.049** (0.023)		-0.115** (0.057)		-0.185*** (0.069)
Appointment 1997		0.076*** (0.029)		-0.128** (0.055)		-0.068 (0.078)
Observations	8,147	8,147	13,014	13,014	12,665	12,665
R-squared	0.039	0.039	0.117	0.117	0.119	0.126
Number of Clusters	127	127	108	108	108	108

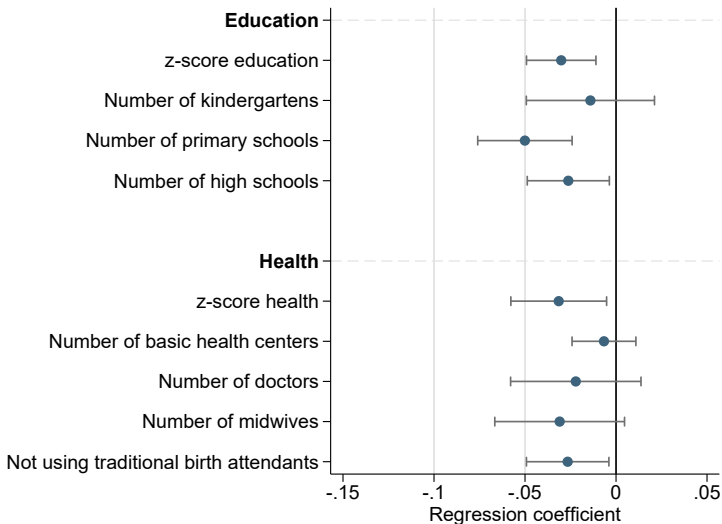


## Effects on Public Good Provision

- Village-level panel dataset on Public Good Provision (1986-2011) → DiD specification

$$y_{jdt} = \gamma_0 + \gamma_1 \text{YearApp}_d \times \text{Post}_{2003}_t + \delta_d + \rho_t + Z'_{jt} \lambda + \varepsilon_{jdt}$$

- $\text{YearApp}_d$  year of appointment of the last Soeharto mayor
- $\text{Post}_{2003}_t = 1$  for period after 2003
  - =0 for 1986-1993.
  - Years when Soeharto mayors in power excluded
- $\delta_d$  district fixed effects
- $\rho_t$  year fixed effects
- $Z'_{jt}$  time-varying village controls

**Figure 2. DiD Coefficients for Different Public Goods**

## Mechanism

The **later appointment** of the last Soeharto mayor...

1. **Soeharto mayor in office for longer** during the democratic transition
  - Evidence: On average, mayors comply with 5-year term
2. Higher investments in ***de facto* power**
  - Consistent with the qualitative literature
3. More **elite persistence**
  - Evidence: Subsequent mayors coded more likely to have backgrounds on the military or bureaucracy
  - Electoral advantage of Golkar (Soeharto's party).
4. **Lower political competition**
5. **Weaker political accountability**
  - Evidence of 4, 5: We examine political competition & accountability in the direct elections for mayor (2005- ).

### Table 3. Effects on Elite Capture

	Dependent Variables:				
	Elite Persistence: Elected Mayor Connected to Soeharto (2005-2008)	Elected Mayor Supported by Golkar Coalition (2005-2008)	Support for Golkar in Parliamentary Elections		
			Golkar Most Voted Party in the Village (2004)	Golkar District- Level Vote Share (2004)	Golkar District- Level Vote Share (2009)
	(1)	(2)	(3)	(4)	(5)
<i>Dep. Var. Mean</i>	0.71	0.21	0.32	21.62	15.22
Panel A. Linear Treatment Effect					
Year of Appointment	0.109** (0.044)	0.131*** (0.048)	0.072*** (0.018)	1.595** (0.665)	1.381** (0.658)
Observations	119	122	21,826	129	129
R-squared	0.218	0.084	0.196	0.509	0.306
Number of Districts	119	122	129	129	129
Panel B. Flexible Treatment Effect					
Appointment 1995	-0.048 (0.106)	0.019 (0.095)	0.072** (0.036)	-0.396 (1.702)	0.002 (1.675)
Appointment 1996	0.215* (0.126)	0.235* (0.131)	0.157*** (0.051)	2.421 (1.863)	1.580 (1.643)
Appointment 1997	0.287** (0.139)	0.376** (0.169)	0.204*** (0.057)	4.581** (2.228)	4.502** (2.214)
Observations	119	122	21,826	129	129
R-squared	0.242	0.098	0.197	0.516	0.313
Number of Districts	119	122	129	129	129

### Table 4. Effects on Political Competition

	Dependent Variables:					
	Number of Candidates	Number of Independent Candidates	Share of Independent Candidates	Herfindahl Index	Incumbent Not Reelected	Z-Score col 1-5
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Mean Dep. Var.</i>	3.85	0.13	0.02	0.62	0.40	0.00
Panel A. Linear Treatment Effect						
Yr. of Appointment	-0.282* (0.143)	-0.153** (0.068)	-0.029*** (0.011)	-0.000 (0.013)	-0.096* (0.053)	-0.200** (0.081)
Observations	129	129	129	126	129	126
R-squared	0.193	0.247	0.238	0.207	0.124	0.272
Panel B. Flexible Treatment Effect						
Appointment 1995	-0.166 (0.271)	-0.188 (0.129)	-0.033 (0.022)	-0.011 (0.028)	-0.035 (0.122)	-0.210 (0.157)
Appointment 1996	0.041 (0.358)	-0.130 (0.151)	-0.040* (0.022)	0.034 (0.035)	-0.129 (0.142)	-0.142 (0.183)
Appointment 1997	-1.388*** (0.528)	-0.639*** (0.240)	-0.104*** (0.039)	-0.041 (0.046)	-0.329* (0.181)	-0.875*** (0.286)
Observations	129	129	129	126	129	126
R-squared	0.238	0.275	0.248	0.225	0.128	0.303

## Reelection and Performance

	Dependent Variable: Dummy for Reelection of Incumbent Mayors			
	Performance below 20th Percentile (1)	Performance below 30th Percentile (2)	Performance below 40th Percentile (3)	Performance below 50th Percentile (4)
Panel A. First Direct Elections (2005-2008)				
<i>Mean Dep. Var.</i>	0.66	0.66	0.66	0.66
Bad Performance Dummy	-0.231 (0.238)	-0.183 (0.183)	-0.289* (0.160)	-0.150 (0.166)
Year of Appointment× Bad Performance	0.096 (0.128)	0.132 (0.102)	0.189* (0.097)	0.143 (0.101)
Observations	115	115	115	115
R-squared	0.114	0.116	0.135	0.119
Panel B. Second Direct Elections (2011-2014)				
<i>Mean Dep. Var.</i>	0.46	0.46	0.46	0.46
Bad Performance Dummy	-0.687** (0.279)	-0.812*** (0.287)	-0.712** (0.270)	-0.546* (0.287)
Year of Appointment× Bad Performance	0.467*** (0.123)	0.476*** (0.123)	0.305** (0.145)	0.314** (0.144)
Observations	46	46	46	46
R-squared	0.216	0.234	0.159	0.135

# Robustness Checks

# Robustness & Alternative Mechanisms

## 1. Cohort effects

- The fall of the Soeharto regime was quite unexpected. [more](#)
- No change in appointment patterns 1994-1997. [more](#)
- The results are robust to:
  - Dropping districts with appointments in 1997
  - Controlling by measures of conflict or economic conditions at time of appointment.

2. Results robust to controlling by **political or economic conditions at time of subsequent elections for mayor**

3. Results robust to controlling for **timing of introduction of direct elections**

4. Results are robust to controlling for the years of **experience of the incumbent mayor** at the time our outcomes are measured [more](#)



## Conclusion

- Districts where a Soeharto mayor was in office for longer exhibit:
  - Worse governance outcomes a decade after the transition
  - More elite persistence & support for Soeharto's party
  - Lower political competition & political accountability
- Consistent with the hypothesis that longer exposure to Soeharto mayors during the transition → elite capture.
- Our conceptual framework provides an explanation: Soeharto mayors had more time to adjust to the new political scenario
- Implications:
  - The incentives & opportunities of elites to invest in *de facto* power are a fundamental determinant of elite capture.
  - The way in which democratic transitions unfold can have important effects on the quality of governance in the long-run.

**Thanks!**

## Compliance with 5-year Terms

		Number of Districts by Year of Election of the First Democratic Mayor						
		1999	2000	2001	2002	2003	2004	Total
Number of Districts by Year of Appointment of the Last Soeharto Mayor	1994	<b>16</b>	15	0	0	0	0	31
	1995	10	<b>51</b>	4	0	1	1	67
	1996	4	5	<b>14</b>	0	0	0	23
	1997	0	3	0	<b>7</b>	5	0	15
	1998	5	1	1	5	<b>47</b>	3	62
Total		35	75	19	12	53	4	198

*Notes:* Sample restricted to districts according to their 1997 that subsequently did not split.

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[back to 'Mechanisms'](#)

## Table A. Endogeneity Check: Political Support & Stability

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	(0.000)	0.118
(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 Casualties	-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

## Table B. Endogeneity Check: Public Good Provision

Independent Variables:	Dependent Variable: Year of Appointment Last Soeharto Mayor		
	Coefficient	Standard Error	Beta Coefficient
	(1)	(2)	(3)
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

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## Distribution of Districts by Appointment Year of Soeharto Mayor

Estimating sample:

- We focus on districts that did not split
- We drop districts where the Soeharto mayor appointed in 1998

Year of Appointment of the Last Suharto Mayor	Total Number of Districts,	Number of Districts that did not split	Number of Districts, (Baseline Sample)
(1)	(2)	(3)	(4)
1994	49	31	28
1995	90	67	65
1996	46	23	23
1997	25	15	13
1998	85	62	-
Total	295	198	129

## Table C. Endogeneity Check: Mayors' Characteristics

	Dependent Variables:			
	Years of Education (1)	Age at Appointment (2)	Local Mayors (3)	Missing Background (4)
<i>Mean Dep. Var.</i>	<i>15.24</i>	<i>49.41</i>	<i>0.35</i>	<i>0.34</i>
Panel A. Linear Specification (1994-1997)				
Year of Appointment	0.023 (0.116)	0.931 (0.883)	0.008 (0.121)	0.047 (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 (0.308)	0.617 (1.060)	-0.174 (0.262)	0.083 (0.111)
Appointment 1996	-0.316 (0.361)	2.828* (1.505)	0.036 (0.362)	0.055 (0.148)
Appointment 1997	0.230 (0.331)	1.415 (3.733)	-0.067 (0.419)	0.184 (0.177)
Observations	124	58	37	129
R-squared	0.144	0.351	0.220	0.027

Table A. Robustness Checks

	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*** (0.009)	0.024** (0.011)	0.024*** (0.009)	0.029*** (0.009)	0.022** (0.009)	0.026*** (0.008)	0.025*** (0.009)	0.024*** (0.009)	0.029*** (0.009)	0.028*** (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** (0.011)	-0.040*** (0.014)	-0.030** (0.013)	-0.030** (0.012)	-0.031** (0.013)	-0.034*** (0.012)	-0.027** (0.011)	-0.036*** (0.012)	-0.030** (0.013)	-0.034*** (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** (0.016)	-0.055** (0.022)	-0.036** (0.018)	-0.067*** (0.016)	-0.034** (0.017)	-0.049** (0.020)	-0.030* (0.016)	-0.048*** (0.015)	-0.012 (0.020)	-0.025 (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



## Table C. Robustness Checks

	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** (0.044)	0.111* (0.0650)	0.121** (0.0474)	0.101** (0.046)	0.101** (0.0433)	0.100** (0.043)	0.0968** (0.0445)	0.103** (0.044)	0.0839* (0.0476)	0.102** (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*** (0.048)	0.122* (0.065)	0.105** (0.050)	0.113** (0.050)	0.128*** (0.048)	0.142*** (0.048)	0.125** (0.048)	0.136*** (0.048)	0.136*** (0.051)	0.107* (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*** (0.018)	0.080*** (0.026)	0.083*** (0.020)	0.081*** (0.019)	0.075*** (0.018)	0.078*** (0.018)	0.072*** (0.018)	0.074*** (0.018)	0.070*** (0.018)	0.073*** (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

## Table C. Robustness Checks

	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** (0.665)	1.024 (0.965)	1.696** (0.746)	1.659** (0.709)	1.561** (0.690)	1.483** (0.703)	1.523** (0.680)	1.563** (0.681)	1.593** (0.777)	1.382* (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** (0.658)	0.679 (0.875)	1.376* (0.726)	1.122 (0.681)	1.208* (0.690)	1.436** (0.679)	1.402** (0.656)	1.403** (0.633)	1.475** (0.699)	2.190** (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** (0.081)	-0.070 (0.090)	-0.186** (0.088)	-0.191** (0.085)	-0.186** (0.079)	-0.189** (0.086)	-0.149* (0.076)	-0.192** (0.080)	-0.240** (0.095)	-0.177** (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

## Robustness Checks: Cohort Effects

- Potential concern: If the end of the regime was anticipated or characterized by political and economic instability, the nature of the appointments might have changed over time
- The fall of the regime was quite unexpected:
  - Special Report on Indonesia *The Economist* (July 24th, 1997; 10 months prior to the fall of Soeharto)

*“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.”*

*“Speculation about the succession has been a favourite game in Indonesia for at least ten years.”*

## Historical Evolution of the Rupiah to USD Exchange rate

- The main triggering event of the fall of Soeharto was the onset of the East Asian financial crises
- But, its main political and economic consequences started taking place in 1998.



## Evolution of the Number of Districts

Number of Districts	
1993	285
1994	286
1995	287
1996	289
1997	296
1999	336
2001	348
2002	385
2003	434
2007	459

Number of districts according to BPS Crosswalks (file kabupaten-tracker.dta). The sample excludes the districts of Jakarta

## Appendix Table 2. Appointment Timing and District Splitting

	Dependent Variable: Dummy Variable for District Split			
	(1)	(2)	(3)	(4)
<i>Dep. Var. Mean</i>	0,34	0,34	0,34	0,34
Year of Appointment	0.035 (0.039)	0.039 (0.035)		
Appointment 1995			-0.148* (0.089)	-0.100 (0.077)
Appointment 1996			0.056 (0.107)	0.095 (0.084)
Appointment 1997			0.026 (0.128)	0.029 (0.124)
Controls: Electoral results 1992 and Island Fixed Effects		✓		✓
Observations	198	198	198	198
R-squared	0.004	0.301	0.034	0.321

*Notes:* Robust standard errors in parenthesis. The unit of observation is the number 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.

## Number of Soeharto Mayors Reelected in the Democratic Period

- Low reelection rates and no differences between appointment years 1995-1997

Year of Appointment of the Last Suharto 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

# Characteristics of Mayors Appointed 1994-1998

	Dependent Variables:			
	Years of Education (1)	Age at Appointment (2)	Local Mayors (3)	Missing Background (4)
Panel C. Flexible Specification (1994-1998)				
Appointment 1995	-0.271 (0.303)	0.528 (1.097)	-0.135 (0.204)	0.073 (0.109)
Appointment 1996	-0.404 (0.345)	2.726* (1.557)	0.106 (0.303)	0.047 (0.141)
Appointment 1997	0.227 (0.314)	0.993 (3.843)	-0.088 (0.440)	0.183 (0.175)
Appointment 1998	0.558* (0.295)	3.787** (1.484)	-0.084 (0.194)	-0.011 (0.108)
Observations	182	75	53	187
R-squared	0.187	0.318	0.269	0.032



## Main 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)
<i>Mean Dep. Var.</i>	0.15	0.00	0.00	0.71	0.22	0.31	0.00
Appointment 1995	0.037** (0.016)	-0.040 (0.031)	-0.001 (0.042)	-0.0605 (0.105)	0.021 (0.095)	0.069* (0.037)	-0.245 (0.159)
Appointment 1996	0.043* (0.022)	-0.073*** (0.028)	-0.090** (0.040)	0.163 (0.124)	0.232* (0.131)	0.146*** (0.052)	-0.202 (0.197)
Appointment 1997	0.068** (0.029)	-0.067* (0.039)	-0.021 (0.047)	0.253* (0.141)	0.344** (0.170)	0.196*** (0.055)	-0.601** (0.257)
Appointment 1998	0.055*** (0.017)	0.008 (0.034)	0.004 (0.059)	0.145 (0.124)	0.229** (0.115)	0.060* (0.034)	-0.289 (0.302)
Observations	11,924	136,804	132,881	177	166	32,767	163
R-squared	0.038	0.113	0.195	0.127	0.083	0.198	0.180

## Robustness to Holding Constant time 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)	
<i>Dep. Var. Mean</i>	0.00	0.00	0.18	0.02	0.04
Year of Appointment	0.151** (0.063)	0.174** (0.083)	0.219* (0.122)	0.155* (0.079)	0.150** (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