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***Hard Times in the Lands of Plenty: Oil Politics in Iran and Indonesia*. By Benjamin Smith. Ithaca and London: Cornell University Press, 2007. Softcover: 239pp.**

Analysis of the potentially destabilizing impacts of resource booms on developing countries continues to be very relevant for Southeast Asia. Cambodia, Myanmar, Timor-Leste and Laos, some of the region's poorest countries, all face the prospect of large petroleum and/or mineral revenues over the next decade.

Few would argue that they should leave it in the ground. But the fear is that sudden, large injections of resource derived revenues, if not carefully managed, will distort their small and developing economies. Appreciating exchange rates and rising inflationary pressures could squeeze other traded (and much more labour intensive) sectors — manufacturing and agriculture — and may leave the economy vulnerable to dislocation from commodity price falls. Politically, resource revenues that directly accrue to governments in states where institutions and public sectors are weak may not be used to fund infrastructure, health and education, but may be squandered through misuse and corruption.

For authoritarian states, these revenues can nevertheless be windfalls that allow regimes to maintain their heavy-handed rule, pay for the military and police, reward cronies and followers, and still leave plenty for their leaders to stash away in overseas bank accounts. Yet they may be fragile states, unable to meet major political and economic crises if petroleum or mining revenues collapse. But is this always the case? Are resource rich authoritarian regimes always prone to fracture? This is the question posed by Benjamin Smith's *Hard Times in the Land of Plenty*.

Smith, a political scientist at the University of Florida, says that this path cannot be assumed. Many authoritarian regimes have in fact been resilient to crisis. Focussing on countries blessed with oil, Smith writes that "in some countries, serious political crisis toppled rulers, whereas other rulers rode out equally taxing challenges" (p. 3). In considering which outcome is more likely, Smith says it is critical to ask *when* the resource boom arrives, not simply *whether* a regime benefits from high petroleum or mineral revenues. Importantly, Smith assumes that an authoritarian government, whether it gains resources revenue late or early, is committed to state-led economic development of the country. There are some countries where ruling regimes are underpinned by resource revenue but whether they are really interested in fostering development is a moot point. Smith argues his case both on large scale analysis of more than 100 countries using regression techniques to test the correlation or lack of between various relevant factors and possible relationships, and also detailed historical analysis of Indonesia and Iran.

Smith argues that if resource windfalls become available sometime after the regime has taken power, has worked to establish its rule and embarked on a development programme, then chances are that it has put in place various institutions and measures that will enable it to ensure the regime's survival should it face a crisis later on. According to the author there are three main means by which authoritarian states can exercise social control outside of using the army, police and terror: "(1) information and regulation via fiscal (tax) extraction; (2) legitimisation via mobilization of official parties and ideologies; and (3) administration of social institutions in local setting with central political authority" (p. 52). But if a regime benefits more or less immediately from a resource boom as it takes power, the regime is more likely to rely too heavily on resource derived revenues to ensure its power and pay scant attention to aspects of state-society relations.

In Indonesia, the New Order regime of President Soeharto that seized power in October 1965 faced desperate economic circumstances. Large oil revenues did not flow until the 1973–74 oil boom. The state was weak and the new military-linked government faced "a powerful array of organized social forces" (p. 81). The new government had therefore in its early days to form alliance with these forces.

To help manage these forces and neuter opposition, Soeharto established a new political organization, GOLKAR, which could "reflect, represent and provide support for government policy" (p. 84). GOLKAR proved to be a very successful political organization and remains one of the strongest in Indonesia today. Lack of substantial oil revenues in the beginning also saw Soeharto improve the state's taxation capability. Further, the central government extended its authority down to local neighbourhood levels, a process intertwined with both organization of the military at provincial and local levels and GOLKAR. As a result, Soeharto's regime was resilient in the face of challenges to its policies and authority and later fluctuations in oil revenues. But Smith overlooks the constructive use of oil revenues for development in the 1970s and 1980s with real advances in basic health care, education and especially agriculture. This also gave the New Order legitimacy.

In Iran, by contrast, Smith argues that the regime of Shah Mohammad Reza Pahlavi faced no organized opposition as it cemented its rule in the late 1950s while enjoying ample oil revenues.

Despite the Shah's modernizing initiative of the "White Revolution" in the early 1960s, there was only a half-hearted effort to build legitimacy through a government endorsed political party, develop non-oil taxation and give adequate attention to cementing central government power at the local government level. The Shah's Iran was, in fact, a weak state, despite its feared security organization, *Savak*. It was not in touch with what was building up among the people and so unable to control the protests that grew in 1977 into the Islamic Revolution led by Ayatollah Khomeini and the end of the monarchy in February 1979.

Smith argues convincingly and his synthesis of different approaches to research and analysis is valuable. He notes that the polarization among scholars of area and historical studies, and quantitative social science approaches is "an unnecessary trade off obscuring a fruitful middle ground" (p. 202). Most of all, Smith offers a framework for analysis of the political implications of current and prospective resource booms in Southeast Asia.

Cambodia, where Hun Sen and his Cambodian People's Power Party further entrenched their power in the 2008 elections, may gain big oil revenues from the middle of the next decade should offshore exploration finds turn out to be as large as some have speculated. Myanmar's junta already gains its single largest source of revenue from gas piped to Thailand. This promises to double, perhaps even triple, from 2012–14, by which time new pipelines to Thailand and China will be commissioned. Minerals offer a bonanza to Laos' long-ruling Lao People's Revolutionary Party. Laos is hosting a quiet rush of foreign mining companies in the wake of the start of large copper and gold mines. Cambodia may follow Laos with exploration taking place for copper, gold and bauxite.

All these can be classified as authoritarian regimes of various degrees. A comparison might then be made with the embryonic, democratic state of Timor-Leste. Dilli can already bank on income from offshore natural gas fields in operation and under development in zones shared with Australia and has set up a special investment fund for long-term revenue management. Smith's work could provide a basis for a useful programme to study how the political economy and government in a new generation of Southeast Asian countries experiencing resources booms evolve in the years ahead.

ANDREW SYMON, a Singapore-based journalist, consultant and energy analyst, passed away on 25 February 2009.