



INDONESIA PROJECT NEWS

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Highlights

The 26th Indonesia Update



Gerry van Klinken (KITLV), delivering the 2007–2008 Political Update.

The Indonesia Update Conference, *Indonesia Beyond the Water's Edge: Managing an Archipelagic State*, was organised by Robert Cribb and held on 19–20 September in Canberra. The Update highlighted Howard Dick (University of Melbourne) as the keynote speaker. The conference focused on Indonesia's status as the world's largest archipelagic state, and how this status presents unique economic opportunities and political and strategic challenges associated with the special problems of governance that arise in an archipelagic state. Papers dealt with the impact of the basic ungovernability of the sea, in both new and old maritime regimes, on marine security and marine safety, on people whose lives are intertwined with the sea, on the economic implications of the management of maritime trade, and on the challenges of environmental management at sea.

It featured a range of noted scholars and public figures from Indonesia and Australia, including Hasjim Djalal (Senior Advisor to the Indonesian Minister for Maritime Affairs and Fisheries), Admiral Djoko Sumaryono (Indonesian Maritime Security Coordinating Agency), Arif Havas Oegroseno (Foreign Affairs, Indonesia), Gerry van Klinken (Royal Netherlands Institute of Southeast Asian and Caribbean Studies, KITLV), Rili Djohani (The Nature Conservancy, Indonesia), Indra Priyatna and Erwin Rosmali (Directorate General of Sea Transportation), John Butcher (Griffith University), James Fox (ANU), Michele Ford and Lenore Lyons (Sydney & Wollongong Universities), David Ray (USAID) and Sarah Waddell (UNSW).

Gerry van Klinken (Royal Netherlands Institute of Southeast Asian and Caribbean Studies, KITLV), Vincent Ashcroft and David Cavanaugh (Australian Treasury) presented the politics and economics updates respectively on the first morning of the conference. The conference featured lively discussion and a high quality of presentations and papers. Over 300 attended on Friday morning, 19 September, and there were over 120 people in the theatre at 2pm on Saturday during the closing session of the conference.

Update Book Publication: Conference and Book Launchings

The book from the 2007 Indonesia Update, *Expressing Islam: Religious Life and Politics in Indonesia*, edited by Greg Fealy and Sally White, was published by the Institute of Southeast Asian Studies, Singapore, in August 2008. In keeping with the practice of recent years, the book was launched in both Indonesia and Australia. The Indonesian launch, accompanied by a 'Mini Update Conference', took place in Jakarta on 26 August at the Center for Strategic and International Studies (CSIS). The Mini-Update was officially opened by Blair Exell, Minister-Counsellor at the Australian Embassy and director of AusAID's Indonesia program. Six scholars presented papers to the conference: Anies Baswedan and Ross McLeod analysed recent political and economic developments, respectively; and Greg Fealy, Robin Bush, Syafiq Hasyim and Ian Wilson spoke on different aspects of contemporary Islamic culture and politics in Indonesia. Following this, *Expressing Islam* was formally launched by Azyumardi Azra, Advisor to Vice-President Yusuf Kalla and former rector of the Syarif Hidayatullah State Islamic University in Jakarta. About 100 people attended the event, including academics, government officials, analysts and journalists.

The Australian launch took place at Melbourne University's Centre for Islamic Law and Society on 17 November. Sally White discussed the aims and contents of *Expressing Islam* and Robin Bush, Indonesia Representative for The Asia Foundation, Jakarta, formally launched the book.



Jakarta launch of the Update book, showing Greg Fealy (ANU) with Rizal Sukma (CSIS) and Ian Wilson (Murdoch University).

Core Activities

The Bulletin of Indonesian Economic Studies (BIES)

August 2008

The 'Survey of recent developments' encompassed the 10th anniversary of Soeharto's resignation. **Ross McLeod** reported a somewhat surprising mood of disappointment with the slow progress of *reformasi*, and of pessimism about the future, notwithstanding reasonably rapid economic growth and accelerating investment. There was general concern about the resilience of corruption and its proliferation at local government level, and about the government's reluctance to confront organised religious intolerance. The survey focused heavily on a few areas in which significant efforts were being made: the Ministry of Finance, two local governments in Central Java, and a group of state-owned enterprises.

The fifth paper in the BIES series of comparative studies of Indonesia in regional perspective was contributed by **Ian Coxhead** and **Muqun Li**, who question whether Indonesia might be facing a 'middle income trap', unable to continue its past growth success into the future on account of increasingly tough competition from countries such as China in the global market for low-skill labour-intensive manufactures, and of the limitations of Indonesia's natural resource base.

In the latest in our series on economic legislation, **Simon Butt** and **Tim Lindsey** focus on a recent interpretation by the new Constitutional Court of the vaguely worded article 33 of the Constitution, which requires state 'control' of 'important' branches of production and the exploitation of natural resources. Their paper implicitly draws attention to a part of the Constitution that is seriously in need of clarification.

Simon Vieira and **Malcolm Tull** present a detailed case study of artisanal fishing in Cilacap, focusing in particular on sharks and rays. There is concern that the fisheries may be over-exploited, but if there were to be an enforced reduction in the catch of shark and ray this might have a serious impact on the already low incomes of fishermen, their families and their communities.

Robin Bourgeois and **Dian Kusumaningrum** look into Indonesia's future prospects for cereals self-sufficiency, taking into account factors such as increasing urbanisation, rising per capita incomes, the westernisation of lifestyles, trends in planted areas, and the impact of new technologies on consumption and production of rice, maize and wheat. They argue that the pursuit of self-sufficiency is no longer justified.

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The 'Survey of recent developments', by **Vincent Ashcroft** and **David Cavanaugh**, was being finalised just as Indonesia began to feel the impact of the international financial crisis. The survey deals with the 2009 budget, which was modified at the last moment to take into account the rapid decline in the world oil price since July. It also signals the government's decision to double education spending. The survey also discusses poverty, electricity supply problems, and the changing nature of Indonesia's relationship with aid donors.

Gerry van Klinken discusses recent political events, drawing attention to the 'ambiguities of democratic change'. He perceives in some groups an apparent yearning for the centralised power which accompanied repressive intolerance of the Soeharto era. On the other hand, he reports progress on the human rights front, and highlights the extraordinarily vigorous campaign of the Corruption Eradication Commission—which has been so successful that it now risks a backlash and possible emasculation at the hands of those whose interests it threatens.

In the latest in the series on relatively recent economic legislation, **Howard Dick** analyses the 2008 shipping law, arguing that the restoration of democracy since 1998 has been accompanied by a revival of economic nationalism. This has resulted in a gradual process of re-regulation, which is likely to frustrate attempts to improve logistics and facilitate trade.

Hal Hill, **Budy Resosudarmo** and **Yogi Vidyattama** examine provincial data on economic growth, inequality, convergence, structural change and social indicators over the last three decades. Their analysis shows that although there continues to be great diversity in economic and social outcomes, growth and social progress have been remarkably even throughout Indonesia.

The Indonesia Study Group

Our regular Indonesia Study Group meetings from June through December featured a range of political, economic and social topics. It continues to be one of the most popular regular seminar series across campus, featuring Indonesian, Australian and international speakers from a wide range of organisations.

We hosted an unusually large number of talks on rural development issues, including the rice crisis in mid 2008 (Neil McCulloch), Indonesia's National Program for Community Empowerment (PNPM) (Scott Guggenheim), rural household demand for electricity (Ari Kuncoro), Islamic micro-finance programs (Minako Sakai and Kacung Marijan), micro and small-industry recovery in Yogyakarta after the earthquake of 2006 (Budy Resosudarmo and Catur Sugiyanto) and the Aceh community development assistance project (ACARP; Craig Thorburn).

On political topics, two presentations were given on human rights and the National Commission of Human Rights (*Komnasham*) by Stanley Prasetyo from *Komnasham* and Ken Setiawan, a PhD candidate from the University of Leiden, and one on findings of recent polling on the prospects for the 2009 general and Presidential elections, given by Hadi Soesastro from CSIS. Two climate change topics included an overview of issues related to forests in Indonesia (Frances Seymour from SEAFOR) and policy in regard to climate change at the local level (Frank Jotzo, Kurnya Roesad and Efa Yonnedi).

Other talks included a discussion of Australia's program of foreign aid to Indonesia (Peter McCawley), reflections on the challenges of prison reform in Indonesia (Leo Sudaryono, Asia Foundation) and a presentation on trends in female labour force participation (Wahyu Sutyono, University of Canberra).

Other Events and Activities

Update Presentations at the Lowy Institute

A mini-Update on the same topic as the ANU Indonesia Update (*Indonesia Beyond the Water's Edge: Managing an Archipelagic State*) was held at the Lowy Institute in Sydney on September 22, featuring several speakers from the Update including Gerry van Klinken and Vincent Ashcroft and a panel featuring Hasjim Djalal, Howard Dick and Michele Ford discussing the Archipelagic State, chaired by Robert Cribb.

Strengthening Australia-Indonesia Relationships

In early December the Indonesia Project facilitated a meeting between the Policy Planning Agency of Indonesia's Ministry of Foreign Affairs and a number of ANU Indonesianists, intended to provide inputs to a major conference on the Australia-Indonesia relationship. The conference, to be held in early 2009, is hoped to enhance public understanding in both countries of the strengths and opportunities in the bilateral relationship, and to deepen community links between the two countries.

High Level Policy Dialogue

Hal Hill and Chris Manning organised a meeting between several Australian academics and economic experts, and Indonesian economic policy makers in Canberra on October 24. The meetings are part of an on-going series of High Level Policy Dialogue (HLPD) meetings. The next meeting in the series is planned for late January 2009.

Visitors

The Project hosted two visitors from Indonesian Universities for several weeks, Ari Kuncoro from the University of Indonesia and Catur Sugianto from Gadjah Mada University. Both visitors gave joint presentations to the Division of Economics and the Indonesia Study Group. We also met with a visiting group of senior staff members from the Faculty of Economics, University of Padjadjaran to discuss possible areas of cooperation. The group was led by Professor Armida Alisjahbana, and visited ANU and several other Australian universities in November.

Students

Congratulations to four Indonesia Project students in the Division of Economics who were awarded their PhDs from the ANU in 2008. Their names and the titles of their dissertations are as follows:

Machmud, T M Arief

Determinants of Inflation in Indonesia: An Econometric Analysis

Temenggung, Della

Foreign Direct Investment and Industrial Transformation in Indonesia

Vidyattama, Yogi

Patterns of Provincial Economic Growth in Indonesia

Yusuf, Arief Anshory

Distributional Impact of Environmental Policies in Indonesia

Upcoming Activities and Events

- The Indonesia Update book *Indonesia Beyond the Water's Edge: Managing an Archipelagic State*, will be published by the Institute of Southeast Asian Studies in early 2009.
- **BIES goes interactive.** Plans are well advanced for the implementation of a new interactive facility in February 2009 for subscribers to the Bulletin of Indonesian Economic Studies. We believe our journal will be the first in the world to facilitate online academic discourse focusing on published articles. The aim is to facilitate timely debate among individuals with a strong interest in particular topics. Subscribers to the journal will be able to submit and access comments, moderated by the Editor, on any article published since 2004.
- **The 2009 Sadli Lecture** in cooperation with the University of Indonesia is planned for Tuesday May 5 in 2009. The main lecture will be given by Ian Coxhead from the University of Wisconsin.
- **The Indonesia Update for 2009 on Democracy in Practice: Campaigns, Parties and Parliaments**, convened by Edward Aspinall (Department of Political and Social Change, RSPAS, ANU) and Marcus Mietzner (Faculty of Asian Studies, ANU), will be held October 9-10, 2009.



Howard Dick (Melbourne University) as the keynote speaker at the Update, with Richard Moore (Deputy Director General ASIA, AusAID).

CONGRATULATIONS: We offer special congratulations to Thee Kian Wie, a Research Associate of the Project, for much deserved recognition in the past six months of his academic and public service achievements by no less than three organisations. On June 30, the daily newspaper Kompas recognised Thee Kian Wie as one of Indonesia's five dedicated intellectuals; in the same month he was appointed an Honorary Member of KITLV (*Koninklijk Instituut voor Taal-, Land- en Volkenkunde*), The Royal Institute for Southeast Asian and Caribbean Studies, Leiden, The Netherlands; and in August, Thee Kian Wie was one of two recipients of the 7th Sarwono Prawirohardjo Award presented by the Head of LIPI, Umar Anggara Jenie. Thee Kian Wie has directly assisted Project activities in Indonesia for over 20 years, a contribution for which we are extremely grateful. *Terima kasih banyak*, and *Selamat Pak Thee!*

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If you are not already on the *Indonesia Project News* mailing list and would like to receive notice of future issues, please send an email with 'Newsletter' in the subject line to trish.vanderhoek@anu.edu.au.

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SEASON'S GREETINGS AND BEST WISHES FOR 2009 FROM ALL AT THE INDONESIA PROJECT