

*Promises and predicaments: Trade and entrepreneurship in colonial and independent Indonesia in the 19th and 20th centuries*

Edited by ALICIA SCHRIKKER and JEROEN TOUWEN

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This edited book is a tribute to Thomas Lindblad, who contributed significantly to the development of Indonesian economic history in the Netherlands over the past thirty years. More importantly, it is an excellent and quite well-structured survey of current research on Indonesian economic history with contributions from both senior and junior players in this international field of study. The introduction, authored by both editors, sets out the thematic vectors along which Indonesia's colonial and post-colonial economy can be most fruitfully studied: trade and investment, entrepreneurship, and changing political regimes. Whilst the 2002 economic history by Howard Dick, Vincent Houben, Thomas Lindblad and Thee Kian Wee (*The emergence of a national economy: An economic history of Indonesia, 1800–2000*) focused on the intertwinement of globalisation, state-formation, and the emergence of a national economy, this volume addresses the interplay between foreign trade, economic actors, and the political economy. In doing so, it highlights the intersections between the economic activities of different socioethnic groups, the spatial distribution of economic activity, and temporal trajectories across the colonial and postcolonial regimes.

The main part of this study consists of 16 chapters that are grouped into the three above-mentioned thematic domains. Changes and continuities in trade and investment are dealt with in the first section over four chapters. Anne Booth undertakes a long-term survey and analysis of the effects of imbalances in export and import growth between Java and the rest of the archipelago on regional development within Indonesia. Hal Hill compares the sectoral shifts, inter-sectoral labour productivity, and the demographics of six Southeast Asian countries and finds that, although structural change has been rapid everywhere, the phenomenon's multidimensionality has led to marked differences between the countries studied. Pim de Zwart et al. engage in a *longue durée* analysis of 'openness' (the share of trade in the total economy of Indonesia) and its impact on growth and wage levels. Contrary to neoliberal thinking, the correlation between the two was not straightforward; rather, it depended to a large extent on changing institutional contexts and unequal geographic distribution. Alex Claver examines the role of money in the Dutch colonial economy and perceives a gradual adaptation to the different needs of the European trading sector and the peasant economy.

The second section on entrepreneurship, focusing on the economic roles of specific groups, consists of five chapters. Leonard Blussé addresses the role of Chinese sailors on VOC ships sailing to Europe during the late nineteenth century, and discusses recruitment arrangements as well as gives evidence on the harsh conditions on board. Freek Colombijn studies contractors and subcontractors in Medan's construction sector during the 1950s. He proposes the term '*complementarisasi*' to describe the economic relationship between actors belonging to different ethnic

groups during the extended process of decolonisation in Indonesia, where some groups engaged in a single production chain and others divided the market by occupying certain niches. Roger Knight writes on the connection between sugar production in Java and Japan from the 1880s until 1945. This connection oscillated between coexistence and conflict, involved essentially Asian actors and was, at least for sugar production, marked by discontinuity. Bambang Purwanto deals with the informal, low-level military entrepreneurship in the 1950s and 1960s that affected society through entertainment and event organisation, a phenomenon that has until now been neglected within the existing historiography. David Henley shows how New Institutional Economics, which linked economic growth to the existence of institutions that lowered transaction costs, were preceded by the anthropological works of Alice Dewey on East Java and Roy Franklin Barton on the Philippines. The business ethics of diasporic minorities and the role of the Kalinga's peace-pacts in Luzon were viable alternatives to the kind of Western legal arrangements that are highlighted in later institutionalist economic literature.

The third part of the volume focuses on changing political regimes. Robert Cribb writes on the cross-border rice trade between the Dutch and Republican-held territory in 1945–46, which involved several institutions on both sides. The late Thee Kian Wie's contribution surveys events between the Indonesian declaration of independence in 1945 and the end of the Sukarno era, during which economics was subordinated to politics, culminating in Sukarno's 1961 refusal to accept American offers of economic aid. Farabi Fakhri goes into more detail by discussing the battle between different groups of Indonesian economists in the 1950s, showing their international connectedness and their diverging political stances towards Sukarno, the Indonesian Communist Party (PKI) and the military. Fakhri distinguishes between institution builders like Sumitro Djojohadikusumo, foreign experts, and second-generation returnees from American universities. Pham Van Thuy explains why the Indonesian governments of the 1950s experienced constraints in implementing the economic nationalism that was laid out in the 1945 constitution, until the impasse eventually ended with the decision to take over Dutch enterprises in late 1957.

Jumping from the 1950s to the New Order period, Pierre van der Eng discusses the role of international food aid to Indonesia, which picked up in the second half of the 1960s partly due to regime change, but also as a result of the emergence of international aid programmes. Under Sukarno, despite the threat of food shortages among a quickly growing population, aid was accepted on a purely piecemeal basis. After 1965, however, the food logistics agency Bulog was able to profit from increased aid to establish an import monopoly. Ewout Frankema undertakes a systematic analysis of the success of the Green Revolution in Indonesia. This success, he concludes, was due to specific interrelated factors linked to ecology, history, technology, policy and the international environment and is therefore not replicable today in regions such as sub-Saharan Africa. Finally, Howard Dick highlights two transitions in the modern economic history of Indonesia: the shift around 1900 from exploitative to welfare colonialism and the current shift from developmentalism towards sustainable development. He shows how the evolution of statistics reflects contemporary bureaucratic concerns, which in turn have unintended consequences. In the case of

Indonesia, national income accounting led to remarkable economic growth to the detriment of the environment.

As a whole, this volume consists of an array of broad surveys and case studies on Indonesia's economic history. In so doing, it addresses gaps in the historiography and is therefore compulsory reading for specialists. Moreover, the contours of this collective effort illustrate how the economic history of an 'area' like Indonesia can be written: economic history should cross boundaries, address regional and global conditionalities and combine economists' quantitative and historians' qualitative approaches. The meritorious chapters on the period of the 1950s deepen our understanding of economic decolonisation within the context of internal political struggles and the international order of the Cold War. The authors make frequent cross-references to each other's work, which illustrates the fact that Indonesian economic history is an academic field that is both very much alive and international in its composition.

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*Indonesia's changing political economy: Governing the roads*

By JAMIE S. DAVIDSON

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A book about roads might seem somewhat esoteric and perhaps, inevitably tedious except to a small number of *aficionados*. And to be honest, although it is well written, this highly detailed and meticulously researched book requires considerable stamina and commitment on the part of the reader. But this is more than a descriptive work and it is more than a study of roads. It provides incisive and concrete insights into the way wealth and power are accumulated and distributed in Indonesia.

Set within larger and ongoing debates about power and governance and how governments make decisions, the author distances himself from the more narrow technocratic explanations of economic rationalists and market fundamentalists, including those from the IMF and World Bank. And he also sees limits in the way New Institutional Economics and the varieties of institutional approaches might effectively explain his problem.

What is missing, he proposes, is a political sociology of power that identifies the coalitions, interests and ideas that shape the way resources and priorities are decided in infrastructure programmes. These, in his view, give life to a highly political process. So we find, rather than discussions about market distortions or weak institutions as the root cause of problems in the history of road building in Indonesia there are discussions of who the contending interests are, and how these decided the course of events.

Threading through his chapters we find a story of struggles between the managers of a still-powerful state sector, technocrats and market fundamentalists, private opportunists and capitalists with powerful political backing, foreign investors,