

***Reinventing Indonesia.* By Ginandjar Kartasasmita and Joseph J. Stern. Singapore: World Scientific, 2016. Hardcover: 291pp.**

Reinventing Indonesia charts the development of Indonesia's political economy and path to democracy since the country achieved independence in 1945. Since the downfall of Suharto's authoritarian regime in May 1998, Indonesia has been regarded as one of the most successful examples of democratization in the world. This co-authored book offers insightful views on the history of Indonesia's political economy, some of the key challenges it faced and how the government dealt with them.

The authors, Ginandjar Kartasasmita and Joseph J. Stern, begin their book by briefly charting Indonesia's sixty-year journey from independence to democracy. They summarize the country's regime changes from President Sukarno to President B.J. Habibie. They also explain how the 1997–98 Asian Financial Crisis buckled the economy and how the government eventually managed to overcome the crisis and kick start economic growth. Kartasasmita, who served as the Coordinating Minister of Economy, Finance and Industry (1998–99) and had previously been the head of the National Development Planning Agency (1993–98), provides valuable insights into that period of crisis and reform. Stern, the Project Coordinator for the Harvard Institute for International Development, has had extensive professional experience in assisting Indonesian decision-makers. The authors' expertise and familiarity with the country's major political and economic issues accords them in a unique position to analyze Indonesia's democratization and economic development.

The organization of this book allows readers to easily understand the changes to Indonesia's political economy in chronological order. In each chapter, Kartasasmita and Stern describe in detail the country's political changes, the policies adopted by governments and the impact those policies had on Indonesia's economic and political development. Taking note of how Suharto maintained power for thirty-two years, Kartasasmita and Stern explain that the New Order regime relied on three political forces — the military, the Golkar party and the civil service — to retain power, and initiated three major economic reforms — the balanced budget rule, the removal of all restrictions on capital inflows and outflows, and the unification of multiple exchange rates to help maintain the real value of the currency. The Suharto regime also undertook economic reforms that

laid the foundation for the country's financial and banking system, tax system, trade and investment.

With regard to the sources of its political legitimacy, the authors argue that the New Order was successful in maintaining political stability, economic growth and equity for over three decades. Here, the military's dual-function played a crucial role in ensuring national stability. However, the 1997–98 financial crisis and subsequent civil unrest eventually led to the collapse of the New Order regime in 1998. This book provides a detailed analysis of the three key factors that plunged the largest Southeast Asian country into an economic crisis; namely the vulnerability of Indonesia's financial institutions, the regime's slow response towards recommendations made by the International Monetary Fund and the World Bank, as well as the lack of well-functioning institutions including an impartial judicial system to effectively deal with conflicts that arose.

Explaining the country's democratic transition and economic recovery, the authors focus on political-economic developments during the Habibie administration. On taking over from Suharto, Habibie undertook five key economic reforms: restoring macro-economic stability, restructuring the banking system, eliminating corporate debts, stimulating market demand and reducing the impact of the economic crisis on the poor. By the end of his administration, Indonesia was well on its way to recovery from the financial crisis. In addition to restoring the economic prospects of the country, President Habibie also laid the foundations for a democratic political system by separating the powers of the legislative, executive and judicial branches, as well as promoting freedom of expression, decentralization and multi-party politics. Unlike conventional democratic transitions in other countries, the authors argue that the authoritarian regime played a decisive role in bringing democracy to Indonesia.

Referring to Huntington's democratization theory, Kartasmita and Stern analyze key political events in the early period of Indonesia's post-authoritarian administrations. Following the country's first democratic election in 1999, Abdurrahman "Gus Dur" Wahid and Megawati Sukarnoputri were elected as Indonesia's new President and Vice President respectively. In the view of the authors, "political limbo" was the hallmark of the Wahid administration. Despite the high hopes of both domestic and international audiences, Gus Dur often behaved erratically and made controversial decisions such as allowing the insurgent Papuan's "morning star" flag to be

flown, lifting the ban on the communist party and dismissing cabinet members for reasons that were unclear. Domestic frustrations over his policies eventually led the People's Representative Assembly (MPR) to impeach Gus Dur for violating the Constitution.

Wahid's successor was Megawati, and during her tenure the Constitution underwent major revisions, including the establishment of a bicameral system of representation, rules on general elections and clauses relating to social justice. However, Kartasmita and Stern contend that there were several other major challenges confronting post-Suharto administrations, including incomplete constitutional amendments, economic disparity, decentralization, slow bureaucratic reform, corruption, collusion and nepotism (KKN) and environmental damage due to over-exploitation of the country's rich national resources. These problems remain and will have to be dealt with by Indonesia's current and future leaders.

Despite its many shortcomings, democracy continues to evolve in Indonesia. For nearly two decades, the country has been showcased as a successful example of democratic transition. Today, it is a member of the G-20, and according to the authors, this achievement shows that Indonesia has been successful in accelerating its economic growth and overcoming major challenges. Looking at the country's democratic trajectory and how it has emerged from past political and economic crises, the Indonesian government seemingly has the requisite modality to overcome future challenges.

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