

The Emergence of a National Economy

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Review >
Southeast Asia

Written for non-economists, this textbook on the economic history of Indonesia fills a considerable gap in the literature. Collectively authored by a group of distinguished historians, its sections on currency, industry, labour costs, and maritime transport are much more stimulating than one might expect from an ordinary textbook. Students will undoubtedly welcome its publication.

By William G. Clarence-Smith

The authors stress the political background to economic phenomena, and present as their guiding theme the emergence and consolidation of an Indonesian 'national economy'. Howard Dick insists that the aim is not to supply a 'meta-narrative', but a 'consistent perspective'. This is somewhat disingenuous, as the story of the birth and development of the Indonesian state almost inevitably becomes a structuring principle. To be sure, authors stress the late centralization of the state, but this makes early parts of the text read even more like Hamlet without the prince. Practical problems result, as the Malayan peninsula and northern Borneo, arbitrarily hacked away by colonial partition, remain indissolubly linked to the Indonesian economy. In particular, the role of Singapore as the real economic capital of the region surfaces again and again through the book.

Vincent Houben covers both the pre-1800 period and nineteenth-century Java, but could easily have omitted the former. The fifteenth-century Melaka state was hardly 'free trading' as sultans

forced all entrepôt commerce in the Straits to go through their capital. Nor did Spanish galleons head for Japan. Houben uncritically swallows Anthony Reid's dubious notion of a seventeenth-century crisis, though he does question Reid's inflated urban figures in an appendix. Houben is on more familiar ground when treating nineteenth-century Java, though a *kongsi* was much more than a Chinese tax farming syndicate, the road and bridge system was actually quite impressive, and Western plantations were hardly models of efficiency.

Thomas Lindblad tackles the 'Outer Islands' in the nineteenth century, and the whole colony up to the Great Depression. The first of these topics is not his speciality. Unaware of the Hadhrami Arab dominance of inter-island square-rig shipping, he fails to cite the late Frank Broeze's pioneering article, and all too readily swallows Campo's rose-colored views on the role of the KPM (Koninklijke Paketvaart Maatschappij) steamer monopoly. He skates over the forced cultivation of coffee in West Sumatra and North Sulawesi, incorrectly alleging that individual

Indonesians did not gain from it. While Lindblad is on firmer ground in the latter chapter, he, like Houben, overstates the efficacy of the 'modern' sector.

Howard Dick notes that GDP per head at constant prices peaked in 1929 and 1941, and attained similar levels again only in the mid-1970s. To be sure, the twin disasters of the Japanese invasion and ill-judged Dutch attempts at re-conquest were partly responsible, but Dick's attempts to salvage progressive features from the period 1950-57 carry little conviction. Even before 1957, Indonesia missed out on a period of extraordinary growth in the world economy, probably witnessing a decline in the share of manufacturing in GDP. Sukarno's closure of the country indeed led to 'wasted years'.

In contrast, the thirty years' climb in real GDP per head from 1967 to 1997 was impressive. It goes a long way to explain why Indonesians put up with Suharto's dictatorship for so long, and why some remain nostalgic for those heady decades. THEE Kian-Wie, however, rightly stresses the growing protectionism and corruption that followed the retirement of the first generation of economic technocrats. This prepared the way for the 1997 collapse, which was much more than a merely conjunctural crisis. Writing in 2001, Thee fears for the potential impact of the new regime's decentralization, though so far it has turned out better than many expected.

Certain themes are treated too light-

ly in the book, partly reflecting weaknesses in the existing literature. There is almost nothing on breeding and selling livestock, even though buffaloes, cattle, and horses ploughed and trampled fields, pulled carts, carried packs, drew coaches, and powered new urban transport systems. 'Foreign Orientals' are all too often reduced to 'Chinese', with none of Peter Post's subtle distinctions between different South Chinese diasporas. There is likewise too little coverage of the involvement of Japanese, Hadhrami and Syrian Arabs, Indians of all types, and Armenians.

Given that Indonesia contains the largest number of Muslims in the world, the most unfortunate absence is that of Islam. Symptomatic of this bias is Howard Dick's failure to even mention the Darul Islam guerrillas after 1948. Alternative Islamic approaches to politics and economics, such as banking and state structures, do not figure, and there is no sense of how Islam may have promoted or retarded economic development. For Ahmad Hasan of Persis, himself brought up in Singapore by a Tamil Muslim father, the emerging Indonesian nation of the 1920s was quite simply *haram*, a position echoed in recent fundamentalist calls for an Islamic Caliphate of Nusantara.

The decision to leave controversial points to appendices at the end of chapters seems unwarranted and becomes irritating when appendix 3A is mysteriously omitted. Another shortcoming is that, for a good textbook, the maps

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are too small and few. Nevertheless, this book fills a definite gap in the literature, and will undoubtedly be of great utility to students and teachers alike. <

- Dick, Howard, Vincent J. H. Houben, J. Thomas Lindblad, and Thee Kian-Wie, *The emergence of a national economy; an economic history of Indonesia, 1800-2000*, Leiden, KITLV Press (2002), pp. xvii and 286, ISBN 90-6718-192-7

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