



INDONESIA PROJECT NEWS

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Going Public

Welcome to the first issue of *Indonesia Project News*. Recognising the need to communicate more regularly with fellow professionals, government and the community, we plan to publish this newsletter on a trimester basis. It will provide news about Project activities—the contents of our journal, the *Bulletin of Indonesian Economic Studies*; the holding of seminars, conferences and public events on Indonesia; publications; the hosting of Indonesian and international visitors; and staff activities both on and off campus, in Australia and abroad. Comments or queries on material included in the newsletter are welcome, and should be directed to: Indonesia.Project@anu.edu.au.

It seemed fitting to launch our first number on August 17, Indonesia's Independence Day, its 61st. This issue covers events in the first eight months of 2006. *Selamat membaca* – happy reading.



Highlights

- Publication and launches in Jakarta, Singapore and Canberra of the Indonesia Update book, *Different Societies, Shared Futures: Australia, Indonesia and the Region*, ed. John Monfries (Institute of Southeast Asian Studies, Singapore, 2006).
- Workshop on *Development and Environment in Eastern Indonesia: Papua, Maluku and East Nusa Tenggara*, convened by Budy Resosudarmo and Frank Jotzo, and held on April 8 at the ANU.
- Public lecture on *Trade and Investment: Prospects and Challenges Ahead for Indonesia* by Indonesia's Minister of Trade, Dr Mari Pangestu, hosted by the Indonesia Project at the ANU on August 10.

Update Book Publication

Different Societies, Shared Futures: Australia, Indonesia and the Region ed. **John Monfries** (Institute of Southeast Asian Studies, Singapore, 2006).

This book is the product of the 23rd Indonesia Update conference, and was well and truly launched by mid August, with **events in Jakarta, Singapore and Canberra**. Speakers focused on many themes adumbrated in the book – the unpredictability of the relationship, the often highly emotional nature of public reaction on both sides and, on the other hand, the close and constructive cooperation in disaster relief and rehabilitation and in multilateral forums.

A very successful and well-attended **book launch and all day seminar** were held in **Jakarta** on July 4. The opening address was given by the **Indonesian foreign minister, Hassan Wirayuda**, with a response by the **Australian Ambassador, William Farmer**. The seminar featured book contributors including former Indonesian Ambassador to Australia Wiryono, and Indonesia Australia Business Council president Noke Kiroyan. Valuable contributions were made also by the **trade minister, Mari Pangestu**, former foreign minister Ali Alatas, parliamentary member Muhammad Hikam, and senior Australian journalist Patrick Walters.



William Farmer, Hassan Wirayuda, Hadi Soesastro and Chris Manning at the Jakarta launch of *Different Societies, Shared Futures*.

On July 5, approximately 50 people attended a launch in **Singapore** by the **Australian High Commissioner, Miles Kupa**, at the premises of the book's publisher, the Institute of Southeast Asian Studies (ISEAS). Finally, a third launch, by the Australian **Parliamentary Secretary for Foreign**

Affairs, the Hon. Ms Teresa Gambaro MP, was held at the ANU in **Canberra** on August 9, and attended by the Indonesian Ambassador to Australia, Mr Hamzah Thayeb (pictured below), and an audience of some 50 people.



International Workshop

A workshop on *Development and Environment in Eastern Indonesia: Papua, Maluku and East Nusa Tenggara*, attended by some 90 participants, was held on April 8 at the ANU. Convened by **Budy Resosudarmo and Frank Jotzo**, it covered developments and policies for balancing environmental concerns with economic development in the poor provinces of Eastern Indonesia. Workshop topics included forestry, fisheries, biodiversity, mining and health, as well as local and trans-boundary issues. Papers were presented by Australian, Indonesian and other international researchers and policy makers. The workshop was supported financially by AusAID, the multi-donor Support Office for Eastern Indonesia (SofEI), and the ANU College of Business and Economics. Details at <http://rspas.anu.edu.au/economics/ip/eastina/>.



Trade Minister Speaks at ANU

The Project hosted a public lecture by **Indonesia's Minister of Trade, Dr Mari Pangestu**, at the ANU on August 10. Dr Pangestu, a graduate of the ANU, spoke on Indonesia's new reform program, and espe-

cially on initiatives the government is taking to restore the investment climate in Indonesia, including plans for new export processing zones and regulatory reforms. The address was chaired by the ANU Vice Chancellor, Professor Ian Chubb, and attended by some 120 people from within and outside the University.



Papua–PNG Cooperation

In February–March, the Project helped organise a workshop on cross-border economic cooperation between Papua New Guinea and Indonesian Papua in Daru, PNG, and meetings in Merauke, Papua. The activities were sponsored by the **Papua New Guinea Sustainable Development Program** and **AusAID**. They were attended by Budy Resosudarmo and Chris Manning on behalf of the Project, and underpinned the need for constructive action for economic development in a very poor region on Australia's doorstep.

Core Activities

Bulletin of Indonesian Economic Studies

Surveys of Recent Developments. The April economic survey by Ari Kuncoro and Budy Resosudarmo highlighted slow economic performance within a booming global economy, the positive impact of the courageous step to cut back on heavy government fuel subsidies, and recent rehabilitation progress in Aceh. In the August survey, Chris Manning and Kurnya Roesad dealt with achievements in macroeconomic management and the setting of a clearly defined reform agenda, even though there have been some disappointing results in microeconomic policy. Their survey also covered recent conflict over revisions to

the labour law in the context of difficulties in overcoming the employment problem.

Policy-oriented papers published in the *BIES* in April included Ross McLeod's critical assessment of the role of a new Deposit Guarantee Agency, Gustav Papanek's questioning of the popularly held view that small indigenous businesses need 'infant industry' assistance, and Tim Stapleton's paper showing how policies claiming to assist sugarcane farmers may have quite different objectives and outcomes. In August, the policy focus was on measuring efficiency in public administration, specifically tax collection at the local level (Blane Lewis), and comparing Indonesia's export performance and policies in manufacturing with those of neighbouring countries (Prema-chandra Athukorala).

Other recent papers in the *BIES* include: Pierre van der Eng's comparison of rice agriculture in colonial Java and Japan; Stephen Grenville's review article evaluating former Bank Indonesia governor Soedradjad Djiwandono's book on the bank's role in the late 1990s financial crisis (April); Armida Alisjahbana and Chris Manning's paper on poverty and labour; and Ann Marie Murphy and Hadi Soesastro's tribute to the remarkable influence of the late Professor John ('Jack') Bresnan on Indonesia's progress during the last half-century (August).

Visitors

Besides local visitors presenting talks to the Indonesia Study Group, in June–August the Project hosted two prominent researchers from the University of Indonesia, Dr Suahasil Nazara and Professor Bambang Brodjonegoro, as well as Dr Catur Sugiyanto from Gadjah Mada University. Suahasil visited the Project for a month to work with Budy Resosudarmo on lessons from the reconstruction efforts in Aceh and Nias. Bambang came for a shorter period and gave an enthralling talk on recent progress in decentralisation. Catur worked on a paper from a World Bank funded project on the impact of the Yogyakarta earthquake on business. We also hosted Professor Armida Alisjahbana for a one-day discussion of the research strategy for a major China–Indonesia research project on rural–urban migration (see below for further details).

Indonesia Study Group

The Indonesia Study Group, coordinated by Ed Aspinall, held seminars on a wide range of political, social and economic topics in the first eight months of 2006. Highlights included an address by the Indonesian Ambassador, HE Hamzah Thayer, on bilateral relations, several seminars on Papua and on Islam in Indonesian society, and an address on labour issues by the Head of the ILO Office in Jakarta, Mr Alan Boulton.

Other Activities

Participation in Conferences and Workshops

ISEI Conference. Hal Hill delivered a paper on 'The Strategy of Indonesia's Economic Transformation' at the 16th Convention of the **Indonesian Economics Association (ISEI)** in Manado, June 18–20. The convention, whose theme was 'Reformulating Indonesia's Economic Development Strategy', was opened by the President and closed by the Vice President, featured keynote addresses by four economics ministers and was attended by over 1,000 participants.

The RICA Closing Workshop. Hal Hill and Chris Manning participated in panels at the closing seminar of the **Rural Investment Climate Research Project (RICA)**, coordinated by the World Bank and designed to contribute directly to rejuvenating rural investment and employment. The workshop was opened by **Dr Boediono**, the **Coordinating Minister for Economic Affairs**, and attended by some 200 regional and central government officials, business people, NGO representatives and academics.

Labour and Migration Workshops. In May, Chris Manning participated in a panel on labour policy at the **Asian Development Bank (ADB) Annual Conference** in Hyderabad, India, and addressed the **Special University Team on Labour Reform** in Jakarta. The team was announced by the President and set up by Dr Boediono to report on Indonesia's labour laws. In early August, Chris attended a workshop on rural-urban migration in China, whose task was to work on the methodology of a large **China-Indonesia comparative research project**, partly supported by AusAID. Budy Resosudarmo is also involved in this project.

Fishing and the Environment. In May, Budy Resosudarmo presented a paper entitled 'South East Asian Perspectives' to a public forum in Darwin, *When People and Environment Collide in the Tropics*, a part of the Charles Darwin Symposium Series. Budy is conducting research into illegal fishing in the Arafura Sea.

Advisory Activities

Labour and Employment Research. In February and March, Chris Manning worked with Kurnya Roesad on a project for the World Bank on Indonesia's puzzling employment trends and statistics.

Trade Policy Review. Hal Hill, together with Kelly Bird of the ADB and Sandy Cuthbertson of the Centre for International Economics, was engaged by the World Bank in the first half of 2006 to prepare a report for the Bank and Indonesia's trade minister on policy issues and options for managing international and domestic trade. Trade reform often occurs in an analytical vacuum, and the decision-making processes are informal and non-transparent.

Assistance to the National Audit Office. In July, Ross McLeod assisted the Australian National Audit Office to prepare basic materials for a training program it will be organising in conjunction with its counterpart body, the Indonesian Audit Board (BPK), under AusAID's Government Partnership Fund.

Briefings

In April, members of the Project spoke on Indonesian economic policy at an ANU briefing with the Prime Minister of the Netherlands. They also took part in a meeting to discuss bilateral relations with a delegation from Commission I of the Indonesian Parliament (DPR), organised by Greg Fealy of the Department of Political and Social Change.

Recent Publication

The East Asian High-Tech Drive, eds Yun-Peng Chu and Hal Hill (Edward Elgar, Cheltenham, 2006). This volume examines the process of industrial adjustment and upgrading in eight diverse East Asian economies.

Recent Project News

- Frank Jotzo, who has had a long-standing research interest in Indonesia, joined the Division of Economics in January to begin work on aspects of environmental challenge in Indonesia.
- In April, the *Bulletin of Indonesian Economic Studies* moved to web-based manuscript submissions and refereeing. Although the new system may appear

somewhat daunting to 'technophobes' on their first exposure, it is expected to improve both the flow of papers and the efficiency of journal administration, and we are confident that it is the way of the future in journal publishing.

- In July we welcomed 29 students from Indonesia, most of them Australian Partnership Scholarship (APS) holders, who have come to ANU to study public policy and economics subjects, mainly at MA level.

Forthcoming

Indonesia Update Conference Democracy and the Promise of Good Governance

Our annual Indonesia Update conference will be held on 22–23 September. The convenors are Ross McLeod (Indonesia Project) and Andrew MacIntyre (Crawford School of Economics and Government, ANU) and the theme is Democracy and the Promise of Good Governance. The conference will focus on how democracies work; what makes them work better or less well; what governments should do, and not do; and how we should go about reform of key institutions such as the bureaucracy. For details see <http://rspas.anu.edu.au/economics/ip/IU06/>.

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To receive notice of future issues of *Indonesia Project News*, please send an email with 'Newsletter' in the subject line to trish.vanderhoek@anu.edu.au.

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