

INDONESIA PROJECT NEWS No. 11 January–June 2011

The administration of the Project has undergone significant restructuring and regeneration this year. In early February, Chris Manning formally stepped down as head of the Project and Budy P. Resosudarmo assumed leadership. This change is only the first of many changes as the Project is currently recruiting two new members of staff to replace Ross McLeod who will retire at the end of July this year, and Chris Manning who retires at the end of October. We hope that both will still be available to support the growing number of Project activities.

With this new generation of Project administrators as well as the on-going various new demands of Project activities, it is not surprising that various activities of the Project will significantly change or existing ones evolve into something quite different from their current form over the next couple of years. Whether or not the Project will successfully accomplish these new goals not only depends on the administrators and various staff members involved in the Project, but also on you, readers of this Newsletter and those who participate in various Project activities. Without your strong support, the Project is unlikely to achieve these new goals. Mohon doa and restunya. But for now Selamat Membaca this Newsletter.

A **highlight** of activities in Canberra in the period January–June 2011 was the **visit of Vice-President Boediono** to the campus on March 11. In a one hour meeting with staff across the campus chaired by the Vice Chancellor, Professor Boediono listened to various viewpoints from Indonesia experts on issues related to Indonesian development, with a focus on governance and institutional reform. Four State Ministers (Finance, Education, Trade, and Administrative Reform) attended the meeting, in addition to a host of senior Indonesian government officials. Vice President Boediono was in Australia to accept an Honourary Degree from the University of Western Australia, where he studied for a BA in economics as a Colombo Plan student in the early 1960s.

The **2011 Sadli Lecture**, the fifth and the largest in the series to date, was held on Thursday, 14 April 2011, at the Borobudur Hotel. The lecture was delivered by Fredrik Sjöholm from the Research Institute of Industrial Economics, Stockholm, and was entitled *Foreign Direct Investment and Growth in East and Southeast Asia: Lessons for Indonesia*. 180 participants attended the event, including Indonesian and Australian government officials, academics and members of the private sector. The event was organised jointly by the Center for Economic and Social Research (LPEM) at the University of Indonesia, and the Indonesia Project. As in the previous year, the address was based on the comparative development paper published in the Bulletin of Indonesia Economic Studies in the same year (the 2011 paper was written jointly by Fredrik Sjöholm and Robert Lipsey). Prema-chandra Athukorala was an enthusiastic discussant, and a lively debate on the topic followed with active audience participation. Mari Pangestu once again gave a wonderful opening address, charting the most recent developments in FDI and related policies in the Indonesian economy.

The public address and discussion was followed by a round-table forum in which Emil Salim, Djisman Simandjuntak and Anton Gunawan (three different generations of economists from the University of Indonesia) gave accounts of Professor Sadli's remarkable contributions to public life, policy debates and understandings of the Indonesian economy. This forum was timed to coincide with (broadly) and to commemorate 1000 days after Pak Sadli passed away on January 8 2008. Mrs. (Professor) Sapparinah Sadli attended the public lecture and round-table meeting, listened intently and thanked the speakers warmly for their participation and for honouring her husband's contribution to Indonesian economic ideas and policy.

As has been the tradition in recent years, the Sadli lecturer Fredrik Sjöholm and the discussant Prema-chandra presented some of the same ideas at a major university on the day after the Sadli lecture, this time at the University of Gadjah Mada in Yogyakarta. A panel from the Economics Faculty at UGM discussed the presentations, including Tony Prasetyantono and Anggito

Abimanyu. Even more so than in Jakarta, a lively debate ensued, with active audience participation from students and faculty staff.

The Indonesia Update book, entitled ***Employment, Living Standards and Poverty in Contemporary Indonesia*** (editors Chris Manning and Sudarno Sumarto) and **based on the 2010 conference**, was published in May 2011 by the Institute of Southeast Asian Studies in Singapore. Comprising sixteen chapters, the book canvases a range of topics: trends in poverty and living standards; key issues and policies in the areas of employment, education and health; the Indonesian government's quite intensive recent experience in devising strategies to combat poverty; and challenges and possible future directions of government programs. Altogether 29 authors contributed the book, over half of them Indonesians. Well-known international and national contributors include Lant Pritchett (Harvard), Peter Warr (ANU), Sudarno Sumarto and Asep Suryahadi (SMERU), Hal Hill (ANU) and Lisa Cameron (Monash University).

The **book was launched** by the Minister of Planning, Armida Alisjahbana, to a packed audience of academics, policy makers, national and international policy advisors, students and the general public, at a '**Mini Update**' held in collaboration with the Center for Strategic and International Studies (CSIS). The event was held at the Hotel Borobudur on June 23, 2011. The Minister spoke of the importance of getting policy right in areas so critical to the welfare of many Indonesians, and about current and planned government initiatives. Speakers included Sunny Tanuwidjaja from CSIS (political update), Haryo Aswicahyono (CSIS, economics update) and Asep Suryahadi (SMERU, poverty update). Education and poverty policies were addressed by Risti Permani (University of Adelaide), Vivi Yulaswati (Bappenas) and Vivi Alatas (World Bank). Immediately after the Mini Update, the editors were honoured by an opportunity to present the book and some of its main findings to Vice President Boediono, at his office in Kebun Sirih, Jakarta.

The following day, June 24, the book was also discussed in an informal **forum at the University of Andalas in Padang**. Chris Manning and Risti Permani presented some of the main findings of the book. Efindri, Syafruddin and Hefrizal Handra, all of whom are attached to the Faculty of Economics, offered some thoughts on the book. Issues of governance, responses to natural disasters (such as the Padang earthquake) and the importance of micro level support and enterprise were given special focus in the discussion, which was attended by University staff from several faculties.

On 16 May 2011, AusAID, in conjunction with the Indonesia Project, held a **one day workshop, Australia's Aid to Indonesia: Understanding the context**. The Director General of AusAID, Peter Baxter, delivered the opening address, followed by a talk on *Australia-Indonesia relations and the aid program* by Dupito Simamora (Indonesian Embassy Canberra) and Michael Bliss (DFAT Minister Counsellor, Indonesia). Doug Ramage (Senior Governance Adviser, AusAID) and Budy Resosudarmo (ANU) discussed *Politics, Economics and Development*, followed by Marcus Mietzner (ANU) on *Political Parties and Elections*, and Michele Ford (USYD) and Sri Lestari Wahyuningroem (ANU PhD student) on *Women's rights – challenges and opportunities*. Rod Brazier, (ADG IET Branch, AusAID) addressed the issue *What next for Indonesia? A view to 2014-15*, and Greg Fealy (ANU) and Robin Bush (The Asia Foundation) discussed *Civil Society, Islam and Democracy*. The topic chosen by Howard Dick (University of Melbourne) was *Corruption, development & the role of donor programs* and Hal Hill (ANU) talked about *Tertiary Education and the Knowledge Sector*. James Gilling, (First Assistant Director General, Pacific, AusAID) concluded the workshop with some reflections on what was a very stimulating and informative event.

On March 3 **Professor Armida Alisjahbana**, State Minister for National Development Planning, visited the University. She gave a public address to a packed audience in the Weston Theatre, Crawford Building. Professor Alisjahbana spoke on Indonesia's medium term development strategy through to 2025, and then fielded questions in a round-table forum with a smaller group of Indonesia specialists.

Our regular **Core Activities** include the *Bulletin of Indonesian Economic Studies* (BIES) the Indonesia Study Group seminars and The Jakarta Seminar Series. Click here to read a preview of the contents of the April issue of the **BIES**. It is also available online.

The Indonesia Study Group (ISG) program remains a dynamic on-campus activity with 20–30 people regularly attending the fortnightly and sometimes weekly seminar presentations and wide ranging discussions. While sessions tend to focus on political and economic issues, a wide range of other topics were covered in the January–June 2011 period, including infrastructure problems, terrorist rehabilitation, demographic issues, labour migration, Islamic pilgrimage in Bali, corruption, threats to the current rice crop and the Ahmadiyah controversy. Seminars continue to be attended by academics and students, as well as government officials from AusAID, DFAT and ONA, the Indonesian Embassy, and members of the general public.

Podcasts are available for most of the talks. See the Indonesia Project website for the full list. The last three ISG addresses for 2010 were given by:

- Edward Aspinall (*School of International, Political and Strategic Studies, ANU*) Politics in Aceh: Pre-election tensions
- Ross Tapsell (*Asian Studies, School of Culture, History and Language, ANU*) The enduring legacy of self-censorship in Indonesian journalism
- John Monfries (*School of Culture, History and Language, ANU*) Will Jogjakarta Survive as "Kingdom" in the Republic of Indonesia? (Or: The Right not to Vote)

The Jakarta Seminar Series, Forum Kajian Pembangunan, is run by a consortium consisting of various institutions in Indonesia, in collaboration with the Indonesia Project. Institutions in the consortium take turns on a monthly basis to host research based policy forums discussing research outcomes related to topical policy issues in Indonesia.

In the period January–June, 25 topics discussed included economic and political developments in Indonesia, exports, Indonesian manufacturing, the Program Nasional Pemberdayaan Masyarakat, regional development, Sociocultural factors in local economic development, ASEAN political-security, trade agreements and employment gains and losses, universal health care design and cost, impact analysis in good times and bad, youth unemployment, the carbon tax, global production sharing, poverty alleviation policies, education, the impact of China's growth on the Indonesian economy, think tanks, the minimum wage, and an interim report on Doha. Presenters were researchers and academics from Padjadjaran University, Cornell University (Ithaca), Universitas Indonesia (Depok), the University of Western Sydney, The Arndt-Corden Dept of Economics (ANU), Bappenas, the Indonesian Bureau of Statistics (BPS), The World Bank, the Indonesian Ministry of Foreign Affairs, the International Labour Organisation, the Research Institute of Industrial Economics, Stockholm, Tim Nasional Percepatan Penanggulangan Kemiskinan (TNP2K), the SMERU Research Institute, and the Overseas Development Institute's RAPID Programme.

Detailed agenda of these group discussions are available on the website as well as the full seminar paper for most of them.

Times and venues of the forums are on the website and they are free and open to the public. If you would like to subscribe to the email list, please send your contact details (including email address) to budy.resosudarmo@anu.edu.au

A **once monthly Wednesday lunchtime get together** is a new initiative on the part of the Project to foster links among Indonesianists, particularly amongst the younger generation at the

ANU. If you are interested in joining us for this informal gathering, please email nurkemala.muliani@anu.edu.au and she will notify you of the venue and dates of future meetings.

The Project hosted **two academic visitors** in the first half of 2011. Professor Ari Kuncoro from the University stayed for four weeks and gave two seminars, one to the ISG (March 23), and the other to the Arndt-Corden Department of Economics on *Indonesia's regulatory regime for overseas migrants* (March 22). Ari interacted intensively with staff and students during his stay. Our second visitor was Professor Aris Ananta from the Institute of Southeast Asian Studies at the University of Singapore who gave a seminar on ageing in Indonesia.

The Indonesia Update Conference 2011, *Indonesia's Place in the World* will be held on 30 September–1 October 2011

Venue: Coombs Lecture Theatre, H C Coombs Building, No. 9
Cnr Fellows Road and Garran Road, The Australian National University, Canberra ACT 0200

Outline: Indonesia's place in the world is in flux. It has been reinvented as a large, stable and reasonably successful democracy (and G20 member) at a time when the international game has changed. ASEAN, for many years the bedrock of Indonesian foreign policy, is seen as a constraint by some Indonesian officials. Meanwhile the crucial relationships with China place strains on regional unity, while the new politics of global warming and carbon trading, the need to defuse violence in the name of Islam, and growing international flows of people pose new challenges to the Indonesian leadership.

Indonesia has often been seen as punching below its weight in world affairs, and as a consumer rather than a producer of global trends and ideas. Underperformance of the education and legal systems makes it difficult for Indonesia to act on the world stage as its size merits. Yet the globalising influences are as strong there as anywhere. The 2011 Indonesia Update aims to consider Indonesia's place as both consumer and producer of global trends in this newly interconnected world.

Emeritus Professor Anthony Reid and Michael O'Shannassy will be the convenors of this year's Update.

A provisional program is available on the web.

<http://crawford.anu.edu.au/acde/ip/pdf/update/Update2011Program.pdf>

If you are already on the Indonesia Project mailing List, you will receive an email when the registration form goes up on the website. Please email trish.vanderhoek@anu.edu.au if you would like to be added to the list.

In Memoriam: Professor James Austin Copland (J.A.C.) Mackie, Jamie to his friends, passed away peacefully on Thursday, 21 April 2011 at his home near Melbourne at the age of 86. Jamie was one of the most influential figures in guiding Australia's post-war Asian engagement. For more than 50 years he was arguably the most informed, persistent and effective advocate for greater understanding of, realism towards and respect for our nearest neighbours. For a period, almost everybody in Australia who worked on contemporary South-East Asia had a close association with Mackie. Many of his students went on to forge notable academic careers, including Harold Crouch, Bob Elson, Andrew MacIntyre and many others.

Jamie's many friends and admirers in Australia, Indonesia, and other countries mourn the passing away of a great scholar, a very good man, an enlightened visionary, and a warm and generous friend.

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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

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

All underlined items are live links. Please click on the link to read a more detailed article on the topic. For previous issues of the Indonesia Project Newsletter please visit:
<http://crawford.anu.edu.au/acde/ip/publications/news.php>