

THE DYNAMICS OF CENTRALISM BEHIND THE CLOAK OF AUTONOMY: A CRITICAL REVIEW OF THE LEGAL PHILOSOPHY OF THE IMPLEMENTATION OF LOCAL GOVERNMENT

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Abstract

Indonesia's regional self-governance, launched post-1998 reformasi, rests on subsidiarity and decentralization as core tenets of local administration. Yet, emergent realities expose a stark contradiction between nominal affirmation of provincial sovereignty and pervasive curbs imposed via regulatory frameworks. Utilizing a normative juridical methodology featuring systematic and purposive hermeneutics, this inquiry dissects disparities between statutory designs of autonomy and practical execution. Outcomes reveal that Law No. 1 of 2022 on Inter-Governmental Fiscal Ties fosters financial reliance undermining provincial self-determination, whereas Law No. 3 of 2022 on the New Capital City imposes administrative structures bypassing local democratic norms. Together with tacit recentralizing devices, these enactments engender a facade of autonomy, granting procedural leeway amid substantive curtailment. Imperative juridical realignment of local governance philosophy demands bolstering subsidiarity, overhauling fiscal linkages, and reorienting central-local dynamics toward equitable, partnership-oriented distributive justice.

Keywords: *Regional Autonomy, Centralism, Pseudo-Autonomy, Fiscal Decentralization, Legal Philosophy*

A. INTRODUCTION

The concept of regional autonomy initiated after the 1998 reform is actually a constitutional effort to redistribute power from the center to the regions in a more equitable manner. However, in practice, the spirit of *decentralization* is often faced with structural resistance stemming from the inherent disposition of the government system that is still inclined towards *centralistic governance*. Institutional designs that appear decentralized on the surface actually retain a strong vertical control mechanism, thus creating a paradox between *de jure autonomy* and *de facto centralism* in local governance in Indonesia¹.

The conceptual bedrock of local administration execution lies in subsidiarity, positing that public choices belong at governance tiers nearest citizens. This doctrine limits state involvement to instances where subordinate units falter in self-resolution. Contrarily, recent decade enactments exhibit inverse patterns, with central authority encroachments proliferating via hierarchical statutes, progressively constricting provincial latitude in methodical fashion.

¹ Hilma Lathifah, Aldri Frinaldi, and Lince Magriasti, "Transformasi Kebijakan Desentralisasi Di Indonesia Dan Implikasinya Terhadap Stabilitas Pemerintahan Daerah Di Era Globalisasi" *Profesional : Jurnal Komunikasi dan Administrasi Publik*, Vol.11, No. 2 (2024) : 577–84.

Law Number 23 of 2014 on Regional Governance, alongside its amendments, marks a pivotal juncture in this discourse. It markedly reallocates administrative functions, reclaiming key competencies for central and provincial levels, thereby structurally diminishing district/municipal capacities. This recentralization trend operates not in isolation but embodies enduring doctrinal friction between unitarian and federal impulses under Indonesia's unitary state paradigm.²

From the perspective of *legal philosophy*, this condition raises a fundamental question about the consistency between *the ratio legis* of the formation of regional autonomy and its normative implementation. The legal philosophy that underpins it contains internal contradictions, where the spirit of local *empowerment* clashes with the logic of administrative efficiency which is used as a justification for recentralization. As a result, regions are often trapped in a condition of *pseudo-autonomy*, which is pseudo-autonomy that is procedurally recognized but substantially limited through increasing derivative regulations³.

Examining this dynamic critically becomes very relevant in the midst of the discourse on improving Indonesia's constitutional architecture. The implementation of true local government requires not only a redistribution of formal authority, but also a paradigm transformation in viewing central-regional relations as equal partnerships, not refined subordination. Therefore, the philosophical-juridical study of the dynamics of centralism hidden behind the cloak of autonomy becomes an urgent and unpostponable academic agenda⁴.

Grounded in the outlined context, this inquiry pursues three objectives: firstly, to dissect and appraise the juridical philosophies sustaining Indonesia's regional self-rule vis-à-vis decentralization and subsidiarity tenets. Secondly, to pinpoint and delineate centralizing apparatuses persisting structurally and normatively within autonomy statutes. Thirdly, to propose a restructured philosophy of local governance execution fostering substantive, equitable, and participatory self-determination advancing local populace welfare.

Conceptually, this study aspires to advance constitutional jurisprudence, notably by augmenting dialogues on regional self-governance philosophy amid unitary state structures.

² Selvi Rahmawati, "Desentralisasi Dan Otonomi Daerah : Tantangan Dan Peluang Dalam Era Reformasi" *Jurnal Media Ilmu*, Vol.4, No. 2 (2023) : 121–41.

³ Mutawalli Mukhlis et al., "Regional Government Autonomy in Indonesia: The Ambiguity of the Federalism or Republic Model" *MJSL : Malaysian Journal of Syariah and Law*, Vol.13, No. 1 (2025) : 35–57.

⁴ Hezron Sabar et al., "Recentralization of Mining Licensing Authority and Its Impact on Local Autonomy in Indonesia," *Jurnal Suara Hukum*, Vol.7, No.2, (2025).

Pragmatically, its insights offer policymakers guidance for refining local administration statutes to align authentically with decentralization ethos. Furthermore, it serves academics, juridical professionals, and provincial administrators as a discerning resource for grasping persistent frictions between self-rule and centralization embedded in Indonesia's operative legal order.

B. RESEARCH METHODS

This inquiry adopts a normative juridical methodology, treating law as a normative edifice for intensive scrutiny via primary and secondary sources. Selected for its alignment with conceptual and philosophical inquiries probing disparities between statutory autonomy designs and structural enactment normative research dwells in *das sollen* territory, prescribing ideal juridical formulation and exegesis beyond mere empirical application.

Employed resources span three tiers: primary statutes on local governance; secondary scholarship encompassing treatises, periodicals, and doctrines; tertiary references like glossaries and compendia. These undergo systematic and purposive hermeneutics to reveal latent intents in normative architectures. Concurrent conceptual and statutory lenses forge a unified, exhaustive rationale.

C. RESULTS OF RESEARCH AND DISCUSSION

1. The Philosophical Foundations of Regional Autonomy Law in Indonesia

Within Indonesia's constitutional order, regional self-determination inextricably links to Article 18 of the 1945 Constitution, which delineates territorial divisions into provinces, regencies, and municipalities, each administered locally with competencies for self-regulation and affairs management under autonomy precepts. Philosophically, it embodies local democratic ideals, balanced growth, and acknowledgment of Indonesia's expansive sociocultural and topographic variance. Far beyond procedural tools, autonomy functions as a pivotal means to elevate societal well-being via attuned local strategies, as echoed in Law No. 1 of 2022's preamble affirming provincial regulators' rights to oversee their domains via autonomous and attendant obligations⁵.

Subsidiarity forms the paramount doctrinal pillar for local governance execution, positing authority execution by proximate administrative units capable of efficacious

⁵ "Law of the Republic of Indonesia Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments," No. 104172 (2022).

delivery. Complementarily, decentralization entails central devolution of powers to provincial bodies for autonomous handling of designated functions. Post-1998 reformasi, these tenets reshaped central-local paradigms from pronounced centralism toward expansive self-rule. Article 3 of Law No. 1 of 2022 reinforces this, mandating provincial affairs funding via Regional Budgets (APBD) and central ones through National Budgets, thereby necessitating fiscal apportionment concomitant with authority transfers for viable autonomy.⁶

In practice, alignment between legislative rationales for local governance statutes and decentralization ethos faces persistent scrutiny. Autonomy execution grapples with institutional barriers, including central-regional jurisdictional overlaps, provincial fiscal reliance on central allocations, and deficient local human and organizational capacities. Philosophically anchored in democracy, distributive equity, and administrative efficacy, autonomy realization lags markedly, as myriad enactments evince propensities to reclaim pivotal powers centrally.

2. The Dynamics of Centralism in the Legal Framework of Regional Autonomy

a. Analysis of Law No. 1 of 2022 concerning HKPD

Central-regional fiscal ties constitute the paramount facet of autonomy execution, as absent financial self-sufficiency, self-rule risks devolving into mere procedural veneer. Law No. 1 of 2022 on Central-Regional Financial Relations supplants Law No. 33 of 2004 to forge a more equitable, streamlined fiscal architecture. Article 2 delineates its purview: regional revenue streams via imposts and duties; transfer administration; expenditure oversight; financing empowerment; and national fiscal policy integration. Yet, operational realities engender fiscal subservience, wherein provinces rely predominantly on central transfers for governance and growth endeavors. This reliance yields profound political-administrative repercussions for provincial sovereignty. Central dominance in prioritizing development via budgetary levers curtails local policymaking latitude. Special Allocation Funds, for instance, hinge on centrally dictated national agendas, methodically diminishing provincial program tailoring to contextual imperatives. Article 6(1) of Law No. 1 of 2022 compounds this by barring

⁶ Fahmi Ali Ramdhani et al., “Dinamika Hukum Pemerintahan Daerah Di Indonesia: Tantangan Dalam Implementasi Otonomi Dan Desentralisasi” *Jurnal Pendidikan Tambusai*, Vol.9, No.2, (2025) : 24455–59.

unsanctioned provincial levies, confining fiscal prerogatives under rigorous central oversight⁷.

This contradiction reveals how statutorily assured provincial fiscal self-determination undergoes structural attrition via conditional, regulated transfer protocols. Pronounced divergences between fiscal decentralization aims and field-level outcomes arise from sundry causes: scarce local endowments, frail central-provincial synergies, and constrained regional institutional prowess in autonomous fiscal stewardship. Consequently, provinces falter in crafting growth strategies authentically attuned to indigenous requirements and capacities⁸.

b. Analysis of Law No. 3 of 2022 concerning IKN

Law No. 3 of 2022 on the State Capital inaugurates an innovative institutional paradigm diverging sharply from orthodox provincial administration. Article 1(2) designates the Archipelagic Capital as a distinctive provincial unit housing the national seat. Yet, Article 4(1) institutes the Nusantara Capital Authority—a cabinet-equivalent body overseeing this special province—while Article 5(4) vests presidential prerogative, post-DPR consultation, for appointing, installing, and removing its chief. This configuration renders IKN a unique entity eschewing local democratic norms, wholly bypassing elected provincial leadership protocols.⁹

Through a decentralization prism, IKN emerges as both aberration and harbinger of veiled centralism in Indonesia's governance. Article 8 of Law No. 3 of 2022 vests special provincial oversight in the IKN Authority, with Article 9(1) mandating direct presidential appointment of its director and deputy, nullifying hallmark local electoral processes intrinsic to autonomy. Despite nominal special provincial status, its power architecture manifests unqualified central sway across regional administrative spheres.

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c. The Phenomenon of *Recentralization* and *Pseudo-Autonomy*

⁷ "Law of the Republic of Indonesia Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments."

⁸ Yundri, "Analisis Terkait Pelaksanaan Desentralisasi Dalam Otonomi Daerah Kota/Kabupaten" *Jurnal Indragiri Law Review*, Vol.2, No. 3 (2024).

⁹ Halimatus Sakdiyah, "Efektivitas Otonomi Daerah Dalam Mewujudkan Tujuan Negara: Tinjauan Kritis Desentralisasi Di Indonesia" *JUPSI : Jurnal Pendidikan Sosial Indonesia*, (2025) : 3–5.

¹⁰ "Law of the Republic of Indonesia Number 3 of 2022 concerning the National Capital," no. 116287 (2022).

The pattern of *recentralization* in the Indonesian government system is reflected in the tendency to systematically withdraw strategic authority from the regions to the central government through various regulatory instruments. Sectors such as mining, forestry, and energy that were previously under regional authority are now increasingly controlled by the central government, marking a paradigm shift from the spirit of decentralization to increasingly centralized control. This condition creates a phenomenon of *pseudo-autonomy* in which local governments are formally recognized as having autonomous authority, but substantively this authority is limited by the increasing number of derivative regulations¹¹.

The ideological tension between unitarianism and decentralization is at the root of the unresolved problems in the Indonesian constitutional system. As a unitary state, the central government has the legitimacy to maintain national integration, but at the same time the principle of decentralization demands a real space of independence for the regions. The imbalance between these two principles results in policies that are procedurally decentralized but substantively centralised, thereby weakening regional institutional capacity and hindering the realization of effective and sustainable bureaucratic reform.

3. Reconstruction of the Legal Philosophy of Regional Government Implementation

The condition of *pseudo-autonomy* that continues to develop emphasizes the need for a philosophical reconstruction of the regional autonomy model which has been procedural and formalistic. The reconstruction must depart from the consistent strengthening of the *principle of subsidiarity*, where the authority that has been delegated to the regions should not be unilaterally withdrawn without a strong constitutional basis. Substantive regional bureaucratic reform is also inevitable, including strengthening human resources, simplifying institutional structures, and improving a governance system that is transparent, accountable, and oriented towards public service performance¹².

The paramount reconstructive strategy embeds regional self-rule in distributive justice, mandating equitable, proportionate apportionment of powers, fiscal means, and growth prospects attuned to regional capacities and imperatives. Pivoting central-provincial ties

¹¹ Hari Suriadi et al., "Desentralisasi Dan Upaya Peningkatan Otonomi Daerah: Menuju Pembangunan Berkelanjutan" *Menara Ilmu : Jurnal Penelitian dan Kajian Ilmiah*, Vol.18, No. 1 (2024) : 27–36.

¹² S Jenar et al., *Hukum Pemerintahan Daerah*. (Banten : Sada Kurnia Pustaka, 2024).

from hierarchical subservience to collaborative governance proves essential, repositioning the center not as decisional overlord but equitable ally honoring mutual competencies and duties. Amplifying civic engagement in provincial policymaking further ensures autonomy authentically mirrors local sentiments.¹³

Accordingly, realigning local governance's juridical philosophy necessitates forging a decentralized order harmonizing national cohesion with genuine provincial sovereignty. Autonomy merits viewing not as state unity peril but as democracy enhancer, efficiency booster, and equity-driven growth catalyst across Indonesia. Solely by constituting provinces as development protagonists rather than central policy recipients can Indonesia's local administration optimally fulfill constitutional aspirations.¹⁴

D. CONCLUSION

Indonesia's regional self-governance philosophically anchors in subsidiarity and decentralization, yet confronts acute contradictions between nominal endorsement and material curbs. Enactments like Law No. 1 of 2022 and Law No. 3 of 2022 evince recentralizing inclinations methodically eroding provincial self-determination. Consequently, local entities languish in pseudo-autonomy—procedurally affirmed yet fiscally and regulatorily circumscribed—thwarting post-reform decentralization aspirations from substantive fruition.

E. ADVICE

Urgent juridical realignment of local administration philosophy demands resolute subsidiarity enforcement and reframing central-provincial ties as equitable collaborative governance. The center must transition from domineering overseer to respectful ally honoring provincial competencies. Bolstering provincial fiscal self-reliance is vital to transcend superficial autonomy. Enhancing local institutional capabilities and broadening civic involvement in policymaking proves indispensable for attaining authentic distributive equity within Indonesia's provincial framework.

¹³ Firdaus Arifin, "Analisis Terhadap Kebijakan Pemerintah Dalam Mengatur Urusan Pemerintahan Daerah Di Era Desentralisasi Asimetris," *Progresif: Jurnal Hukum*, Vol.18 No. 2 (2024).

¹⁴ A W Asmorojati and U A D Press, *Hukum Pemerintahan Daerah Dan Daerah Istimewa Yogyakarta Dalam Bingkai NKRI*. Yogyakarta : UAD Press, 2020.

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