

## BOOK REVIEW

### **Decentralization and Discontents: An Essay on Class, Political Agency and National Perspective in Indonesian Politics**

by Max Lane

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Review by Chong Wu Ling

Max Lane's monograph is a welcoming addition to the literature on decentralisation in post-Suharto Indonesia. Since decentralisation was implemented in Indonesia in 2001, there have been several published scholarly works that deal with the strengths and weaknesses as well as the impact of decentralisation upon Indonesian society. However, as Lane notes in his monograph (xiii-xv), most of these works either emphasise the capture of decentralisation by predatory politico-business interests due to the absence of a strong, effective civil society, or impose solutions that neglect the real conflict between politico-business interests. In this monograph, Lane proposes a different perspective. He argues that decentralisation in post-Suharto Indonesia is a manifestation of the changed balance of power between the former crony capital nurtured under the Suharto regime and local, smaller capital. This change took place after the cronies lost their patron, Suharto, who resigned on 21 May 1998 amid the Asian financial crisis. Lane also rightly points out that the rise of local capital after the diminishment of crony capital is due to the absence of a large and strong national capitalist class.

This monograph comprises an introduction, four chapters, and a conclusion. In the introduction, Lane reviews and criticises the two approaches mentioned earlier in the first paragraph that several scholars adopted in discussing decentralisation in post-Suharto Indonesia. In the first chapter, Lane presents a background behind the emergence of decentralisation in post-Suharto Indonesia. He points out that the call for decentralisation did not come from the pro-democracy movement that brought Suharto down, but from the government led by Habibie, Suharto's successor. The government introduced decentralisation with the aim to improve the implementation of its policies at the local level according to differing local conditions, given the size and socio-ethnic configuration of the country. However, under the decentralisation laws and regulations, significant administrative powers have been transferred from central government to the district and municipality governments instead of provincial governments in order to prevent federalism that would lead to secessionism. Lane notes that decentralisation was consolidated by 2013 and this can be observed from the increased national political weight of directly elected local government heads. The rise to national prominence of Joko Widodo, the current president, and Basuki Tjahaja Purnama also known as Ahok, the current governor of Jakarta, are two prominent examples.

In the second chapter, Lane explains the historical and contemporary factors behind the absence of a strong capitalist class that is able to impose a national framework. According to

Lane, during Dutch colonisation, the Dutch used Indonesia as a source of raw materials and Dutch capitalists never established serious industries in the colony. Therefore, after independence, Indonesia did not have the industries to meet the needs of the country's population and to improve its undeveloped infrastructure. During Sukarno's rule (1950-1965), due to the conflict between the pro-socialist camp led by Sukarno and the pro-Western capitalism camp led by Mohammed Hatta, Indonesia's first vice-president, and Sutan Sjahrir, Indonesia's first prime minister during the revolutionary war against the Dutch in 1945-1949, Indonesia's industrial sector remained underdeveloped. After Suharto came into power in 1965, although the government integrated the country into the Western international economic processes, this did not produce a large and strong capitalist class with a national perspective due to two factors. First, the Suharto government relied more on Western and Japanese capital and companies from these countries have been dominating many sectors in Indonesia. Second, power elites (often military) and their associates accumulated funds through various corrupt means. These included gaining equity in new corporations. This had led to the emergence of large family business conglomerates either owned by former power elites or their business associates. These conglomerates could not be considered as a strong national capitalist class because their growth was dependent on their close ties with Suharto and his family. Thus, they were also known as "crony conglomerates" (43). These cronies formed a single political bloc through the political party *Partai Golongan Karya* (acronym: Golkar), that was led by Suharto. Thus, during Suharto's rule, the domestic capitalist class of Indonesia comprised only of a handful of politically protected big crony capitalists and several small, locally-based capitalists. After the fall of Suharto in May 1998, the power of crony capitalists diminished and they also "ceased to operate as a united political bloc" (44). This resulted in the shift in the balance of power between former crony capital and local, smaller capital. The break-up of the former cronies as a political bloc was followed by the strengthening of the position of local political elites.

In the following chapter, Lane points out that after the fall of Suharto and the introduction of decentralisation, "there has been no sense of national economic direction or national economic ideology" (52). With regard to the public discussion on economic policy, the public is more concerned about the social safety net policies and other initiatives of local government heads than national economic initiatives. Thus, post-Suharto Indonesia still lacks a national political agency based on a strong and effective social force.

In the fourth chapter, Lane predicts that the current vacuum of national political agency in Indonesia might eventually lead to the development of local capital and labour as an insentient national political agenda. The rise of Joko Widodo in national politics and the effective mobilisation of workers by a few trade unions and labour organisations in fighting for increases in the minimum wage and other benefits for workers clearly indicate such a development.

In the conclusion, Lane again criticises the existing literature dealing with decentralisation in post-Suharto Indonesia for not focusing on the question of social class and political agency, which he deems fundamental issues in the discussion of the dysfunctional aspect of decentralisation. He hopes his analysis on decentralisation focusing on the two fundamental issues will point to further useful research direction.

Overall, this monograph offers a useful and relevant approach to understanding decentralisation in post-Suharto Indonesia and the issue of class and the national political agency related to decentralisation. Lane has provided relevant points and evidence to substantiate his analysis and arguments. It will be of greatest use to those who are interested in studying the current trend of decentralisation in Indonesia.