

simply not that much capacity in the whole country. Is that what is happening in decentralization?"

"Who at the local level knows where the money comes from?" The question arises when local government tries to raise its own taxes.

"I think the big businesses have stopped growing, or maybe are contracting. It is SMEs that are the engine of growth. And this coincides with decentralization. SMEs will be stimulated by decentralization."

There are five prerequisites to the restoration of investor confidence: transparency of rules and institutional relationships; dependable legal and court systems; controls on corruption; recognition of what constitutes good corporate governance; and certainty in the political and economic spheres.

The role of media

News must be generated at the local level, and must make sense to the local audiences/readers. Media groups are currently trying to train and establish effective local correspondents. But the fact is that the reading population is stable, not growing. Media outlets have to reach down to the high schools to find new readers. Television is the growing medium, and it does not do a good job of explaining conflict.

Newspapers have taken a role in explaining conflict, and some editors work against the popular simplified explanations that appeal to many, including international agencies. Media is active in other ways. For example, the Kompas Group raised R 3 m for assistance in the recent Kalimantan conflict. This included seeds for gardens and boats for fishing.

In such conflict areas as Ambon some media try to practice 'peace journalism' which tries not to exploit differences, does not shy away from reporting difficult facts, and tries to portray the