

The quality of many regional officials is high. Provincial and kabupaten governments are attracting good people from Jakarta. In time, decentralization can bring improved government, once the initial problems are overcome.

It was noted that most Canadians still have very little knowledge about Indonesia. However, Canadian interest in developments in Indonesia and in investment remains high among those maintaining contacts with the country.

"Canada supports the national unity and territorial integrity of Indonesia because (based on our own experience) we support the development and continued existence of successful multi-ethnic/multi-cultural states, and of effective federations and decentralized governments. But this is not unqualified support. We continued to press the Government of Indonesia and other protagonists to respect human rights and seek peaceful approaches to resolving conflict."

*The Indonesian keynote speaker* said that the central government implemented decentralization (Law Number 22/1999) simultaneously throughout the country, whether or not districts were ready. The central government retained certain key powers in Jakarta, namely foreign policy, defence and security, judiciary, fiscal and monetary policy, strategic high technology, and human resource development (including universities). Provision exists for delaying the decentralization of powers in a particular field if districts are not yet ready to exercise them. However, all districts have said they are ready, whether they have the capacity or not. This new authority has given rise to a host of problems: xenophobia; local corruption; the rise of local authoritarianism; and a tendency to focus on regional assets in order to increase local revenue. At the district level the leaders are only thinking of the advantages for their own regions and themselves without thinking of the consequences for other regions and also for the nation. The system needs adjustment. The central government needs to provide guidance and direction. As many as 197 implementing regulations need to be finalized. A special council is needed that will monitor the implementation of autonomy and decentralization. The