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Book Reviews

Hill, Hal (ed.) (2014), *Regional Dynamics in a Decentralised Indonesia*

Singapore: Institute of Southeast Asian Studies (ISEAS), ISBN: 978 9814 45985 3, xxviii + 538 pages

Indonesia's decentralisation has been viewed as a politico-economy "big bang", an event that is transforming regional actors, giving them unprecedented authority over local economic development and policies. With more than five hundred districts, Indonesian decentralisation ranges from administrative and fiscal questions to issues of governance, socio-politics and natural resources. This book attempts to provide a comprehensive analysis of the regional development dynamic in the post-decentralisation period in Indonesia. It is divided into five sections, each section having a particular theme and consisting of several chapters.

The first section introduces historical Indonesian decentralisation along with its current status. The first chapter explains that because the regions were exploited and their economic development neglected during the New Order regime, regional splitting came about, motivated by socio-cultural, political and financial revenge. The following chapters suggest that the fiscal decentralisation successfully accommodated the needs and interests of the local elite. This has led to a persistent economic development gap and poverty. Only a few regions have managed to embrace their new economies for development – such as Bali Province, whose labour-intensive tourism industry benefits the local people.

The second section of the book interrogates governance improvement in the context of Indonesian decentralisation. In his contribution, Blane Lewis argues that there are two main problems with fiscal decentralisation – namely, that the current system does not meet standards of equality and neutrality due to differences in resource allocation between the regions, and that the system has failed to ensure service delivery because of local government's lack of institutional capacity to determine development priorities. In addition, the remaining chapters found that decentralisation has introduced a more needs-oriented public service delivery and a more efficient local budget. However, this has occurred only alongside support from relevant local governments and certain fiscal endowments – meaning, only in rich regions. The last chapter highlights the important role of the central government, which remains crucial to ensuring the accountability of local leaders and limiting local oligarchy.

The third section explores particular thematic topics; first, the paper by McCarthy et al. covers the PNP success in *kecamatan* (subdistricts) and villages that has resulted from their working directly in these low-level administrative territories in order to ensure the success of the poverty alleviation projects, purposefully bypassing bureaucratic administration at the province and district levels. The second chapter in this section argues that weak enforcement of national regulation in ecology is still a problem post-decentralisation. In particular, it argues that decentralisation also enhances acknowledgement of local values, including the “*adat land*” that seems to be a legal route for a community to claim land (p. 273). A chapter by Sumarto et al. studies the quantitative determinants of the heterogeneity of poverty and finds that urban-related variables such as urbanisation and education play critical roles in reducing poverty. However, the paper suggests that governance and institutional capacities influence policy performance.

In section four, the book explores regional mobility and connectivity in decentralisation. The first two chapters of this section study migration and labour mobility and show patterns of significant differences among regions. For instance, higher unemployment rates are found in more urbanised, industrial and higher-wage regions. The chapter by Tommy Firman on Jabodetabek highlights that decentralisation has reduced the level of development coordination and consultation among regions (p. 380–381). He calls for an augmentation of the role of institutional capacity, especially the central government’s financial support to guarantee the continuation of coordination and consultation among regions. Similarly, lack of infrastructure has led to high costs of doing business and high inter-island transportation costs. Firman argues for the importance of coordination across ministries and local authorities in order to harmonise policies that reduce logistics costs.

The final section of the book studies the challenges for peripheral regions, as presented by four articles on Papua and Aceh. The papers suggest that there is still a latent social conflict and a lag in economic development within these regions. Thus, strengthening private-sector and institutional capacities and creating policies for political stability are critical to ensuring sustainable development in these regions.

Overall, the volume covers a wide range of political, socio-economic and urban issues, with methods from econometrics, spatial planning and environment approaches. The book also emphasises two important issues in decentralisation: 1) the asymmetrical autonomy of Aceh and Papua and how the special treatment of those two regions has influenced each region’s development and 2) the movement of goods and the

trading patterns between regions in Indonesia. In the new government, the second issue has been addressed through the improvement of logistics and transportation infrastructure under the maritime development agenda (*The Jakarta Post* 2014). These two aspects are critical to achieving the spirit of decentralisation as a framework for reducing both disparities and welfare distribution.

However, the book neglects two current, crucial issues of Indonesian decentralisation. First, after more than 15 years of decentralisation, the process of gaining political equilibrium has brought to the fore a number of young professionals who are working towards change and providing hope for better local politics in Indonesia – for instance, Ridwan Kamil, an architect and lecturer who became the mayor of Bandung, and Bima Arya, a political analyst currently serving as mayor of Bogor. Second, the book does not discuss how regions responded to political shifts at the national level in regards to 1) the rebranding and revitalisation of regional policies in emerging creative cities such as Bandung and Cimahi (Kristiana and Budiwati 2012; Aritenang 2013) and in manufacturing and export cities such as Batam (Kumar and Siddique 2013), or 2) the development of information and communications technology through electronic governance (e-gov) policies in the cities of Sragen and Solo (Indraprahasta 2012). Discussions on these issues may have given cause for more optimism regarding regional dynamics in Indonesia.

Despite the volume's wide and comprehensive analysis, the editor recognised that it is still too early to draw conclusions about the dynamic events that are currently unfolding at the regional level. Nevertheless, each chapter, with its respective focus on political, administrative and/or fiscal decentralisation, successfully captures certain dynamics of regional development. This includes urban issues in Jakarta, the politics of special autonomy in Aceh and Papua, and the diversity of economic structures among the many provinces and districts of Indonesia.

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