Jamie S. Davidson

Indonesia's Changing Political Economy. Governing the Roads. United Kingdom: Cambridge University Press, 2015, xiv + 292 pp. ISBN: 9781107086883. Price: USD 99.00 (hardback).

The economic growth of the first decades of Soeharto's regime was greatly supported by large national and international investments in the country's infrastructure. The development of toll roads was one of the most visible aspects of infrastructure development, but also one of the most openly connected with the cronyism and nepotism that characterised the New Order regime. Despite its importance, the toll road sector in Indonesia remained largely ignored by scholars; this book helps to fill that gap. In *Indonesia's Changing Political Economy. Governing the Roads*, Jamie S. Davidson documents in detail the power struggles between the state and private companies, and the formal and informal processes through which they planned, negotiated, implemented and managed the network of Indonesian toll roads—in particular the Trans-Java Expressway—during and after Soeharto's regime. While focusing his research more at the national level, Davidson complements his findings with local-level perspectives of toll road development, deepening his analysis of this sector. The research is based on press and business publications, government studies, corporate reports, rarely analysed consultancy studies, and several interviews. More than just describing the toll road sector, Davidson's new insights contribute to a better understanding of the New Order regime and its legacy in contemporary Indonesia.

The theoretical framework of the book is based on the premise that reliable physical infrastructure contributes to economic growth and poverty alleviation in developing countries. Grounded in this premise, the book focuses on the private sector's participation in public infrastructure development ventures, which international financing institutions have pointed to as the solution to increasing the quality of infrastructure improvement in developing countries. The New Institutional Economics (NIE) discourse has dominated explanations of the levels of private investment in infrastructure development projects, which proponents of NIE argue, is conditioned by the capacity of formal institutions to protect property rights and promote the effectiveness and reliability of government economic policies. Davidson questions the efficacy of this approach, arguing that NIE provides a useful 'first cut' view of how much strong formal institutions can raise the level of private investment; however, he points out that the NIE overlooks the informal forces and procedures that surround formal agreements. To overcome this limitation, Davidson proposes a complementary approach to that of NIE: a mid-range analysis that he calls Polit-

ical Sociology of Infrastructure Development (PSID). Under this framework he analyses state–business relations and rent seeking, extra-parliamentary rule-making, and the problems of land acquisition, providing a deeper view of the political environment in which private investors operate in Indonesia.

The central topics of the PSID framework are well presented in the book. The legacy of Soeharto's regime in state–business relations and negative rent-seeking behaviours is visible in the description of the difficulties that post-Soeharto governments had in dealing with holders of toll road licences, whose responsibilities and obligations remain unclear. The Trans-Java Expressway was divided into mini-concessions with the objective of appeasing the *pribumi* (national) contractors with close ties to the regime such as PT Bakrie & Brothers, who were dissatisfied with the close control that Soeharto's children (especially Tutut) had over the toll road sector and who felt marginalised by the favouring of Sino-Indonesian conglomerates. Post-New Order governments managed to revoke some licences that were more politically vulnerable, but the revoking of other licences was held up in the courts. Other licence holders were protected by the approval of the 2004 Road Act and through renewed political influence in the new governments. Tensions with the inheritance of the old regime were also felt in the attempts to renegotiate toll roads rates. On the other hand, the book also describes what Davidson calls 'positive rent-seeking' cases, with particular emphasis on the company Jasa Marga. From an archetypal New Order state-owned enterprise, suffocated by rent-seeking and private interests' decisions, the company managed to become the leader of the toll road sector, depending almost entirely on tollway revenue.

Davidson also describes changes in one of the most controversial topics of infrastructure development: land acquisition by the state. During the New Order, the dysfunctional land acquisition legal framework did not represent a major difficulty for the state, as coercion by the army was the main mechanism for obtaining land, and resistance against it was rare and dangerous. The democratisation of Indonesia made land acquisition more difficult for the state, due to the end of the army's role in land clearance, and the emboldening of citizens, supported by civil society organisations, to fight for their land rights. Further complications came with the ill-prepared decentralisation of land acquisition competencies to local officials, and the equally poorly prepared recentralisation of those competencies in the National Land Bureau—*Badan Pertanahan Nasional* (BPN). Post-New Order presidents, especially Yudohoyono, resorted to changes in the legal framework to overcome these difficulties, but with limited success. The controversial Presidential Decree 36 of 2005, which was reminiscent of the New Order practice of relying on presidential decrees for land expropriation, again proved the frequent irrelevance of Par-

liamentary statutes whose implementation often depends on subsequent government regulations. The new Law 2 of 2012 brought back to Parliament the debate about land rights, but the implementation of the law was also marked by the slow approval of regulations and limited institutional capacity of BPN to speed up the land acquisition process. Nowadays, state officials are progressively relying more on the courts to exert state eminent domain powers, but the courts' ill-preparedness makes them an imperfect solution. On the other hand, this weakening of state powers has opened up the (limited) possibility to negotiate with citizens.

In the book's conclusion, Davidson looks again at the evolution of the debate around what constrains private investors from participating in infrastructure projects. Institutionalists proposed that more than 'getting the prices right', it is necessary to 'get the institutions right'; by describing the political context of the development of Indonesian toll roads, Davidson suggests a next step: 'get the politics right', both in state-society and national-local relations, in order to boost private investors' confidence. The key conclusion of the book is that the difficulties in mending the infrastructure problems in Indonesia are not consequences of technical, but rather political problems. Davidson's book will be of interest to political scientists, lawyers and anthropologists interested in deepening their knowledge of the New Order regime, but also to those who look for well-illustrated examples of the 'backstage' interaction of public and private sectors in a post-dictatorship regime.

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