

## Local democracy and corruption: Economic-political relations in the corruption case of Batu City's Mayor

Ali Fikri Hamdhani<sup>1, a\*</sup>, Ahmad Adi Susilo<sup>2, b</sup>

<sup>1</sup> Malang Corruption Watch (MCW). Jl. Joyosuko Metro No. 42a, Kota Malang, Indonesia

<sup>2</sup> Universitas Brawijaya. Jl. Veteran No.10-11, Kota Malang, 65145, Indonesia

<sup>a</sup> [fikrihamdan737@gmail.com](mailto:fikrihamdan737@gmail.com); <sup>b</sup> [ahmadadi353@gmail.com](mailto:ahmadadi353@gmail.com)

\*Corresponding Author

**Abstract:** The rise of local democracy through decentralization does not guarantee a decrease of corruption crimes in Indonesia. The *good governance* perspective has become common in regional governments, ignoring structural aspects and causing base-level contradictions in the localization of power. In the reformation era, reviving localized politics was an effort to reorganize the old elite forces that were influential since the New Order. This study uses the concept of localization as a new arena for the ruling elite and local entrepreneurs, who play a major role in the competition for power and wealth. This study uses a qualitative approach, analyzing Eddy Rumpoko's corruption during his two terms as Mayor of Batu City, from 2007 to 2017. Primary data is gathered through the court decision for Rumpoko's corruption crimes, while secondary data is obtained through library research in the form of books, journals, media and other related documents. The research results show that corruption in Batu City is a form of local economic-political alliance interests, especially for entrepreneurs engaged in the tourism, hotel, villa or housing and building construction industries. They have found it easier to do business since Rumpoko's time with the mobilization of bureaucrats, while he was able to maintain political power through the help of businessmen.

**Keywords:** Local Democracy; Corruption; Batu City; Political Economy

**How to Cite:** Hamdhani, A. F., & Susilo, A. A. (2024). Local democracy and corruption: Economic-political relations in the corruption case of Batu City's mayor: . *Integritas : Jurnal Antikorupsi*, 10(1), 95-106. <https://doi.org/10.32697/integritas.v10i1.1139>



### Introduction

2004 was the era of decentralization or regional autonomy, which was one target for change in the transition period from the New Order to the Reformation era (*Reformasi*). This was an effort to eradicate corruption through a *good governance* framework (Kholik, 2017). In reality, decentralization did not have a significant give to effort eradicate corruption. Instead, what emerged are the "*raja-raja kecil*" (lit. "little kings") who use regions as fields for corruption (Guntara, 2020). A report from *Komisi Pemberantasan Korupsi* (KPK, "The Eradication Commission") shows that 1,351 corruption cases have been handled from 2004 to 2022 (KPK, 2023). The majority of these were cases of bribery and gratification related to management permits, procurement goods and services, and affairs mutation or demotion position (Annur, 2022). As for actors, the majority of corruption perpetrators occurred within local governments. From 2004 to 2022, there were at least 22 Governors and 148 Regents/Mayors who were prosecuted by the KPK (Zabar & Topan, 2022).

Budi Setiyono showed the patterns and modes of corruption in the region, with factors varying from moral elements, complicated bureaucracy, competition politics, and weak law enforcement. Setiyono suggests that there is a need to formulate alternative policies based on the principles of accountability and public participation (Setiyono, 2017). Research with the same approach was also used in a case study in Central Lampung, focusing on corruption by regional heads in the private sector. The research focuses on administrative procedures with good governance principles such as transparency, participation and accountability (Fatkuroji & Meilinda, 2022). Through a good governance perspective, corruption is considered a phenomenon of individual disobedience to rules and institutions. This approach is most commonly used in research on corruption in Regional Governments after the overthrow of the New Order. However, this approach is basically

motivated by free market economy (*free market neoliberalism*), an institutional lens which is a precondition for acquiring international donors in developing countries (Triguswinri, 2021).

Institutional approaches like *good governance* ignore structural aspects, such as the relationship between political-economic interests, which also influence the corrupt behaviors of elite actors. Corruption is not only a matter of legal and moral scandals; it can simultaneously occur due to political conditions and the expansion of the capitalist market economy. In Indonesia, the structural look at corruption is also explained by Oley and Adi (2018), wherein they demonstrate how the market economic system allows corruption, especially in the mining sector. This behavior is the result of rent-seeking practices and speculation on commodity prices. Rent-seeking in Indonesia is clearly visible through *The Crony Capitalism Index*, which assesses how much state policy predominantly benefits private groups. In 2021, Indonesia was ranked 8th in the world for corruption, after being ranked 7th in 2016 (The Data Team, 2016). The relationships that shape corruption can be seen through existing data, where private groups and public officials are identified as the most involved actors. Of the total 1,442 corruption perpetrators in 2004-2022, 372 perpetrators were from the private sector. This number was the largest, followed by public officials (Kusnandar, 2022).

On the other hand, a democratic transition may actually become a new method where bureaucracy can ensure benefits for certain groups of private politicians and bureaucrats (Afala, 2017; As'ad et al., 2023). The political-economic structure that exists in Indonesia is controlled by oligarchic power centered on the New Order crony circle. In turn, this power influences public policy, as seen during the Reformation period. When oligarchy strengthens, space for civil society to participate in governance narrows, and violence may be instrumentalized against people fighting for their rights (Suryani et al., 2021). At a certain point, this power makes the institutional practices of corruption, collusion and nepotism (KKN) increasingly uncontrollable.

This study will describe the condition of corruption in Batu City, East Java. During Eddy Rumpoko's leadership, Batu City's power configuration became phenomenal – the conditions behind which were revealed upon his arrest by the KPK. Rumpoko was entangled in corruption cases twice: first in 2017 in a case of bribery, and again in 2021 for graft (Zuhad, 2021). Through these consecutive cases, the relationship between economic and political interests in Batu City became increasingly evident. During Rumpoko's leadership, the city's power dynamics were characterized by oligarchic power practices (Samsuddin & Bunga, 2017).

The phenomenon of oligarchy in Batu City was written about in previous research (Samsuddin et al., 2019), wherein it was demonstrated that the city took an oligarchic form with a civil collective ruler type (a form of Winters' oligarchy thesis), and also a predatory type (a form of oligarchy thesis *ala* Robinson-Hadiz). The latter structure has a power relationship characterized by abuse of power or corruption. This research combines both Winters' and Vedi Hadiz' theories of oligarchy at once, though they use different theoretical frameworks to define oligarchy. Vedi Hadiz defines oligarchy as a system of political relations that allows the concentration of wealth, as well as collective authority and protection. Meanwhile, Winters defines oligarchy as the politics of defending wealth among the actors who own that wealth (Mudhoffir et al., 2020). Samsuddin's research revealed the involvement of PT Batu Wisata Resources (BWR) in a 2013 corruption case that eliminated the tax burden for oligarchs. In the following year, relations with other private business groups became increasingly clear when Eddy Rumpoko was caught in a corruption case – however, this was not discussed in the study.

The problems in Batu City show symptoms of failure in the era of decentralization, where local authorities and entrepreneurs often use public resources for the sole purpose of accumulating wealth. This research will frequently refer to the arguments presented by Vedi Hadiz (2022) to analyze the emergence of corruption symptoms in Batu City. According to Hadiz, local elites actually have little interest in good governance reform. It could even be said that the Reformation's drive for transparency and accountability has moved parallel to the elite's predatory tendencies (Hadiz, 2022, p. 140). Decentralization policies, often packaged through the idea of good governance, show a failure to understand the fundamental tensions and contradictions in the localization of power – in particular, in relation to development, democracy and political participation and competition (Hadiz, 2022, p. 268).

Hadiz further describes the primary conditions regarding local elites in Indonesia as follows. First: money politics, political mobilization, and intimidation inherited from the New Order were used to establish dominance over democracy at the local level. Several relatively new political players (including reformists) have also been absorbed by the money politics and rent-seeking for political survival (Hadiz, 2022, p. 145). Second, among the New Order elite were old bureaucrats who sought to change their bureaucratic position to rise in political power, as seen in their efforts to occupy political positions through local alliances. Third, local entrepreneurs have increasing political ambitions. This is seen in the informal funding of political candidates to gain access to private sectors, which in turn allow control over public resources and institutions (Hadiz, 2022, p. 146).

In other words, localization of power can continue to provide an arena for local elites to lead in competition for power and wealth, without actually empowering local citizens. This is the basis for the formation of local alliances between predatory forces and political patronage. Decentralization, which triggers conflicts in fights for political control, especially occurs in industrial centers that are more economically advanced. This research will refer to the question of how the interests of economic-political alliances, or local authorities and entrepreneurs, relate to each other in Batu City. This will be presented through the pattern of corruption that occurred in the Eddy Rumpoko case, during his two terms in office. It will also refer to the history of local entrepreneurs' emerging political power in Batu City. Ultimately, it will describe the relationship that results in corrupt behavior from the both of them.

### Methods

This research uses a qualitative approach design, which functions by showing the facts of the case. This method makes observations according to the research objective, thereby drawing cause and effect relationships (Nasution, 2023). It does not use basic statistical work, but is based on empirical evidence in combination with the above discussed theories. Next, the study utilizes descriptive research, searches for facts using appropriate interpretations –namely, explaining events according to the research objective (Wekke, 2019). This research will focus on the corruption practices of the Rumpoko case study, which relate to economic-political interest relations in Batu City during his mayorship.

Data is grouped into two, primary and secondary. Primary data was obtained through court decisions, observations and documentation of the Rumpoko corruption case. It is known that Rumpoko was revealed to have committed corruption two times during his terms: the first occurring in 2018, and the next in 2021. Both cases were closely related to economic-political alliance relations, as they were related to development procurement projects in Batu City. The court decision for this case was a final and binding decision, and contains the facts of the case object. Thus, the court decision can be the basis for data tracing. Eddy Rumpoko's court decisions include: No.72/Pid.Sus-TPK/2018/PN.Sby; No.93/Pid.Sus-TPK/2021/PN.Sby; No.31/Pid.Sus-TPK/2018/PT.Sby. Secondary data was obtained through library research in the form of books, journals, media and other related documents. Information obtained from various studies, books, journals or other publications is selected against information on relevant theories. The theory is then used as an analytical tool to explain research puzzles.

### Results and Discussion

#### The Emergence of Political Power and Local Entrepreneurs in Batu City

As discussed above, decentralization did not eliminate the power of the old elite. Those who were in power during the New Order managed to reappear on the political-economic stage in Indonesia, thereby influencing local power dynamics (Hadiz, 2022). Batu City is a relatively new autonomous region, formed in October 2001. From the start, it demonstrated the potential to become a strategic economic area. Eddy Rumpoko himself was a pioneer of an old elite family, which maintains close ties to the forces of the New Order. Rumpoko's father, Colonel Sugiyono, was Mayor of Malang from 1973 to 1983. To the people of Malang, he was a local elite known as *ebes arek Malang* (“father of Malang City”) (Redaksi, 2020).

Since the New Order, Rumpoko had been actively involved in community organizations (*Pemuda Pancasila*, PP) and business organizations (*Dewan Pengurus Daerah Real Estate Indonesia*, REI). REI is an organization wherein entrepreneurs build alliances with political power, in order to advance their businesses and obtain access to state projects and patronage (Hadiz, 2022). Meanwhile, PP is a organization controversially maintained under the leadership of the New Order. It plays an important role in providing violent security-related services for elites while facilitating political-economic accumulation (Hadiz, 2022). This is compounded by Rumpoko's close friendship with Paul Sastro, a prominent businessman who controls the tourism industry sector (such as the Jatim Park Group and Sartika Group). Parallel to this, Sastro was the stepson of the late Brigadier General TNI (Purn) Sugiono – as such, this closeness was ultimately continued by his son.

In the context of Malang Raya, in the 1997 election the vote was unanimously won by Golkar, while in the 1999 reform election it was won by PDIP (Nurjaman, 2019). Rumpoko, who at that time was a candidate for Mayor of Malang City, failed to be elected, as Malang City was at that time still using New Order patterns. Here, candidates for Mayor were largely determined by the Regional Military Command, the Governor and Central Jakarta (Haboddin & Rozuli, 2023). At that time, the Jakarta authorities passed Suyitno (*Tentara Nasional Indonesia*, TNI) as Mayor and Soetrisno as his representative. As a result, there emerged a wave of demonstrations from the community, protesting against Suyitno for his proximity to the New Order and elements of the TNI. From these instances, it can be seen that several political actors in Batu City are actually local business elites with political ambitions. These old elites were the incubant result of the New Order's political patronage system, which allowed local alliances to occupy political positions during the Reformation (Hadiz, 2022, p.145).

The decentralization system, which provides greater authority and power to regional governments, has complexified local politics (Kurniaty, 2014). The 2007 election for the Mayor and Deputy Mayor of Batu was held on October 25 2007, after the death of the first Mayor Imam Kabul. This received strong resistance from the community, as the agenda was carried out before 100 days had passed since his death. The Batu General Election Commission (KPU) was considered too eager to continue the Pilkada stages after the Mayor's passing. Ultimately and at popular demand, the KPU postponed the election for a 100 day mourning period, to take the appropriate time needed to determine his successor. Once this period passed, runningmates Eddy Rumpoko and Punjul Santoso won the positions of Batu's Mayor and Deputy Mayor for the 2007-2012 period.

In the next election in 2012, Rumpoko and Santoso again ran as incumbent candidates. Problems arose during this time when the KPU dropped the two as candidates, as a KPU investigation found that Eddy Rumpoko's diploma was fake. Rumpoko, who denied the allegation, sued the KPU and ultimately won in court. In the 2012 election, he managed to win for a second time. After finishing his terms in 2017, his wife Dewanti Rumpoko continued to maintain political and economic positions. Dewanti was previously a businesswoman, active in the *Dharma Wanita* association. She paired with Punjul Santoso, Rumpoko's previous Deputy Major, for the following regional elections in 2017, ultimately winning a landslide victory. The pair's electoral votes were superior in every sub-district of Batu City: out of a total of 116,124 valid votes, they received 51,754 (Hartik, 2017). Their victory in the 2017 regional elections cannot be separated from their connection to the previous economic-political regime. Dewanti was aided by her husband's relations with established business groups, especially tourism industry entrepreneurs (Chiquita, 2018).

The designation of Batu City as a tourism city was initially pioneered by Imam Kabul. During his time as Mayor, the city's concept for tourism was agronomically based, emphasizing the production of agricultural products (Prana et al., 2015). The concept of developing a tourist city rose in Eddy Rumpoko's first term, when the city was branded by the headline *Kota Wisata Batu* (KWB), or "Shining Batu". Batu City's vision was directed at becoming the main tourist destination in East Java. At this stage, various types of artificial tourism grew significantly. The formation of a slogan like this cannot be separated from the aim of generating profits and modern city facilities (Widianto, 2021).



Guarantees for the tourism industry were strengthened in 2013 at the ratification of the Regional Tourism Development Master Plan Regional Regulation (RIPPARDA), which structured financing to achieve sustainable regional development. This policy refers to the 2011 government regulation (Peraturan Pemerintah Republik Indonesia Nomor 50 Tahun 2011) concerning the Master Plan for National Tourism Development for 2010-2025. Apart from functioning to develop the tourism sector, the regulation also aims to provide legal certainty to stakeholders in Batu's tourism industry. This shows that changes in the spatial layout of Batu City has depended on investment in the tourism sector, requiring a reorganized production pattern for a geographically expanding capitalist system (Abdul, 2018).

Investors are required to provide online reports regarding fund absorption, allocation and specific uses. However, in practice, the Capital Investment Agency (*Badan Penanaman Modal*, BPM) has found this information difficult to obtain from investors (Abdul, 2018). The harmonious relationship between political and business networks can be seen in a number of regulations which provide tax relief, as well as permits to establish a number of tourism locations (Samsuddin et al., 2019). Apart from the government and big businessmen, other actors involved in development investment include land brokers, who play a role in the rampant buying and selling of Batu City land. Pujiriyani et al (2014) identify this as "land grabbing": a form of land acquisition through private party purchasing (Pujiriyani et al., 2014).

Some cases of land grabbing include the plan to build The Rayja Hotel in 2011, located in the Gemulo spring area (Mardiyono, 2019). From the recommendations of the Batu City Development Planning Agency (*Badan Perencanaan Pembangunan*, BAPPEDA), this area is not permitted for hotel assemblance, but is recommended for cottage or bungalow construction. However, the permits issued at the integrated licensing office allowed for the exception, authorizing hotel buildings. Further examples include the ways that the Batu City Government coerces people to release their land to investors. This is done under the narrative pretext that the area's underground land is "unproductive land", or marginal land that must be used for development. The trends reported through audit results by the Supreme Audit Agency (*Bada Pemeriksa Keuangan*, BPK) showed that quite a few buildings are erected prior to the processing of permits (Susilo, 2021).

Therefore, it is not uncharacteristic that business actors in Batu City expressed positive perceptions of Eddy Rumpoko's leadership. These business actors considered Rumpoko to have contributed to increasing business income during and after his terms, as well as their own financial prosperity. However, this perception differs that of environmental activists, who believe that Rumpoko's regime was ultimately net negative, causing environmental conflicts for the city and its people (Prasetya, 2024).

As Batu City developed into a tourist hub, hotels in Batu City began to grow rapidly. According to BPS, the number of hotels in Batu City increased from 2014, at around 500 hotels, to 1,345 hotels in 2019. This affects regional income through taxes from hotels – determining this sector as the largest income after taxes, for its acquisition of land and building rights. However, according to research by (Hanif & Fadil, 2023), hotel construction has had no effect on the Gross Regional Domestic Income (GRDP) of the agricultural sector. This was reviewed by measuring the average length of stay of guests and the occupancy rate of hotel rooms – parallel to the agricultural sector's loss of land due to land conversion for hotels.

Through historical investigation, it can be identified that both political and economic elites in Batu City have an interrelated relationship with the New Order. The difference is that they could not as freely access politics during the New Order, due to a lack of a direct patronage network from the center of power. Eddy Rumpoko had previously joined a number of business and community organizations, was incubated in a centralized political system, and gained luxury after the reform tap was opened. The strengthening of locality in the form of local politics provides opportunities for old elites to more freely partake in the local realm (Hadiz, 2022). However, in the process of localized participation, Rumpoko displayed a distinctive character as Mayor, such as a leadership style that closely related to his previous background. Rumpoko had also built a long-standing economic base as an entrepreneur, and continued to accumulate wealth while adapting to his role of realizing the region's economic potential.

### Eddy Rumpoko Corruption, Interests of the Batu City Economic-Political Alliance

Eddy Rumpoko was proven to be involved in corruption during his term as Mayor, as he was caught for two cases in 2007-2017. The first case was revealed in 2018, where Rumpoko was proven to have received a bribe of Rp. 295 million and a car worth IDR 1.6 billion. These bribery attempts related to capital expenditure projects and furniture procurement machines, and he was accused alongside Filipus Djap as a private party who profitted for procurement (Gatra, 2019). The Surabaya Corruption Court sentenced Rumpoko to 3 years in prison with a fine of IDR 300 million, subsidiary to 3 months in prison. Rumpoko filed an appeal to cassation, but the appeal decision at the High Court increased the sentence to 3.5 years in prison. The cassation decision by the Supreme Court further increased the sentence to imprisonment for 5 years and 6 months with a fine of IDR 200 million (which, if not paid, was replaced by a 3 month imprisonment) (Gatra, 2019).

In 2022, Eddy was sentenced for the second time for corruption, as he was proven to be involved in a gratification case amounting to IDR 46.8 billion. This was related to permits for a number of businessmen during his time in office. This is a direct development of the previous case. The Surabaya Corruption Court's decision sentenced Rumpoko to 7 years in prison with a fine of IDR 500 million, subsidiary to 3 months in prison (Faizal & Susanti, 2022). Eddy submitted an appeal and cassation, but both were rejected by the court. Thus, the validity of the sentence remains with the criminal decision of the Surabaya District Court (Setiawan, 2023). Through Rumpoko's successive corruption cases, the facts of the relationship of interests between economics and politics in Batu City have become more evident.



**Figure 1.** A brief chronology of the Eddy Rumpoko bribery and gratification case

Rumpoko's relationship with Filipus Djap began in 2012, when Djap established a hotel in Batu City. After this, it became easier for Djap to expand his business. In 2016, Rumpoko received a car and money as a gift from Djap, which would then be exchanged for the provision of work projects. Rumpoko arranged for Djap to win in the auction project, appointing Edi Setiawan (a bureaucrat) to organize the process in this direction. Setiawan played a central role in this case. Initially, he was appointed by Rumpoko as Acting Head of the Procurement Services Section (BLP) of the Batu City Regional Secretariat. Then, Setiawan was definitively appointed as Head of the Procurement Services Section to simplify the auction process. Setiawan also received a share of 2% of the contract value, while Rumpoko procured 10%. Thus, for the 2017 fiscal year, Filipus Djap (through PT Dailbana Prima Indonesia and CV Amarta Wisesa) won the auction to procure 7 goods at the Batu City Government.

Apart from economic-political alliances, an important role was also held by the bureaucrat group, which was instrumentalized to launch alliances of basic interests. From Rumpoko's case, the appointment of Edi Setiawan as Head of Procurement was an effort to further these interests.

Though Setiawan would receive his own benefits from this strategy, his percentage was relatively small, meaning that bureaucrats remain an institutional resource for the interests of economic-political alliances, the interests of both being the most important. However, this only reveals a small part – during the development of this case, further interests were discovered in the larger political-economic alliance.

**Table 1.** Procurement projects won by Filipus Djap

Unit Work Regional Apparatus (SKPD)	Package Name	Ceiling Budget	Winner
Education authorities	Procurement of Batik for Elementary School Students	IDR 1,204,740,000	CV. Amarta Wisesa
Education authorities	Procurement of Batik for SPM Students	IDR 632,100,000	CV. Amarta Wisesa
Education authorities	Procurement of Batik for SMA/SMK Students	IDR 657,370,000	CV. Amarta Wisesa
BPKAD	Furniture for Block Office	IDR 5,010,785,000	PT. Dailbana Prima
Education authorities	Procurement of Wardrobe for the Public Elementary School Reading Corner	IDR 2,128,000,000	CV. Amarta Wisesa
Education authorities	Procurement of SMA/MA/SMK uniforms	IDR 862,372,500	CV. Amarta Wisesa
Education authorities	Shopping for SMP/MTs uniform	IDR 728,612,500	CV. Amarta Wisesa

Source: Data processed by researcher based on decision No.31/ Pid.Sus -TPK/2018/ PT.Sby

Eddy Rumpoko's wealth during his tenure increased unnaturally and drastically, rising 35% in 2007 to 2012. In his initial term, it rose from IDR 6,980,426,022 to IDR 9,416,895,815. In the following period, from 2012 to 2017, it reached a 99.6% increase, from Rp. 9,416,895,815 to Rp. 16,436,612,628 (Samsuddin et al., 2019). According to Samsuddin, Rumpoko's increasing wealth cannot be separated from his relationship with businesspeople, especially in the tourism industry which is monopolized by a handful of people. Rumpoko provides protection in the form of easy business permits. Here arise names such as Paul Sastro: a prominent businessman who monopolized the tourism industry through the Jatim Park Group. Sastro's business flourished in the following years, as seen in the establishment of Batu's Animal Museum, Batu Night Spectacular (BNS), Batu Secret Zoo, Eco Green Park, Angkut Museum, Body Museum, Predator Fun Park, and his associated hotel industry (Samsuddin et al., 2019).

**Table 2.** Businessman involved in the Eddy Rumpoko corruption case while serving from 2007-2017

Actor (Initials)	Company	Nominal Gratification
(PS)	JTP Group	IDR 3,109,050,000
(MZI)	CV. S.G	IDR 8,100,000,000
(Y)	PT. TMT	IDR 2,280,000,000
(FT)	PT. B.M	IDR 3,520,000,000
(US)	CV. KM	IDR 2,380,000,000
(IB)	PT. AP	IDR 4,750,000,000
Not known	PT. LNJ	IDR 600,000,000
(DCH)	PT. BRE	IDR 150,000,000
(HP)	PT. AMT	IDR 100,000,000
(IG)	Hotel entrepreneur	IDR 200,000,000
(EA)	PT. KSDW	IDR 100,000,000
(AAS)	Ex Head of Department	IDR 100,000,000
Not known	MRC. BC	IDR 300,000,000
(DVS)	AC	IDR 1,000,000,000
(HW)	HA	IDR 400,000,000
(AFI)	CH	IDR 500,000,000
(DKG)	Not known	IDR 1,000,000,000
Not known the source	Not known	IDR 18,284,181,400
Total Gratuity		IDR 46,873,231,400.00

Source: Data processed by the researchers based on decision No.93/ Pid.Sus -TPK/2021/ PN.Sby

In fact, Paul Sastro was not the only one who benefited from Eddy Rumpoko's leadership. During Rumpoko's tenure, he managed many of the auction processes for existing work packages to be won by entrepreneurs close to him. This can be seen from the process his case's development in 2022, during the two terms where he served as Mayor.

Overall, the entrepreneurs involved in the Eddy Rumpoko case are locals engaged in the hotel, villa, housing, tourism and building construction industries. As a result of the corrupt transactions, Rumpoko appointed certain parties among the bureaucrats to launch the auction process so that his selected businessmen would win. Many projects have gone through the auction process and were declared winners, but Rumpoko canceled those not led by his selected entrepreneurs. Rumpoko even established an unwritten rule requiring his signature when issuing a search warrant. He directed officials at the Housing Service, Highways Service and Procurement Services Units to collect money from entrepreneurs working on the project.

In the case of Eddy Rumpoko, another important finding shows that part of the cash flow was used for the campaign needs of his wife, Dewanti Rumpoko. Dewanti is a former Mayor of Batu City, replacing her husband in 2017 and serving in office since then. In Eddy Rumpoko's court decision, Dewanti's name has appeared as a beneficiary of misused resources.

**Table 3.** Giving gratuities (from entrepreneurs) related to funding the 2017 Regional Election

Actor/Giver (Initials)	Nominal Gratification	Project Received
(Y)	IDR 2,280,000,000	<ol style="list-style-type: none"> <li>1. Renovation of the Mayor of Batu's official residence</li> <li>2. Construction of the Batu City Market</li> <li>3. Procurement of Block Office networks</li> <li>4. Construction of a Fire Department hangar</li> <li>5. Interior work for the City Government office</li> </ol>
(MZI)	IDR 8,100,000,000	<ol style="list-style-type: none"> <li>1. Construction of the Brantas Stadium Complex Sports Hall.</li> <li>2. Construction of the Batu Student Guest House.</li> <li>3. Construction of the Batu City Government Office Park</li> </ol>

Source: Data processed by the researchers based on decision No. 27/ Pid.Sus /TPK/ 2018/ PN.Sby and No 93/Pid.Sus -TPK/2021/ PN.Sby

According to the Intrans Institute study, the 2017 regional elections in Batu City were indeed an arena to confirm the interests of economic-political alliances (oligarchy), both of which were the result of supporting each other's interests (Intrans Institute, 2017). The East Java Independent Election Monitoring Committee (*Komite Independen Pemantau Pemilu*, KIPP) discovered election violations in the 2017 *Pilkada* by the Dewanti Rumpoko couple. Here, village officials were mobilized via bribes amounting to IDR 100,000 for each village resident (Aminudin & Wahyudiyanta, 2017). Dewanti Rumpoko's promotion as a Mayor candidate is still affiliated with actions undertaken by Rumpoko (Supriyanto, 2023). Various vote mobilizations for Family Welfare Empowerment (*Pemberdayaan Kesejahteraan Keluarga*, PKK) were also carried out to gain political support (Adzmy & Disyacitta, 2018). This is particularly notable, as the PKK is a state corporatist organization viewed as politically neutral. In contrast to their successful efforts, vote mobilization from football club supporters was also attempted, but failed.

Corrupt practices in Batu City budget implementation show that political elites have used it as an arena for negotiations and political transactions to mobilize, monopolize and direct policy resources for the benefit of themselves and their allies. In the context of Batu City corruption, bureaucrats serve a very important role as mediators between entrepreneurs and regional leaders (Salahudin et al., 2020). This economically and politically motivated alliance formed from class interests, based on control over the means of production (entrepreneurs) and other material resources. Control over these would direct how social, economic and political institutions work, thus becoming arenas of competition solely for profit (Mudhoffir et al., 2020).

Eddy Rumpoko used several methods to perpetuate corrupt practices, which can be divided into three forms: active gratification, passive gratification and manipulation of rules. Active gratification is to attract investors by offering easy licensing processes and sharing fees for projects. Rumpoko also gathered a success team, and ordered his subordinates to organize and win the auction process for the Batu City Government's goods and services procurement project. Passive



gratification refers to when entrepreneurs asked Rumpoko to reduce their tax obligations. Rumpoko here made an effort to manipulate the rules, through unwritten regulations at the Regional Financial and Asset Management Agency (BPKAD). This required an official memorandum of approval from Rumpoko in every application for a Payment Order (SPM), containing a list of work activities to be disbursed. Then, the SPM would be submitted to the BKD (Regional Financial Agency) to issue a Fund Disbursement Order (SP2D). This is an instance of manipulation, as legal instruments are coerced without a regulated reference.

The next method involved forcing a Decree (SK), as Rumpoko did to protect Paul Sastro's business. This concerns the granting of a tourist permit for Predator Fun Park in 2014, established through PT. Bhakti Batu Sejahtera (a company owned by Paul Sastro). Rumpoko inaugurated the business without an Environmental Impact Analysis Permit (AMDAL) and Building Construction Permit (IMB). To work around this, he issued Decree No: 188.45/210/KEP/422.012/2015, to grant location permits for natural tourism purposes – particularly, for crocodile and fish breeding in Tlekung Village, Junrejo. This decree was problematic, as the land used is intended for agriculture, not tourism. It is in this instance seen how predatory local interests have been institutionalized to take over the good governance reform agenda, including those related to power decentralization, to maintain social and political dominance (Hadiz, 2022, p. 4).

Through such social relations, corrupt behavior is not a result of rational choices of greedy and immoral individuals, nor ineffective bureaucracy or certain rules not working. Changes in governance that are more transparent and accountable (good governance) in the Reformation era have proven to be significant in creating a cleaner government (anti-corruption). Decentralization has actually become a new arena replicating patronage and predatory practices, which emerged since the New Order, seeking capital and power (Hadiz, 2022, p. 147). This results in a disconnect between politics and the will of the people, and consequently, expensive political costs. The need for these costs then encourages politicians to maintain a pattern of patronage relationships with entrepreneurs. Meanwhile, entrepreneurs also need political connections, to ensure the smooth running of their business.

### Conclusion

Based on the research results and discussion, the following can be concluded: First, local decentralization does not necessarily guarantee clean governance, as seen in Batu City. Second, the local elite in Batu City, especially Eddy Rumpoko, historically emerged through patronage networks that were closely connected during the New Order. Third, the importance of political-economic alliances has become increasingly prominent since Rumpoko's leadership, with his pro-local business policies – especially for the hotel and tourism industry. Fourth, the entrepreneurs involved in the Rumpoko case from 2007 to 2017 were local entrepreneurs who mostly worked in the tourism, hospitality, housing and building construction industries. They found it easy to do business with Rumpoko when it came to mobilizing bureaucrats and manipulating rules, while the political breed of the Rumpoko family received capital support from businessmen. The resulting condition is a manifestation of the economically and politically motivated transactions between the two.

### Reference

- Abdul, K. (2018). Tourism and development: Land acquisition, achievement of investment and cultural change (Case study tourism industry development in Batu City, Indonesia). *GeoJournal of Tourism and Geosites*, 21(1), 253. <https://doi.org/10.30892/gtg.21120-285>
- Adzmy, M. F., & Disyacitta, F. (2018). The Indonesian family welfare guidance programme (PKK) and the revitalisation of corporatist state organisations: A case study of the mobilisation of support for Dewanti Rumpoko in the 2017 Batu Municipal Election. *PCD Journal*, 6(1), 1. <https://doi.org/10.22146/pcd.31291>
- Afala, L. M. (2017). Pasang surut reformasi birokrasi dalam transisi demokrasi Indonesia. *Jurnal Transformatif*, 3(1), 15–39.

- Aminudin, M., & Wahyudiyanta, I. (2017). *KIPP ungkap dugaan politik uang pada Pilkada Kota Batu*. Detik News. <https://news.detik.com/berita-jawa-timur/d-3420134/kipp-ungkap-dugaan-politik-uang-pada-pilkada-kota-batu>
- Annur, C. M. (2022). *KPK tangani 1.310 kasus tindak pidana korupsi sejak 2004 hingga Oktober 2022*. Katadata Media Network. <https://databoks.katadata.co.id/datapublish/2022/11/03/kpk-tangani-1310-kasus-tindak-pidana-korupsi-sejak-2004-hingga-oktober-2022>
- As'ad, M. U., Barsihanor, B., Sobirin, S., & Hergianasari, P. (2023). Oligarki dan jaringan patronase: dinamika kebijakan pertambangan batu bara di Kabupaten Tanah Bumbu. *Politika: Jurnal Ilmu Politik*, 14(1), 1–17. <https://doi.org/10.14710/politika.14.1.2023.1-17>
- Ayu O, F., Mardiyono, M., & Wijaya, A. F. (2019). Governmentality: cases of the rayja hotel conflict construction permit, Bumiaji Sub-District, Batu. *REFORMASI*, 9(2), 104. <https://doi.org/10.33366/rfr.v9i2.1451>
- Chiquita, M. (2018). *Struktur oligarki Kota Batu (Relasi pengusaha dan pemerintah di Kota Batu)* [Universitas Brawijaya]. <https://repository.ub.ac.id/id/eprint/10611/>
- Faizal, A., & Susanti, R. (2022). *Kasus gratifikasi Rp 46,8 miliar, Mantan Wali Kota Batu kembali divonis 7 tahun penjara*. Kompas.Com. <https://regional.kompas.com/read/2022/05/22/205030078/kasus-gratifikasi-rp-468-miliar-mantan-wali-kota-batu-kembali-divonis-7>.
- Fatkuroji, I., & Meilinda, S. D. (2022). Pilihan publik dalam serial kasus korupsi kepala daerah. *Integritas : Jurnal Antikorupsi*, 7(2), 345–358. <https://doi.org/10.32697/integritas.v7i2.799>
- Gatra, S. (2019). *MA perberat vonis mantan Wali Kota Batu jadi 5,5 tahun penjara* (S. Gatra (ed.)). Tempo.Co. <https://nasional.kompas.com/read/2019/02/07/17081461/ma-perberat-vonis-mantan-wali-kota-batu-jadi-55-tahun-penjara>
- Guntara, B. (2020). Maraknya korupsi di pemerintahan daerah dalam era desentralisasi. *Yuriska : Jurnal Ilmiah Hukum*, 12(1), 11–24. <https://doi.org/10.24903/yrs.v12i1.813>
- Haboddin, M., & Rozuli, A. I. (2023). *Pilkada serentak Jawa Timur*. UB Press. <https://ubpress.ub.ac.id/?p=4441>
- Hadiz, V. R. (2022). *Lokalisasi kekuasaan di Indonesia pasca otoritarianisme*. Kepustakaan Populer Gramedia.
- Hanif, Z. M., & Fadil, F. (2023). Pengaruh perkembangan sektor pariwisata, IPM, tenaga kerja sektor pertanian terhadap PDRB sektor pertanian Kota Batu tahun 2003-2020. *Journal of Development Economic and Sosial Studies*, 2(1). <https://jdess.ub.ac.id/index.php/jdess/article/view/107>
- Hartik, A. (2017). *Rekapitulasi KPU Kota Batu: Istri petahana menang telak*. Kompas.Com. <https://regional.kompas.com/read/2017/02/23/16225501/rekapitulasi.kpu.kota.batu.istri.petahana.menang.telak>
- Kholik, S. (2017). Penerapan otonomi daerah dalam desentralisasi korupsi di daerah. *Yustitia*, 3(2), 123–133. <https://doi.org/10.31943/yustitia.v3i2.50>
- KPK. (2023). *10 pertanyaan tentang korupsi dan penjelasannya*. Pusat Edukasi Antikorupsi. <https://aclc.kpk.go.id/aksi-informasi/Eksplorasi/20230721-10-pertanyaan-tentang-korupsi-dan-penjasannya>
- Kurniaty, R. (2014). Local elites and public space sustainability: The local elite roles in the presence and usage of public space in Malang Raya, Indonesia. *Procedia Environmental Sciences*, 20, 506–515. <https://doi.org/10.1016/j.proenv.2014.03.063>
- Kusnandar, V. B. (2022). *Pelaku tindak pidana korupsi terbesar dari swasta*. Katadata Media Network. <https://databoks.katadata.co.id/datapublish/2022/09/25/pelaku-tindak-pidana-korupsi-terbesar-dari-swasta>
- Mudhoffir, A. M., Sangadji, A., Pontoh, C. H., Riyanto, G., Suwandi, I., Widoyoko, J. D., Supriatma, M., Ridha, M., & Robet, R. (2020). *Oligarki: Teori dan kritik*. Marjin Kiri.

- Nasution, A. F. (2023). *Metode penelitian kualitatif*. Harva Creative.
- Nurjaman, A. (2019). *Partai dan Pemilu: Perilaku politik di aras lokar pasca Orde Baru*. UMM Press.
- Oley, J. D. B., & Adi, Y. S. (2018). Vulnerabilities of Indonesia's extractive industry to illicit financial flows. *Integritas : Jurnal Antikorupsi*, 4(2), 75–98. <https://doi.org/10.32697/integritas.v4i2.301>
- Prana, A., Sumiantoro, S., & Henkus, S. (2015). *Pokja pendiri Kota Batu*. Gunung Samudera.
- Prasetya, B. A. (2024). Comparison of Eddy Rumpoko's leadership for business actors and activists (Study in city communities in 2023). *PERSPEKTIF*, 13(1), 10–17. <https://doi.org/10.31289/perspektif.v13i1.10189>
- Peraturan Pemerintah Republik Indonesia Nomor 50 Tahun 2011 Tentang Rencana Induk Pembangunan Kepariwisata Nasional Tahun 2010 - 2025, (2011).
- Pujiriyani, D. W., Putri, V. R., Yusuf, M., & Ariin, M. B. (2014). *Land grabbing: Bibliografi beranotasi*. STPN Press. <https://pppm.stpn.ac.id/wp-content/uploads/2017/08/Land-Grabbing.pdf>
- Redaksi. (2020, October 5). Mengenang Ebes Sugiyono Bapak'e Wong Malang 10 tahun jabat wali kota era'80an. *Petisi.Co*. <https://petisi.co/mengenang-ebes-sugiyono-bapake-wong-malang-10-tahun-jabat-wali-kota-era80an/>
- Salahudin, S., Nurmandi, A., Qodir, Z., Jubba, H., & Mutiarin, D. (2020). Elite capture of budget corruption in three Indonesian regions. *Public Policy and Administration*, 19(2). <https://doi.org/10.13165/VPA-20-19-2-14>
- Samsuddin, H., & Bunga, N. (2017). *Research release: Kota Batu dalam cengkeraman oligarki*. Transisi.Org. <https://transisi.org/release-research-kota-batu-dalam-cengkeraman-oligarki/>
- Samsuddin, H., Gunawan, C. I., & Sasmito, C. (2019). Membongkar relasi kekuasaan oligarki di Kota Batu : Studi kasus penyalahgunaan kekuasaan dalam pemberian keringanan pajak dan korupsi kebijakan PT BWR. *Jurnal Ilmu Administrasi: Media Pengembangan Ilmu Dan Praktek Administrasi*, 16(2), 210–227. <https://doi.org/10.31113/jia.v16i2.511>
- Setiawan, A. D. (2023). *Kasasi kembali ditolak, ER batal hirup udara bebas*. Batu Network. <https://batu.jatimnetwork.com/batu/9988327137/kasasi-kembali-ditolak-er-batal-hirup-udara-bebas>
- Setiyono, B. (2017). Memahami korupsi di daerah pasca desentralisasi: Belajar dari empat studi kasus. *Politika: Jurnal Ilmu Politik*, 8(1), 27. <https://doi.org/10.14710/politika.8.1.2017.27-62>
- Suryani, D., Izzati, F. F., Syafi'i, I., Adaba, P. Y., & Satriani, S. (2021). Kemunduran demokrasi tata kelola SDA: Penguatan oligarki dan pelemahan partisipasi civil society. *Jurnal Penelitian Politik*, 18(2), 173–189. <https://doi.org/10.14203/jpp.v18i2.1032>
- Susilo, A. A. (2021). *Kota Batu dalam bayang-bayang gentrifikasi*. Detik News. <https://news.detik.com/kolom/d-5807467/kota-batu-dalam-bayang-bayang-gentrifikasi>
- The Data Team. (2016). *Comparing crony capitalism around the world: The Economist's crony-capitalism index*. The Economist. <https://www.economist.com/graphic-detail/2016/05/05/comparing-crony-capitalism-around-the-world>
- Triguswinri, K. (2021). Good governance as primary program for the neo-liberalism agenda. *Sosial Science Studies*, 1(3), 129–144. <https://profesionalmudacendekia.com/index.php/sss/article/view/238>
- Wekke, I. S. (2019). *Metode Penelitian Sosial*. Penerbit Gawe Buku.
- Widianto, H. W. (2021). Perubahan ruang, gentrifikasi, dan akumulasi kapital. *Jurnal Prisma*, 40. <https://www.prismajurnal.com/article/perubahan-ruang-gentrifikasi-dan-akumulasi-kapital/>
- Zabar, T., & Topan, A. (2022). *Korupsi kepala daerah*. Indonesia Corruption Watch.

<https://antikorupsi.org/id/korupsi-kepala-daerah>

Zuhad, A. (2021). *Eddy Rumpoko, Mantan Wali Kota Batu kembali terlibat kasus korupsi rp46,8 miliar* (I. Firdaus (ed.)). Kompas.Tv. <https://www.kompas.tv/regional/230381/eddy-rumpoko-mantan-wali-kota-batu-kembali-terlibat-kasus-korupsi-rp46-8-miliar>