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978-1-107-10922-3 - Economic Change in Modern Indonesia: Colonial and Post-Colonial Comparisons

Anne Booth

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Economic Change in Modern Indonesia

Indonesia is often viewed as a country with substantial natural resources, which has achieved solid economic growth since the 1960s, but which still faces serious economic challenges. In 2010, its per capita GDP was only 19 per cent of that of the Netherlands, and 22 per cent of that of Japan. In recent decades, per capita GDP has fallen behind neighbouring countries such as Malaysia and Thailand and behind China. In this accessible but thorough new study, Anne Booth explains the long-term factors that have influenced Indonesian economic performance, taking into account the Dutch colonial legacy and the reaction to it after the transfer of power in 1949. The first part of the book offers a chronological study of economic development from the late nineteenth to the early twenty-first century, while the second part explores topics including the persistence of economic nationalism and the ongoing tensions between Indonesia's diverse regions.

Anne Booth is Emeritus Professor of Economics in the Department of Economics at SOAS, University of London. Her chief area of interest has been Southeast Asia with a particular interest in Indonesian economic history in the twentieth century.

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In the 1960s, the literature on the Indonesian economy was sparse and pessimistic in tone. Despite the improvement in economic performance after 1965, the economic future of the largest country in Southeast Asia was, for at least two decades, still considered uncertain, and very dependent on a few key commodities, especially oil. Much has changed since the 1980s, and anyone, in the early twenty-first century, attempting a survey of Indonesian economic performance in both the colonial and post-colonial eras must deal with a large body of literature from a range of sources. At the very least such a survey should try to convey both the achievements and the failures of successive governments from the early 1900s until the fall of Suharto in 1998. It should also try to engage with the more recent literature which examines the implications for the Indonesian economy of the post-Suharto political changes, most of which came as a considerable surprise to economists, both Indonesian and foreign, who had worked in the country over the decades from the late 1960s to the late 1990s.

In writing this book, I have drawn on my own work in Indonesia, which began when I first went to Indonesia as a student in the early 1970s. Since then I have benefited enormously from interaction with many scholars from various parts of the world including Australia, the Netherlands, the United States and Japan, all of whom find Indonesia as fascinating as I do. I am most grateful for their willingness to share their research with me. In particular I am especially grateful to Thomas Lindblad and his colleagues at Leiden University who have invited me to several important seminars over the years, especially the one held in Leiden in October 2008 on the Indonesian economy in the 1950s, which resulted in a special issue of the journal *Itinerario* in 2010. The editors have allowed me to draw on an article originally published in this journal in Chapter 3 of this book.

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the United States, Australia and Germany to Tokyo and Beijing. Different audiences raise different questions about Indonesian economic development, but in all cases they have forced me to rethink some cherished opinions and re-examine my ideas on the achievements and failures of Indonesian economic development, both in the colonial era and subsequently.

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