

development expenditure. The partition appears to be determined by external considerations. For example, in Bangladesh, some expenditure that normally should be classified under recurring expenditures, such as salaries of staff on a particular project, are diverted to development expenditure in order to gain access to donor funds (which the country has become heavily dependent on for its development budget).

I found Chapter 5, which is on the effectiveness of government social programmes, the clearest methodologically. The approach used by the author is simple but clever. In order to obtain a measure of the effectiveness of a government's social programmes, he compares the composition of government expenditure, breaking them down into various social categories (whenever possible), with the announced goals of the government. Discrepancies, of which there were many, suggest failure to meet objectives. Of course, there may be many other reasons why the actual allocation of expenditure did not match the rhetoric. Nevertheless the analysis gives a good first approximation of failure or success,

What I found wanting in the manuscript was an analysis of why the budgetary process is what it is. The book would have been much more interesting if the first chapter, which compares all nine countries, attempted to link political systems (and there are nine different types) with budgetary processes, that is do a positive analysis of the political economy of budgeting. This would have given policy-makers an idea of the structural or institutional bases of budgeting. In fact, in some of the countries studied there were drastic changes in political regimes and/or systems which would have lent themselves readily to this type of analysis.

Some of the country authors do discuss political economy factors. For example, in his paper on the Philippines, W.G. Nuqui discusses the significant changes in the budgetary process brought about by the ouster of Ferdinand Marcos and the establishment of a democratic regime. Similarly, Young-Dae Yoon discusses very briefly the political factors underlying the change in the budgetary process in Korea when Park Chung Hee

and the military took over the government. I would have liked to see both press further on the issues they raised.

While the manuscript did not quite go as far as I would have liked, it does provide much of the groundwork needed to undertake an in-depth study of the political economy of budgeting. I think such a study would be immensely useful to policy-makers because it would reveal the kinds of constraints one might face in implementing planned economic programmes and the kinds of strategies that one might devise to overcome them (assuming of course the study is done correctly). Information on this is sadly lacking. There are mounds of studies of the sort that says X is the best practice of policy Y. But there is very little that provides guidance on how to implement X.

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***Indonesian Assessment 1993—Labour: Sharing in the Benefits of Growth.* Edited by Chris Manning and Joan Hardjono. Canberra: The Australian National University, 1993. Pp. 326.**

This book is a follow up of the tenth anniversary of the Indonesia Update Conference held in August 1993 at Australian National University in Canberra. The rationale is concisely presented, as in the following quote from the Introduction,

Labour was chosen as the special theme for the conference mainly because of the growing national and international focus on labour issues in Indonesia in recent years. While the country has made important steps forward on a number of fronts — in general economic conditions, education, health and poverty decline — there has been growing feeling that labour has been left behind in the development process.

Although this volume was published in 1993, it seems timely to review it in light of the labour strikes in Medan on 14 April 1994, and their reverberating impact. The impact is felt not only

in terms of the financial consequences, the image of the country abroad and the general public shock created, but more importantly, in terms of the overall urgency of the message that Indonesia is facing the rumblings of its working masses. Based on several news reports — including the local newspapers (such as *Jakarta Post*, 16 April 1994), at least two phenomena in the Medan Affair, which was mentioned in this book, can be highlighted: (1) two of the demands of the workers during the strike were to increase the current level of the wages and the legalization of an independent labour union; (2) the involvement of the women labour force in the strike. In fact, several days following the week of the 14 April 1994 event, a smaller group of women workers took the same action by striking against a factory outside Medan. One thing is for certain in the aftermath of this event: the strike was a result of unsettled tensions and dilemmas in the Indonesian labour sector.

The book is organized into Part A and Part B. For a book of this nature, the editors have arranged all 19 articles in a very systematic way for the readers to digest the complexities behind the labour sector in Indonesia. As we read through it, we begin to understand the far more complex and diversified issues attendant on this subject. This review will not attempt to assess each part and its constituent chapters as they bear on the main theme. More limitedly, it will highlight the chapters into several major issues that are related to the roles of the government, the employer and employee, and the dilemmas facing them.

While recognizing that Indonesia continues to register an impressive growth rate, the stability of the inflation rate and the dramatic reduction in poverty, Sjahrir notes that some of the economic deregulation processes appear to have stalled. This observation is shared by the rest of the authors for the labour phenomenon. The following is a brief summary of the recent major problems in Indonesian labour. First, although the population growth rate declines, the labour force growth rate continues to increase, especially among women. Many argue that the greater labour supply pressure rather than the ineffectiveness of

government policies would seem to have been the major contribution to low wages and rising unemployment and underemployment. Second, to emphasize further the last point, an even more urgent issue here is the problem with the underemployment. A still large majority of the Indonesian labour force is absorbed by the informal/traditional sector. This has created underemployment and marginalization of the more and more educated/skilled Indonesian workforce. Third, there exists an inequality of income distribution among sectors of the economy and considerable wage differential for different jobs. Over 50 per cent of the labour force is still in the agricultural sector, but they have contributed only around 20 per cent of the national income. Fourth, there are persistent problems of restrictive labour rights and the enforcement of labour laws.

However, this book also acknowledges and presents the benefits enjoyed by the Indonesian labour force. Currently there are several ongoing government programmes aimed at improving the welfare and standard of living of the working population. These programmes include INPRES (President's Instructions) programmes that accounted for around 5–8 per cent of the total budget, and close to 20 per cent of the development budget in 1990. A large portion of this sum was devoted to the wages; the Ministry of Manpower has policies that can be divided into three broad areas of services, that is pre-employment services, within employment services, and post-employment services.

In general, however, there is one government economic strategy that has benefited the country as a whole, the promotion of non-oil sector exports. This had been the major goal of the government ever since the early 1980s, when oil prices were unstable and declining. During this period, structural transformations occurred in Indonesia. The country moved from being mostly an agricultural and import-substitution producer to become a more export-oriented and technological producer. The positive effects of this programme are clearly shown in the studies by Masri Singarimbun, Joan Hardjono and Tadjuddin

Nur Effendi (the last three chapters in the book). They concentrated their studies in three rural areas of Java for a good length of time. Several other achievements worth mentioning here are the decline in the percentage of the population below the poverty line from 60 per cent or 70 million people in 1970 to 15 per cent or 27 million people in 1990. The government also increased the minimum wage levels from about 40 per cent of the Minimum Physical Needs (MPN) in 1988 to 76 per cent in 1993, and with the goal to reach 100 per cent in 1995. Also the value added/productivity has increased around 5 per cent per annum in manufacturing over the 1970s and 1980s.

However the question that still remains is: Why is the number of labour unrests in Indonesia on the rise? One of the answers, like in many other government policies, is the implementation and the supervision of the policies and programmes. Ross McLeod presents one good example of this phenomenon. McLeod's paper analyses closely the JAMSOSTEK (Jaminan Sosial Tenaga Kerja) — best translated as Workers' Social Security, a government programme. The goal is to provide the workforce with: (1) life insurance; (2) retirement benefits; (3) free health care for workers, their spouses and up to three children; and (4) worker's compensation insurance for work-related accidents and illness. McLeod addresses the crucial question of whether the poor will benefit. He presents several concerns regarding this programme, ranging from the impact of this system to the demand for the labour, the interaction of this programme with the minimum wage policy, the size of the working force, factories and companies, and the administration that have to be handled by only one government institution, P.T. ASTEK, to the size of potential cash flows and of the budgetary effect. An additional crucial issue, mentioned by Kartini Sjahrir, is that most of the workers (in her study, the construction workers) are insured by the P.T. ASTEK. However, the lack of knowledge and insufficient information given to them has resulted in the insignificant role played by ASTEK in the welfare of the labourers.

Another very good discussion on the essential aspects and the evolution of the problems in the

labour force — while highlighting the ineffectiveness of the implementation of government policies — can be found in Section 2 of Part B. The chapters in this section concentrate on the Textile, Garment and Footwear industries (TGF), mainly located in West Java. It should be noted that (1) these TGF industries are a crucial element of the non-oil export promotions in Indonesia; (2) these industries play an important role in the absorption of the large rural workforce, including women and children, and in the industrialization of Indonesian economy as a whole, and (3) these industries have played similar roles in many other countries in Europe and Asia.

To briefly summarize the section, the TGF industries are considered to be the main driving force for generating foreign reserves. They are recognized as the "bridging factor" to integrate the traditional agriculture sector with the more modernized "manufacturing" sector. Hence, these industries are also playing a key role in both the absorption and training of the large number of workers. One other significant impact of the TGF industries is their influence in the structural transformation of the class identity in the labour force. Vedi R. Hadiz explains that through the process of information sharing and organization, the present generation of Indonesian workers has become much more urbanized in their lifestyles and outlook. Therefore, they strongly feel that they have more permanent stakes in the struggles to improve their economic condition. One of the result of this is the workers' demand for an independent labour organization as an alternative for the current government-run labour union, the SPSI. Another important fact to note in Hadiz's paper is that most of the industrial strikes that occurred in the TGF industry involved worker's demands for employer compliance with the officially stipulated minimum wage. Again, this is one more indication that there is still lack of supervision in the implementation of government policy.

The second possible answer to the question regarding the rise of the labour unrest is the dilemma that the whole economy is facing presently. H.P. Lok's article presents the employers'

perspective of this labour issue. Lok's findings can be highlighted as follows: (1) employers generally will continue to increase wages and improve conditions only in response to the government's initiatives, (2) employers argue that they do not determine the wages and salary in the industry, which are set by the government and the buyers (mostly foreign buyers). The employers claim that the Indonesian Government has long been promoting cheap labour and the buyer knows the exact present price breakdowns in the industry and if they cannot find the "right" price in Indonesia, they threaten to go to other countries, such as Vietnam and Bangladesh. This is a dilemma for Indonesia: industry needs to remain competitive and one of its current advantage is the "cheap" labour.

This book also introduced one more up-coming topic in Indonesian labour force, the role of women and children. Their numerical significance is rising, yet they are often treated the worst. Two

major concerns which require more attention are the gender differentiations in the work force and the lack of enforcement of the government regulations, especially pertaining to child labour.

In conclusion, it seems the complexities of the labour sector in Indonesia, as analysed above, are deep-rooted. For a country with such a huge population and large labour force with different levels of education and skills, the diversity of the problems are somewhat to be expected. The reviewer appreciates the comprehensiveness of this book. Although there is some repetition in the articles — which is understandably hard to avoid — the overall strength of this book lies in its attempt to gather all different perspectives on the topic. For those interested in labour issues in particular and recent developments in Indonesia in general, the book is worth reading.

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