

clearly shown that many of the loan recipients could have proved more successful in their economic enterprises if more advice and even some clear mandatory directions had been given by the loan providing agency. This would also have obviated the need to distinguish between the two categories of the very poor that they mentioned in the Preface. It would be extremely foolhardy for social scientists to claim that such fine distinctions of poverty groups could be applied in the field. Even conventional banks, which had proved less than enthusiastic about rural credit, do routinely proffer some kind of advice and guidance to their borrowers. It would be remarkable if the model Grameen Bank in Bangladesh did not offer advice and counsel in addition to the loans. Perhaps the authors were guilty of paying more attention to the model of the Grameen Bank presented in the literature provided (especially evident in Chapter 4) rather than as the bank actually operated in the reality of the Bangladeshi countryside.

An important departure from the Grameen Bank model was the fact that Projek Ikhtiar failed to charge interest on its loans, allegedly because all the funds for the project came as a grant from the Malaysian Islamic Economic Development Foundation. However, in order to defray administrative expenses of the programme it was initially found necessary to add a charge of 5 per cent on the value of each loan. This was later discontinued on advice from the relevant religious authorities who suggested a more equitable uniform charge, based on the total costs of administration divided by the total number of loans given (which amounted approximately to M\$75).

While the rationality of the pricing of loans by the Projek Ikhtiar is obscure, it is indeed regrettable that such a worthy attempt to alleviate poverty among the rural poor should have been constrained by sectarian considerations. Although, as the authors maintain, the project was intended to benefit all rural poor regardless of their religious affiliation, it is hardly surprising that there were no non-Muslim borrowers. No rural household would have willingly passed up an opportunity to improve their economic conditions through such

easy credit schemes, which, despite the administrative charges, received subsidies varying from M\$25 to M\$50 (p. 3). Since the funds came from an Islamic foundation, it was understandable that those who sought to maximize their benefits chose to spread misinformation that the Projek Ikhtiar was not accessible to non-Muslims (p. 28). It is a pity that the directors of the Projek Ikhtiar failed to correct such mischievous behaviour on the part of their Sahabat (beneficiaries).

Banking on the Rural Poor is a useful record of what ordinary people outside of government financial inducements (NGOs) can achieve in the vital development task of energizing and creating self-confidence among the often neglected rural poor. It is also a good example of the benefits to be derived by the co-operation evinced by four diverse and apparently unrelated bodies: a regional development organization (Asian and Pacific Development Centre), a government agency (Selangor State Economic Planning Unit), a national university (University Sains) and an NGO (the Islamic Economic Development Foundation). It would appear that having been inspired by the success of the Grameen Bank concept the sponsors of Projek Ikhtiar have succeeded in creating an entirely local institution which, in the form of AIM (or the Akhtiar Trust of Malaysia), will become increasingly a part of the government bureaucracy.

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Indonesia Assessment 1991. Edited by Hal Hill. Political and Social Change Monograph 13. Canberra: Department of Political and Social Change, Research School of Pacific Studies, Australian National University, 1991. Pp. 196.

A special effort of the ANU's Research School of Pacific Studies to publish *Indonesia Assessment*

on an annual basis deserves high praise. The assessment is rich with valuable, recent information about the state in the broader perspective of economic and political development and on special issues such as higher education, that is the main focus of this 1991 volume. The information is presented in a manner that will enable a wide range of readers, from scholars to government officials, to digest it easily. The excellent introduction written by editor Hall Hill gives a comprehensive picture of recent developments in Indonesia. Although the 1991 volume gives special emphasis to the state of higher education, the first two chapters of the volume present assessments of economic and political developments so well that readers are equipped with sufficient complementary information to follow the more specific discussion on higher education that occupies the last 11 chapters of the book.

Anwar Nasution opens his analysis of the economic survey with the statement that the period 1987–90 constitutes both the best and the worst of times. On the good side were increases in investment, non-oil exports, and private consumption. On the difficult side, Indonesia had to confront the problem of high interest rates, insufficient economic infrastructure, a widening current account deficit, a growing foreign debt problem, and a fragile financial system. From Nasution's analysis, we learn that although a lot of problems have to be solved, Indonesia's economic condition in the late 1980s and early 1990s generally was very good indeed, especially when it is judged by the relatively high economic growth of 7 per cent. The recent trade deregulation recently may have given an additional boost to high economic performance.

In the chapter on political development, Colin Brown examines a series of important political issues during the period of July 1990–June 1991, and then discusses their implications for future political development in Indonesia. The three major issues are the presidency, Islam, and political openness. He concludes that Soeharto is more likely to retain his power at least for his sixth five year term of office, while there is not much opportunity for the development of political

openness and a real role for Islam in the near future, despite the growing discussion about political openness and political manoeuvres by the president to attract support from the Muslim community.

On the state of higher education, most of the contributors discuss the chronic problem in Indonesian higher education: the low quality of teaching and research, quality versus equity especially in the regional context, and the limitation of higher education institutions absorbing high school graduates with differences in quality. The topic of equity seems to have dominated the discussion, as Oey-Gardiner puts it "the central government is justifiably preoccupied with regional equity... limiting the option for specialization and excellence".

Willi Toisuta, rector of the prestigious private Satya Wacana Christian University, compares private and national universities. He observes that private higher education invest mainly in the less expensive programmes of the social sciences especially law, education and the humanities, and they are relatively small in size and have lower productivity ratio (the ratio of graduates to the total number of students) than that of national universities. However, Toisuta rejects the notion that poor quality is a characteristic of all private universities. He asserts that there are some excellent private institutions which rank better than many national universities.

In the last part of the book, the contributors, based on their own personal experiences, reflect on the difficulties of encouraging quality research activities among the faculties. Most of them agree that low salaries and lack of incentives are the main causes of the research drought in Indonesian higher education. Some of them refer to the problems of lack of integrity and the absence of a conducive culture for research as additional barriers. Prof. Arndt, an Australian observer who is very familiar with Indonesian higher education, suggests two measures to overcome the research drought: appointment and promotion by merit and a system of prizes and awards. Meanwhile, Thee Kian Wie offers a similar way out: to improve the structure of incentives such as a system of

academic credit points, and political commitment from the government in the form of adequate funding and promotion which depends on academic output. However, Thee realizes that an improvement in the structure of incentives is a necessary, but not sufficient condition for raising the quantity and quality of academic output in Indonesia. He acknowledges that a generous system of material incentives might even lead to a contraction in the flow of academic output.

This book is very appropriate for the readers who want to keep up with recent developments in Indonesia, although it is not really suitable for those looking for serious academic research on the topics in question. One important insight from reading this book is that the success of economic growth and long political stability, regardless of the lack of political openness, still cannot cope with the problem of quality in teaching and research in Indonesian higher education. Blaming low salaries appears reasonable but does not stand especially when compared with other Asian countries such as India, Pakistan and the Philippines where the university faculties also receive salaries that may be even lower than their Indonesian counterparts, yet provide excellent teaching and produce research that attract funding from international sources. This statement has a more serious implication when we consider the extra amount of income received by the faculty at the top universities in the most "profitable" departments such as economics, but still they are not willing to limit their lucrative non-academic activities and allocate sufficient time for academic research. The main problem is not low salaries, although it is definitely an important one, but those universities in Indonesia where bureaucratic authority is more important than academic freedom, creating a stifling environment for research and other innovative works. University is more like a branch of government bureaucracy than an independent academic institution.

Indonesia is undergoing economic liberalization that gives significant benefits for economic growth. It is the time for deregulation to be initiated at higher education as well; let universities take care of their own activities while restricting

the role of government to funding allocation and supervision.

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Pacific Basin Industries in Distress: Structural Adjustment and Trade Policy in Nine Industrialized Economies. Edited by Hugh Patrick and Larry Meissner. New York: Columbia University Press, 1991.

In market-driven open economies, the secular rise and decline of industries due to changing patterns of locational competitiveness are common phenomena. So are temporary adjustment pressures as a result of both external shocks and internal policy mismanagement. How governments, trade unions and employers react to pressure upon declining or troubled industries, however, differs widely among countries. The reaction depends upon institutional tradition, the degree of openness, including the vulnerability against foreign retaliation, and the political power of the industries, to mention but a few of the determinants.

This volume presents nine country episodes, each discussing in a very comprehensive manner adjustment measures in various troubled industries. In detail, Peter Cornell and Paul Gorecki analyse the situation for shipbuilding, pulp, automobiles, textiles and apparel in Canada. So do Gary Hufbauer for U.S. steel, automobiles, textiles and apparel, Alan Bollard for oil refining, flour milling, meat packing, automobiles, and textiles in New Zealand, Robert Gregory for footwear, automobiles, textiles and apparel in Australia, Pang Eng Fong for shipbuilding, oil refining, textiles and apparel in Singapore, Yin-Ping Ho and Tzong-Biau Lin for plastic goods, electronics, wigs, textiles and apparel in Hong Kong, Rong-I-Wu for plywood, canned food, and