



# INDONESIA PROJECT NEWS

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## Highlights

### Indonesia Update Conference



Anies Baswedan,  
*Partnership for Governance  
Reform, Indonesia*

ANU's 24<sup>th</sup> annual Indonesia Update conference was held on 22–23 September, on the theme 'Democracy and the Promise of Good Governance'. The co-convenors were Ross McLeod (Indonesia Project) and Andrew MacIntyre (Crawford School of Economics and Government, ANU). The conference drew a peak audience of about 350. Apart from the very popular economics and politics update sessions, there were excellent presentations on redesigning the political architecture through constitutional amendments and decentralisation; on rethinking the roles of government in relation to the economy, the private sector, natural resources and the environment, and religion; and on bureaucratic and legal reform. Presenters from Indonesia were Chatib Basri, Arianto Patunru, Della Temenggung, Anies Baswedan, Smita Notosusanto, Ketut Irawan and Arskal Salim. Other



M. Chatib Basri,  
*Institute for Economic & Social  
Research (FEUI), University of  
Indonesia*

visitors to the ANU who presented at the Update included Andrew Ellis, Staffan Synnerstrom, Natasha Hamilton-Hart, Simon Butt and Ron Duncan, while ANU contributors were Rodd McGibbon and Luca Tacconi. The edited volume based on the conference is expected to be published in early 2007.



HE Mr Mohammad Hamzah Thayeb, *Indonesian  
Ambassador*, and Professor Lucky Sondakh,  
*Sam Ratulangi University*

## Public Lecture

On November 20, Indonesia's Minister of Finance, HE Dr Sri Mulyani Indrawati, delivered a public lecture on 'Challenges of Economic Development and Globalisation in Indonesia in the 21<sup>st</sup> Century'. The lecture, attended by university, government and business people, focused on the recent economic changes and macroeconomic management in Indonesia, in light of longer term challenges of reform and governance in the changed political environment.



HE Dr Sri Mulyani Indrawati, Professor Ian Chubb, ANU Vice Chancellor, and Mr Richard Woolcott, former Ambassador to Indonesia

## Advisory Board Meeting

The Project convened the first meeting of a newly formed Advisory Board on October 13. The meeting, chaired by the Director of the Research School of Pacific and Asian Studies, Professor Robin Jeffrey, heard reports from the Project Head and the Editor of the *Bulletin of Indonesian Economic Studies* on recent and longer term developments and future options in light of the review of the Project completed in February 2006. Board members commented on key challenges, including the need to nurture new researchers and more formal linkages with a wider academic community in Australia and Indonesia, and to develop a broader approach in research and outreach, while preserving the quality of 'core' Project activities. We were particularly grateful to our non-ANU members for their contributions to the discussion: Catherine Boomer (World Vision), Michele Ford (Sydney University), Noke Kiroyan (Newmont Mining), Rod Maddock (Commonwealth Bank), David Pearl (Treasury) and Murray Proctor (AusAID).

## Core Activities

### Bulletin of Indonesian Economic Studies

The December issue of the *Bulletin of Indonesian Economic Studies* featured papers presented at the Indonesia Update on economics and politics, and on competition and total factor productivity in manufacturing. In the economic survey, Chatib Basri and Arianto Patunru reported on improving economic circumstances in the second quarter of 2006, while highlighting the slow progress of economic reform. They also discussed challenges posed by the 'Lapindo' affair, (the huge flow of hot mud from a gas exploration well in a densely populated area of East Java) and higher than expected poverty figures, partly associated with high prices and protection in the rice sector.

In his extended discussion of political affairs, Rodd McGibbon highlighted relative political stability and important democratic gains in 2006—including through the direct elections of district and provincial government leaders. At the same time ideological debates have become an important part of the national political agenda, especially over the vexed issue of religion and the state.

Elsewhere, Jan ter Wengel and Edgard Rodriguez presented clear empirical support for the benefits of strong competition between firms, discussing how less efficient firms eventually exit their industries while more efficient survivors are constantly pushed by new entrants to achieve higher levels of productivity. On a related theme, Virginie Vial revisited the literature on total factor productivity (TFP) growth in manufacturing, finding that average and aggregate TFP growth rates have been higher in Indonesia than previously estimated.

Robert Cribb reviewed three new books on Indonesian history, by Adrian Vickers, Stephen Drakeley and Ian Chalmers, arguing that what these authors have to say will help determine the assumptions that Indonesianists of the next generation bring to their research.

As is now customary, the December issue also presents a set of abstracts of recently completed PhD dissertations on the Indonesian economy and closely related fields.

## Visitors

Besides the many visitors to the Project during the Indonesia Update conference in September, M. Chatib Basri and Arianto Patunru (University of Indonesia) visited in September-October to write the BIES survey of recent developments, Firman Witoelar (most recently a post doctoral fellow at Yale University), spent two months with the Project working on issues related to household economics and Tulus Tambunan (University of Trisakti, Jakarta) pursued on-going work on the implications for agriculture and rural poverty of (potential) completion of the Doha round. Firman also interacted closely with the team working on China-Indonesia rural-urban migration, and shared with us some of his experience with the Indonesia Family Life Survey. We were also pleased to welcome Kacung Marijan (University of Airlangga) who visited the Project to complete work on decentralisation and policy towards small industries.

## Indonesia Study Group

Regular weekly and fortnightly Indonesia Study Group meetings over the past four months featured presentations on politics, aid, economic developments and governance. In the area of politics, both formal political structures (Bima Sugiarto on party factionalism and leadership) and informal institutions and media received attention (Merlyna Lym on political advocacy through the internet, and Ian Wilson on the extensive influence of the Betawi Brotherhood Forum in Jakarta). Ken Ward gave a fascinating presentation on the background of Jemaah Islamiyah. Australia's aid program received some attention. Robin Davies offered a thoughtful talk on the development and policy implications of Australia's greatly expanded aid program, and Pierre van der Eng reflected on historical dimensions, dealing with the aid program during *konfrontasi* in the 1960s. In the field of economics, Hal Hill and Sandy Cuthbertson discussed recent developments and prospects for trade policy, and Kacung Marijan examined post-decentralisation policies towards small scale industry in Sidoarjo, East Java. Governance was the subject of two presentations: Christian von Luebke presented material from his thesis on voice and leadership in four vastly different districts and Eve Bosak spoke on general aspects of good governance.

## Other Activities

### Workshops, Conferences and Seminars

In November, the Project organised a three-day workshop on the substantive issues and methodology in the Indonesia segment of a China-Indonesia Comparative Rural-Urban Migration Project, a panel study of urban and rural households. Budy Resosudarmo and Chris Manning are the coordinators of the Indonesia research. The study is to extend over a period of five years beginning in 2007, examining a range of interrelationships between migration and socio-economic change, including occupational mobility, income distribution, education, health, and community and second-generation impacts. Four Indonesian visitors attended and gave presentations at the workshop: Armida Alisjahbana (Padjadjaran University), Asep Suryahadi (SMERU Research Institute, Jakarta), Salustra Widya (Bappenas) and Wynandin Imawan (CBS). Other participants from outside ANU included Graeme Hugo (University of Adelaide) who spoke on general issues of migration in Indonesia, Ray Trewin (ACIAR) who discussed migration and agricultural productivity inter-linkages, Paul Frijters (Queensland University of Technology) and Jenny Williams (University of Melbourne). China researchers at the ANU working on the same project made a major contribution to the discussions, as did Chikako Yamauchi (ANU Research School of Social Sciences) and Firman Witoelar. Several AusAID staff (Christine Goeger, Peter van Diermen and Theo Levantis) also attended and contributed to the workshop.



China-Indonesia Comparative Rural-Urban Migration Project Workshop discussion

Staff of the Project were also engaged in a range of seminars and conferences dealing with economic developments and policy over the past four months. In Indonesia, Budy Resosudarmo was a coordinator of the Advisory Committee for the 8th Indonesian Regional Science Association (IRSA) International Conference (see <http://www.irsas.or.id/con8th>) in Malang, East Java, in August where he delivered two joint papers on natural resource and environmental issues. Project members made presentations on longer term growth performance and on governance at other international seminars, including to the Philippines Economics Society in Manila and the East Asian Economics Association Congress in Beijing in November (Hal Hill), and at an international conference at Taiwan's National Central University in December (Ross McLeod).

Back at home, Project staff also addressed conferences held by government and business groups, including the Indonesia 'Festival' organised by the Indonesian consulate in Melbourne in September, and the Australia Indonesia Business Council Biennial Conference in Adelaide in November (Chris Manning). For the first time in many years, we held a very successful 'Mini Update' outside Canberra, organised jointly with the Lowy Institute in Sydney on September 25, and featuring Chatib Basri, Rodd McGibbon, Anies Baswedan and Chris Manning.

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## Round Tables and Advisory Activities

Project staff participated in several roundtable meetings at the ANU to brief official and diplomatic visitors on developments in Indonesia: one held for the Crown Prince and Crown Princess of the Netherlands in October (to witness the signing of a Memorandum of Understanding on cooperation between ANU and the University of Leiden), and another for the European Commissioner for Asia, James Moran, in December.

In September, Ross McLeod delivered a commissioned report entitled 'Doing Business in Indonesia: Legal and Bureaucratic Constraints' to the Paris-based Groupements d'Intérêt Public (GIP) 'Mission for Law and Justice Research' for its research programme on 'Economic Attractiveness of Law'.

The Indonesia Project wishes to thank ANU and AusAID for their substantial and continuing support.

**SEASON'S GREETINGS AND BEST WISHES FOR  
2007 FROM ALL AT THE INDONESIA PROJECT.**