Alicia Schrikker and Jeroen Touwen (eds.)

Promises and Predicaments. Trade and Entrepreneurship in Colonial and Independent Indonesia in the 19th and 20th Centuries. Singapore: NUS, 2015, xiv + 334 pp.

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The editors of this collection tell us in their preface that ‘transitions are long-term processes’ and, dedicated to J. Thomas Lindblad, the seventeen chapters have an appropriate overarching concern with ‘continuities that extend across the colonial-postcolonial divide and transcend political regimes’ (p. ix). Part One of the book deals with macro-economic continuity and change over the long durée. Anne Booth highlights how the highly centralized colonial fiscal system, which made it very difficult for regional governments to spend on infrastructure and services, was bequeathed to the independent regime. Given the ongoing resource drain to the centre, this led to political turbulence in the 1950s and 1960s. Meantime, decentralization post-2001 has made little difference to reduction of poverty in provinces such as Papua and Papua Barat. Hal Hill characterizes the shift to manufacturing in the 1970s as the ‘period of greatest change in the country’s modern economic history’ (p. 39). Nevertheless, a ‘dualistic’ labour market persisted where lack of mechanization in agriculture was prevalent. The contribution from Pim de Zwart, Daan Marks, Alexandra de Pleijt and Jan Luiten van Zanden, on the other hand, warns us that ‘the link between trade and the alleviation of mass poverty is [...] less straightforward than often suggested by globalization enthusiasts’ (p. 77) as illustrated in the long-term relationship between trade and economic development in the archipelago. Only through the redistributive activities of the Soeharto regime did exports lead to significant poverty reduction post-1966. Alex Claver, meanwhile, points to a remarkable continuity in the monetary realities of the late-colonial Dutch East Indies. Despite persistent efforts at currency reform, and the frequent complaints of Dutch businessmen, the Javanese peasantry stuck rigidly to the use of small copper coins (*duiten*) for much of the nineteenth century.

Claver’s chapter draws out another key continuity in the agency and resilience of non-European entrepreneurship and provides a bridge to the second part of the book on the micro-economy. Leonard Blussé focusses on the centrality of Chinese sailors for VOC operations and simultaneously reveals the symbiotic relationship between the Dutch administration and ethnic Chinese business leaders who in Batavia acted as labour contractors. Illustrated in Freek Colombijn’s study of the division of the market in the construction industry in 1950s Medan, this complementarity between European and Chinese (as well as ‘native’ Indonesian) businesses continued well into the colonial period. A chain

of contractors and sub-contractors were 'dependent on each other' (p. 129). The role of ethnic Chinese entrepreneurship is also emphasized in Roger Knight's discussion of the intra-Asian nature of the Javanese sugar trade, reliant on a Japanese market for much of the period from the late-nineteenth century to the Pacific War. Knight is careful to point out, however, that Indonesian-Japanese linkages of the post-independence period would be based on other commercial activities than sugar.

An obvious post-colonial discontinuity was the removal of Dutch enterprise through nationalization in the late-1950s and the filling of the business void by the military. As Bambang Purwanto argues, many of these 'huge empty spaces' (p. 155) were utilized for entertainment purposes. Fairs and football performed a social function as well as lucrative revenue raising activities for military and police units. On the continuity side, however, and despite Reformasi since 1998, 'very popular existing entertainment groups' remain 'military-supported and profit-oriented business activities' (p. 161). David Henley's highly original contribution, on the other hand, stresses that the New Institutional Economics of the late-twentieth century was not that new, given its anticipation in the work of certain anthropologists with a Southeast Asian focus. One of these was the American academic Alice Dewey in her research and writing on Indonesia during the 1950s and 1960s. Henley points out, however, that Dewey would have undoubtedly taken issue with Douglas North's path dependency model. In the case of Javanese traders, she noted evidence of the pooling of capital to overcome the lack of credit and the replacement of Indonesian Chinese 'middlemen' during the upheavals of the Japanese Occupation and the National Revolution.

Beginning Part 3 of the book on trade and economic growth under changing regimes, Robert Cribb's study of the rice trade during the war between the Dutch and the Republic further stresses the disruptions and disconnections of decolonization. Rice became the 'most important commodity in the political struggle' (p. 182) and gave the armed forces and the politically well-connected their first taste of how new 'barriers generated [...] lucrative opportunities' (p. 194). Thee Kian Wee's posthumous printed chapter on the 1950s and 1960s also brings out the gap left by the Dutch economic retreat to be plugged by the military as well as politically influential Chinese entrepreneurs and a host of inefficient State-Owned Enterprises. Soekarno's refusal of American aid further underscored how 'economic policy became subordinate to political strategy' (p. 210), and the Indonesian economy entered meltdown. A major part of the problem, as Farabi Fakihi underlines, was that Soekarno had become deeply alienated from what the President dubbed 'bald headed non-political individuals' (p. 218)—the western-educated economists. As such, 'The rise of the

military as a saviour of the expert managerial class was an important component of the New Order regime' (p. 222). Pham Van Thuy's overview of the immediate post-colonial era demonstrates just how difficult it was to reorient the Indonesian economy and shake off the colonial system. Pham highlights the constraints of the Netherlands-Indonesia agreements of 1949, the lack of trained indigenous personnel, and a dire shortage of capital. As depicted by Pierre van der Eng, one advantage of the return to the western-fold after 1966 was access to new levels of food aid. But, through the import monopolies awarded to the Badan Urusan Logistik (Department of Logistic Arrangements, Bulog), there was much 'institutionalized corruption' (p. 255), an enduring facet of the Soeharto era and beyond. Ewout Frankema's outstanding chapter on the Green Revolution notes the successes in increasing rice output since 1967, particularly through recycling oil revenues to revitalize smallholder agriculture (in distinct contrast with Nigeria). Replicating the Indonesian model in Africa, however, may prove problematic given, *inter alia*, legacies of state coordination in food production going back to the Dutch colonial era. The final chapter by Howard Dick brings out the discontinuities between official statistical analyses at the end of the Dutch period (still unconcerned with measuring welfare) to the post-Suharto period (relating 'micro-economic statistics to the macro-economic data of the national accounts' [p. 288]). Yet, while a national economy was 'invented and imagined' (p. 295), the 'economistic focus on growth' (p. 290) has meant that notions of sustainable development are only slowly taking hold.

The editors are to be congratulated on producing this well-structured and generally well-written volume, which includes contributions from the leading scholars of Indonesia's modern economic history. They might have been stricter in keeping the authors to the continuity/discontinuity brief. Nevertheless, this is a welcome addition to the existing historiography and will serve as a key jumping off point for future research, not least because of the book's comprehensive collective bibliography.

Nicholas J. White

School of Humanities & Social Science, Liverpool John Moores University

n.j.white@ljmu.ac.uk