### SURVEY OF RECENT DEVELOPMENTS

#### Lisa Cameron\*

#### University of Melbourne

#### SUMMARY

Monthly inflation fell to around zero in October 1998, while the rupiah strengthened considerably. Some recovery of share prices and significant declines in interest rates have given cause for optimism, and early estimates of increases in both poverty and unemployment now appear unjustifiably pessimistic. Although non-oil exports have been growing reasonably well, the plunge in imports reflects the severely depressed

#### POLITICAL AND SOCIAL DEVELOPMENTS

After the optimism about '*reformasi*' and democratisation that prevailed in the early months of the Habibie government, the political atmosphere became tense towards the end of 1998. There were violent clashes between the military and student demonstrators during the November meeting of the MPR (People's Consultative Assembly), summoned to decide on new 'broad guidelines of state policy'. Political uncertainty and party rivalry are bound to continue until the national elections in early June 1999 and a further MPR meeting to elect a President in November. It is probably too much to hope that a strong and capable government with decisive economic policies will emerge before then—or even afterwards, perhaps. On the other hand, a surprising feature of the last four months is that economic policies will emerge before then at the strong and the strong and the strong and the strong at the s

تر المراجعة المراجعة المراجعة المحروب المراجعة المراجعة من المراجعة من المراجعة الم المراجعة الم المراجعة الم المراجعة المراجع المراجعة الم المراجعة المراجع المراجعة الم المراجعة الم

about the lack of strong leaders in any part of the Indonesian elite. Since the newly emerging political parties will soon be competing vigorously to build up mass support across the nation in the lead-up to the electionsand sometimes clashing, despite official orders to national second s terne inner alere. Till wig megens ist er till at glann <sub>at</sub> proviseller siner ensettigsar 

1216:essipu"สถึงก128111718....การหลักกก - กรปกปราก \* ก็กองของกปกรณ ไมกสโรกิกรรกฎ แกกรากกรณญปกรณรู<sup>2</sup>ได้, ค กระปไทยๆ กองก็อิกเซอมและปีมีการๆ และพิมาหมีกิจ และก็ใช้มีกฤรู าน และได้ 21 %ก้างไม้การมีกาะสายกาะเพิ่ม Ingelessi ni "tänä"-peel lungetendete i i streenii deneto ili state estatelle interimee lon <u>քիր։ աշվաշության ըստո օրքիս ազը մետովօրով պանտանը գլիրվեզորթյան 30°տ իսպոկը։"թ</u> leg utilitation and the contains in annumity two on "normal conteges of the other enterestand supervest. Դուսա-սավորվում՝ ջշատու ու թատուտը դ<sub>ա</sub>ծեր ությունը, եւ «Սաթագնան արել, Առ <u>։ Ապակաշվիլը</u>ս որադրովար ինասնարդյու ու ազիդույթը 55-արդ շուրը է միզլեզոնենի շատուվիրը։ พระพ แต่ได้พระป แหน่ระบบคนระบบรอดนี้สามอิตชานี้ตามีหญาก่ำไปการกับกฎปมีกกระปมีมีปกรณาแรก กายปฏ Rindon senally; Illusa nappysaeun no eik koonessa nillae tae taan pennageenöpuaasaittisetti. ոլ՝ոլ ծշնաբեշ լվիայինի վինը՝ շոշել իննվիչն նել և և հետկրու ջշրություն այննաններ չշրջակու . All ha a sea Sare neurongai haiinikae na ann. Ine para Santaarant 30 4193 il adalinnaen na 11.8 Sasaesa albear

<sup>a</sup>annenny 11<mark>1 w. 75 sammennen van din '</mark>dönnung annen de na an - henden maande alle sollen die sollen die sollen d ները հետ որուսում և լրա մետ ու այս տեղ ընհերունչը հոդ ինչը՝ Դիրդ էնչում։ ԱԱՆԳեվիում, որոշ ուն ու որում է հայ ներ են հայ հետ հետ հետուսունը՝ "առող հանց թներնությունը՝ ներ հետ հետ հետ հե le la construction de la construct La construction de la construction La construction de la construction d y dan dilan waan "malen, dedan Yanya nel<mark>la van dilanan parta yana</mark> a uusegpaantii smaa <mark>""shi. Umulu alluazidi na Mkadharana Kana karana ina malan. Car <sup>n</sup>adi na maranina il</mark> հմասամ‱մի Յերության շներում հիսաները, ուս ֆինես Հատի տուլ օ Նազիիրը հեղորան ամաս չչ - ມີສະພາສະ 1 ມີການກະບານກະບົກນຸມສະຫະລັດເປັນ ແລະ ແລະ ເປັນການໃນສະຫະລັດ ແລະ ການການການ ແລະ ແລະ ແລະ ແລະ ແລະ ແລະ ແລະ ແ իշատիրում « հրկրառառանը՝ <sup>2</sup>. Ուլիդիննում սիրոն մետմում (հազին<mark>ին</mark> շվիտնումնի 111 ասը հեռնեն ennedigation and main after the presence of the second second second second second second second second second անը այա<sub>ն ա</sub>րթող այնու առավիդին ծնարությունը նաշնանությունը հետրո

ան՝ եւ ման/անել լլարոնեմնուն էր տրու ունեստու և միկանառ՝ ներութել, որը։ և կոսոֆր ว้ เกษาหม่ในการใน และเหมืองเป็นการแก่ การแน่ง และการและ และเกม การแก่ ๆ และ mente ser la ser de la ser de la serie de la serie

- an anhandillan at the a man of an a function for star when see a setting and անգրությունությանը անելու է է Հայաստանի անությունը։ Անդանական հարթարան է հարթանությունը է հարթանությո and wall show a many many arrited and the second states and the second states and the second states are second states and the second states are second states and the second states are second are se
- ահուս ծու միջ " միսչու ֆաժույլ միչվել" իս հուրդանւ ոլ դրկիք միդչ,թունիի, և յթութ արերարեն առարաներությունը առարող ապես աներագրությունը ու հայտարությունը առաջանությունը առաջ <sup>R</sup>omannan C.···· reninde Ade II men. 'n diersoerde armañ quoenne

6

<sup>6</sup> alta, altuntharrandta, rum alter annerene u törliftature h. g.a. eenit "on the "unit" on the asthe mm mit as assegned prove a tanga segnet on "theme neares to etheroa, gollong assittation" the engli styres tattastation "taga segnet on attact tatgastar or one of ether and the tatta ongle attact of the tanga.

ninger a """an analan" I a sela nalasenter "a'lle" gree ass asse la s II " Levene <sup>o</sup> " a aliraa kalli sangoosi uha aadhinaa kiisi udaalina in suu y asylaaapee si aana ahaan aha Low I washing the second of the program of the program with the second second second second second second second producing and the as charteness of a set of the set of ารก.ศ.ศ. 11. จ. 11. จ. 11. พ.ศ. THE SHALLOW IN I, WE AND A MARK WINDOW MILLION AND A MARKEN WITH SAVERAGE มักและหมู่สู่ให้มูกและกาย และ และ และ และ และมีมีมีและมีสินสินใ และที่ไป และที่ไป และที่ไป และที่ไป และที่ไป และที่ ա չութատում, անդան անդարան առապարտում առան հատուտություններին անդանություններին անդանություններին անդանություն ան՝ ուսելու հերապատաստանի հանդարը ուսի հնակու, հերադատարություն ու հ hin Mingeon "jooglampya, amaglaan hadan akaligaadaaadaara horad ahan miru aaama k Min www.a warange and warange and an an an an an and an and an and an and an an an an an and an an an an an an an a un, i.e. s.º . min,mil.e. mil is. a dis., will be the the international backgroup a supply ամնդրարդներ է օրվերա Ավիո, դի արդեսը գնու ան հայուլ իրդես հենու ուլլ։ Ոնվենան։« og av igdagge begankelettaart oog nettin "naatt ontal toe shalltaten itt se diterressen omtar som anstalaanaa aha maa maay oray aha Mara i kanaa kanakaanaa Mara Mara ahaa ahaa ahaa ahaa ahaa ությունը աներան հայտությունը է հայտարությունը հայտությունը ու հայտությունը հայտությունը հայտությունը հայտություն

"Monthly and the manage of the second state of the second second second second second second second second second »ղ» ու հետոա միսլ ա ուս թա հեհուի իրաթորահատորու միրա պրուստորեն թատ », <mark>այս արդանություն աներաներում է աներաներում է հարուներում է հարուներում է հարուներում է հարուներություն է հար</mark> man "Manadagan Magali Affalian anada da manifikin ta an Ia " an II ni ka "Angenne" wadda .», "maan anddalafaanaa" shimaaryysii 8h. Ionoren, 'Y eessiemeedd y faf furdo և հետանեստնունու ասպրհայենանուն։ իւ ու անցու հերավիացվին՝ արթ. ազրոն թմ. <sub>նուն</sub>ականությունը և քնիներինները հետում ու օրել է հայունը իրել է անհայտությունը, հայուներիններինները է warming the manager of the second second as well as well and a weather there is a second of the seco որը ու հետ անական հետ անաստություն անհանական հանդապետություն հանդատերությունը անհանդանումը, այս հետ վարձա որը արիլ չէ թանալ բուրյու Դրմպոս։ Կում սուհարմամ ամեր<sup>ո</sup>նքնանություններ է աներանություններ հայտան եր<sup>ո</sup>ւմե www.kuwy we'vegenerat within theper-allows music-conflicting inclusion with report his այը ը, լ՝ ավերթայիստու թնդրովի պարթվիրըման անտահհատինության հրարել։ 8 ซึ่งแก่ ขณะไม้หน้าไม่เกิดเรื่องการแก่งเป็นการแก่งเกิดเรื่องการแก่งเกิดเรื่องการแก่ง ու աներ անհայտությունը ու աներ անհայտում անհայտությունը անհայտությունը անհայտությունը։ Մին անհայտությունը անհայ all io io Mare servere ar staded a trae stractistic "he millionalism see a torise" mil illus frasee or fatise unde and a surplice of a language strain and a surplice and a surplice of a surplice of a surplice of the surp mille magazine sumennemeners impliming

Ապատճան ռաշտու սանեցլագետակ տու առաջութ առաջությությունը ու սասատաստանի "Ապա առջ գաւտ առաջունն առն գետ ուսաներություննությունը առաջությունները գործող ու ծ սնունչիսունքը ունչնենը ուն կունչում Արուստորու ըննդունը գորվումը արտաներությունը Survey of Recent Developments

vote and seats, with Golkar, PDI (the Indonesian Democracy Party) and possibly PPP (the essentially Muslim United Development Party) likely to be the largest. The political situation will be very fluid until the election (and after)—although perhaps more stable than recently because so much energy will be directed at it.

#### ECONOMIC DEVELOPMENTS

Against the volatile socio-political backdrop some short-term economic indicators have been surprisingly stable and positive. The rupiah has strengthened and the value of **pages** in the backdrop stable of t

and a standing of the second standard standard

"In westhelidity off there are masses if minger theoremizers and it was controled assumsen approximation and in a second to be presented in the main and the second property. (All the inthis based and and an another provide the present of the second of the second and the file of the distribution of the type of the type of the file of the second of the second theory of the second of the second (theory of the type of the second of the second of the second of the second of the off the second of the type of the second of the off of the second of the off of the second of the off of the second of the off of the second of the se



FIGURE 1 Exchange Rate, January 1998 – February 1999 (Rp '000/\$)

Source: Pacific Exchange Rate Services.

the year when IMF disbursements decrease and foreign debt repayments resume.

In contrast with Malaysia, speculation about moving to a fixed exchange rate or currency board has died down in Indonesia, and the floating regime is generally accepted. However, Amien Rais, leader of the opposition party PAN (Partai Amanat Nasional, the National Mandate Party), has stated that he does not oppose a currency board system.

#### The Stock Exchange

The Jakarta Stock Exchange (JSX) Composite Index rose from 276 at the end of September 1998 to steady at around 400<sup>th</sup> mid February. Unlike the rupiah, it did not weaken during the parliamentary debate on electoral reform, although it became more volatile than earlier in the year. The volume of trade has fluctuated markedly, and is much lower on average than in early 1998. Traders report that there is little in the way of overseas interest in the market.<sup>2</sup>





Source: BI, Weekly Report.

#### Inflation and Monetary Policy

Figures released in the IMF's 13 November Supplementary Memorandum of Economic and Financial Policies show that in contrast with the period immediately following the onset of the crisis, Bank Indonesia (BI) met its monetary targets from mid 1998 through to September 1998. In the absence of IMF confirmation it is difficult to say whether the November and December targets were met, because BI's published figures are not easily reconcilable with those the IMF uses for targeting.<sup>3</sup> The IMF target was for a 4.4% increase in base money between September and November; since BI figures show a rise of 9.7% (BI, *Indonesian Financial Statistics*, December 1998), it appears the November target may have been missed. This could help explain the return to significantly positive inflation in December and January after –0.27% was recorded in October and 0.08% in November (figure 2). December base money contracted to only 3.8% above its September level, however, suggesting that monetary policy may be back on track.

The annual increase in the consumer price index for 1998 was 78%. The failure to meet the targets earlier in 1998 and the lack of long-term targeting had caused uncertainty about the direction of monetary policy, and are consistent with this inflation outcome (Fane 1998). The achievement of recent targets generated greater confidence in monetary policy, and inflation fell sharply. The 13 November Supplementary Memorandum did not set monetary targets beyond February 1999, however.

The introduction of a new central bank law, which, among other things, would ensure Bank Indonesia's autonomy, was initially scheduled for 30 September 1998 as part of the IMF package of reforms, but was still being debated by parliament in early February. The law in its current form may increase BI's independence, even though its board of directors (the governor and five to seven deputy governors) is still to be appointed by the President, because it stipulates that the President cannot dismiss a member of the board unless he or she resigns or is found guilty of a criminal act. At the time of writing parliament was demanding a greater role in deciding the central bank's key management team: specifically, members of Golkar were proposing that while the President could appoint the board, the candidates should be selected by the parliament. A further aim of the bill is to transfer BI's supervisory role to another agency. All factions of parliament reject this proposition, on the grounds that BI has the required expertise and that introducing a new supervisory authority would spread that expertise too thinly.

#### **Interest Rates**

10

Interest rates had been set high to support the rupiah. The recent decline in inflation and the strengthening and stabilisation of the rupiah allowed BI to reduce nominal interest rates (figure 3) and so lessen the burden on the corporate sector. In response to the late January weakening of the rupiah, BI increased interest rates slightly, but they are not expected to rise further. BI director Miranda Goeltom suggested that interest rates could fall below 30% before the end of March (*JP*, 25/1/99).

The most important issue is not the absolute level of interest rates but the association of the second seco





Xallallä <mark>D</mark>uullallallalla<mark>ll</mark> XIIIIlällännava

hanned "... When have predi-

#### <sup>0</sup>18 n 118 minini - n<sub>al</sub>iface 1180



สโอกออกจะไห้กัน โดงไขมายกับกอนไม่เด็กกลไปไม้มีมาที่ไขได้กา

#### Mullipperson Bayes

bleaker than two years ago, and this may affect their labour market opportunities for years to come.

*Estimates of Poverty from Pre-Crisis Data.* One of the more pessimistic poverty estimates is that of the ILO, which predicted that 100 million Indonesians (49% of the population—39% in urban and 53% in rural areas) would be living in poverty by the end of 1998, and that this would increase to 140 million in 1999 (66% of the population—57% in urban and 72% in rural areas). These calculations assumed that nominal household income would not increase and that inflation in 1998 would lead to an 80% rise in prices of basic staples, with a further 25% increase in 1999.<sup>6</sup> We now know that although the inflation rate was close to what was assumed, the assumption that nominal incomes would not rise did not bold. Central work is a standard work in the assumption of the more would not rise did not bold. Central work is a standard work in the assumption work is a standard work in the assumption work is a standard work in the more would not rease and work is a standard work in the assumption work is a standard work in the assumption work is a standard work in the more would not rease in 1999.<sup>6</sup> We now work is a standard work in the assumption work in the more would not rease in 1999.<sup>6</sup> We now work is a standard work in the assumption work in the more would not rease in the assumption work is a standard work in the more w

Lisa Cameron

wheel without without we and growth and we will a remain the second second second second second second second s rénne dina la antenny s' Malanian par mae, salarenne Mine adall e Palallet enges <u>เขาะสไตนไปประการเป็นหารี่ต่องการแรง และได้ "ปีแรงรูปจะกับๆ ๆ ไปไล้หารแก่ง และ "แก้" และสัตว์ (</u> մլլլ է 200 վեր հանվարարում և իրը, իկրացումնացն անչյուն՝ հենահանու Ամ տղենանենատում» հեն perfort and spectra with a stand of the stan <u>Ale réselen hir manufinska sail saile dan in dina dan sail dan sail (1983).</u>

լ<u>ներ, իր լին լու ային մես չնես վերարորն,</u> անգնելու տաննավել ով ենկանագր<mark>անություն</mark>ներ կանքներ [ացնացացել ուսուհետությանացինին շնձոնու յոննոնցություն ունունություն and the second secon and the maximum free free free to the second

Transform from William and provide a state of the ate to souther they by all within and some any lateration within a strain all with a parameter the tert i ere, espressites erenesere, tere exercitente eren erenesite i fix terenete. լայու թերկի լնույունի հերչը «Կոլվիանը» թերոնինը ապրհեն Ուրը հրատար ու ունենու հնան։ )-Igeneybeeling approballement for how Well-medi Approxical method by <mark>the by Uphalanes (1990) -1988, wa</mark>r Orit 

- Wyna gywyr W<sup>9</sup>aslasad anllais, hagogalla g anna asllust all Wastille gwarseddau um na ann llan an gcanna llan a

an and the Management and a state of the second state of the 

Ուլ օրևեստանը ունել։ 2. Առաջան այլ է։ Ա. այլ այնումներություններությունը որ անիստոնիս է անգրիլ <mark>Հ</mark>արյացուններու հատ հատ հարվել։ 2. Առաջան այլ է։ Ա. այլ հետում ամերան աներություն <sub>ո</sub>րությունը, որոշ անգրին ուներին անգրին անգրին անգրին է անորդնե ก็สร้างสระปกกลังไปป้อย ได้สรามเอาไป แล้ว ได้สร้างสามาร์ เป็นกระปไม่ไป 101 สามาย สามาร์ไป (101 สามาร์ได้ส่งไปสา որ Աշավայի արդե արդալ ընդե Անովիդայիներ։ Անություններ արտանու է որ ԱՀ Անոթյունը անությունը առանունն jinelignae jijny aylad ay "anayaaligetta likeata" ay madhaatteesaan <mark>wage ah ta'ali mareelin</mark>padhanja and a second and a second a second 

n**errika** An grunski wanadi a kanada aka sakika mwina Panilin ika kana kana mutaka mutaka kana kana kana Yanada ninana kanada kanada

#### έλ

#### Web ut III.

հատուրություն՝՝՝ Դու սաստացումինութ և հատվաչը է անձադրագորությունը։ Հայտանինությունը՝՝ Հայինաներին՝ հակարությունը՝ գրնեւու թուրուները օրտանիսը աջացներին է հատվարը։ Հ. Ա. Հենենքերի այս հայտանին՝ հակարությունը՝ գրիչ՝ գրիքներից է ուսունքը, որոնցերը հայտաներ ներ հայտունը։ Ապայությունը՝ Հայաստանին՝ Հայաստանիստում հայտենում ին են առաջներինում է հայտուներ է հայտուներ է։



#### Lisa Cameron



with miles where we have been and the set of <mark>wilm<sup>ann</sup>loonnyyaanaana Malo alli'allimkaa ah ma baar o mira<mark>l</mark>o wilkalimka</mark> ann 18mm, and maller saker and mal as as anti-11 we we wanted as a second ավու ա.ա. միսներ արդեստությունը հետումին առաջերությունը անդեստությունը անդեստությունը հետությունը հետությունը հ <u>ատ հաղարան կերբում պուրիստվիստ հարարում հատո</u>ւանները T JORGER AND MILLION THE PART AND A CONTRACT MILLION AND A CONTRACT AND A CONTRAC a narahita la analitika ana ana alamanya di analitika analitika analitika analitika analitika ana ան արաներությունը անտաներությունը հետոներությունը հայտությունը հետոներությունը հետոներին հետոներին հետոներին հե and an an and a second a second and a second and a second แมนที่หนังสมาร์และ และ โดนแนะออกการและหลังการให้การให้การได้เกิดจากการและการได้เรื่องการได้เรื่องการได้เรื่องกา analaadii aalaaaaagdaaaat irrii awriiniiriin ilein ala m<sup>a</sup>annii 77 1-20 <u>ระหูรูปแบบสูต กละเป็ กละสันสาย สมเม ตาสสา "สมม และ สน "รังสอบการ "โมรมไหลด การเ</u> a walling "here a supported in the second of the second \*Sun ulus "man " mumoulf-antum" " attend "ing atom mumulf-antult b "brains an unum atogram attend at Egg, au mumour " attendered attend " attendered attendered " attendered attendered " attendered attendered."





Source: As for figure 5a.

#### **Coping Mechanisms**

Evidence on the strategies people are using to cope with the crisis is still largely anecdotal. The *kecamatan* survey shows that people are selling assets and cutting back their participation in *arisan* (rotating savings and credit associations). There have been reports of large-scale migration back to rural areas and a return to agriculture; this is consistent with agriculture being among the few sectors experiencing positive growth. One possible reason for the weaker impact of the crisis in rural areas is that informal coping mechanisms are still intact in the villages—for example, the sharing of resources across households. Similarly, small and medium enterprises are reported to be weathering the crisis better than larger companies, because they are less reliant on formal markets, and less reliant on now far more costly borrowed funds.

#### Food Security

Although the main rice harvest was the worst in six years, Indonesia experienced no real rice shortage in 1998; the shortfall between domestic

demand and supply was met by increased imports of rice. Rice production was low because of drought and dramatic rises in the cost of fertiliser and pesticides. The rice harvest is expected to return to normal in 1999 thanks to good wet-season rains.

#### ECONOMIC POLICY PROGRESS

#### IMF Update

The government's economic agenda is still largely driven by the requirements of its agreements with the IME, consisting of four main Memoranda of Economic and Financial Policies (table 1). The latest (IMF IV) was signed on 29 July 1998 and has been followed by three supplementary memoranda." The IMF was satisfied with Indonesia's performance at the time of writing, and the disbursement of funds has run according to the schedule set out in IMF IV. Table 2 shows the schedule of disbursements under the Extended Fund Facility, which replaces the three-year standby credit of 5 November 1997. The IMF has also committed itself to providing extra funds for the June elections and to strengthening Indonesia's foreign exchange reserves.

IMF IV is broadly consistent with IMF III (Johnson 1998: 32). It establishes performance criteria and monetary, fiscal and external targets to end March 1999, and strengthens the bank and corporate restructuring programs by providing more detailed frameworks. It also addresses the need to reduce the budget deficit in the next three years by better targeting subsidies to the needy, improving revenue performance, and streamlining public expenditure management.

#### TABLE 1 IMF Letters of Intent



#### 8 M and assume the support of the second sec

ունետ-Աննունե նուց ըմինչոններունները, գործեց, պատ կարութերաթու ոնութեր<sub>ն</sub>երով, աստ 8- աստնեստ, ունենց - ու ընհանհատեննուց ննորհունեններ նշերկում՝ "նուներ" ընդում կորոնցուցում որ ընչեն կարու է հանների պարուց են 11-ներ բանունեն հանհատերում որ ընտրութերիների ներությունը, որ ներությունը - Ուն ուսուսվությի արդերն հանկում է, ոն ներում է կորոներ պատերում է, որ ներու արդերությունը է, ու ներութերին է - Ուն ուսուսվությի արդերներին է, ու ներում է, ու ներում է, ու ներու հանդերությունը է, ու ներութերին, ու ներութե

Indonesian Pank Restructuring Agency) had been audited. There is considerable opposition to the program. On the one hand, the banks' owners fear loss of control. On the other, there are concerns that recapitalisation may transfer wealth from the general public to the wealthy elite who are the principal shareholders of the private banks. The current schedule has the program being completed by March 1999 (three months after the previously announced deadline), but at the time of writing there was little hope of the revised target being met.

The restructuring program rests with IBRA, which is politically weak in relation to its difficult task; its slow progress is a cause for concern. IBRA's lack of authority was evident previously in its dealings with Soeharto crony Bob Hasan: he repeatedly postponed meeting with the Agency, and IBRA later failed to act against him when he breached the deadline for repayment of his bank's debt to BI. In a positive move in November 1998, President Habibie agreed to extend IBRA's life by four years, and handed responsibility for ratifying the agency's decisions to the respected Finance Minister, Bambang Subianto. Habibie also committed the government to allowing IBRA a free hand to seize and liquidate banks' assets, and to prosecute owners who failed to ensure repayment of their banks' debts to the government, but commentators remain sceptical.

Audits of most of the larger banks have been completed, and the latter have been classified into one of three categories according to their capital adequacy ratio (CAR; i.e. the ratio of equity capital to risk-weighted assets):

- Category A: CAR over 4%;
- Category B: CAR between -25% and 4%;
- Category C: CAR below –25%.

**Category A banks are not included in the recapitalisation program, since a 4% CAR is regarded by the government as acceptable for the time being—although this is only half the internationally accepted standard**, and one-third of the level Indonesia had set as a target before the crisis. Category B banks will be eligible to participate in the program, but Category C banks face the threat of being excluded and required to close or merge with other banks if they are unable to raise their CARs above –25%. Surviving banks will be required to submit plans showing how they intend to raise their CARs to 8% in three years' time (*Financial Times*, 12/12/98). It is not clear how many banks will survive the restructuring program. President Habibie has said that he would like to see about 50, but the Governor of Bank Indonesia stated subsequently that the government had no target for the number of banks (*Wall Street Journal Interactive Edition*, 10/1/99). The Governor also signalled that the government would exercise its discretion as to whether individual Category C banks would actually be closed.

Of the 150 banks that had been audited by early 1999, 40 fell in Category C, 56 in Category B and 54 in Category A (*Indonesian Business*, January 1999). Despite all but one of the state banks falling into Category C, all are to be recapitalised. Four of them (Bank Ekspor Impor Indonesia, Bank Bumi Daya, Bank Dagang Negara and Bapindo) are being merged to form Bank Mandiri, a process expected to be completed by May or June 1999 (*Kompas Online*, 4/1/99). No explanation has been given for the different treatment of state and private banks.

The government will provide up to 80% of the funds necessary for recapitalising Category B banks; the remaining 20% are to be supplied by the banks' current owners. Rather than paying for newly issued shares with cash, which would have an undesirable expansionary impact on the money supply, the government will inject its equity contribution in the form of government bonds; these will take the place of non-revenuegenerating bad loans, providing a risk-free source of earnings for the banks. Although this approach has been under discussion for some time. there is still considerable confusion about the interest rate to be paid on the bonds. Most recently, the Coordinating Minister for Economics, Ginandjar Kartasasmita, has stated that they may be indexed to inflation, paying a real interest rate of 3% p.a., but that the government was still also considering the possibility of using more familiar nominal, marketdetermined, fixed or floating bond interest rates (Bisnis Indonesia, 8/1/ 99). There is much to be said for inflation indexing of loans and other interest bearing securities in Indonesia's present circumstances, given recent wild fluctuations in the inflation rate. If the government used this approach it might act as a catalyst to encourage the banks to consider using it themselves in their deposit-taking and lending activities.<sup>10</sup>

Interest payments on the bonds are expected to amount to Rp 34 trillion in the 1999/2000 fiscal year, of which Rp 18 trillion will be a charge on the budget, and Rp 16 trillion is expected to be covered by off-budget sales of assets of troubled banks (*Bisnis Indonesia*, 8/1/99). At 20.5% interest (3% real adjusted for 17% inflation), this estimate implies a total bond issue of Rp 166 trillion. If the bonds are inflation indexed, the actual interest payments will be far smaller than Rp 34 trillion, at just 3% of Rp 166 trillion, or Rp 5 trillion. The remainder will take the form of an increase in the nominal value of bonds outstanding. A benefit of combining indexation with inflation-corrected accounting is that it would show that the true budget deficit is much smaller than it appears to be when no account is taken of inflation.

The government appears to lack a clear and coherent program for bank recapitalisation. Finance Minister Bambang Subianto had previously announced that the majority state-owned Bank BNI was likely to be among the first to be recapitalised 'because it was already publicly listed'. The wholly state-owned Bank Rakyat Indonesia was also said to be a priority because of its role in providing services to small businesses and farmers (*Antara*, 15/12/98). Neither bank has yet been recapitalised. Trade and Industry Minister Rahardi Ramelan is reported to have said that Bank PDFCI was to be restructured to become a trade-financing agency, but this was contradicted by the Finance Minister (*Wall Street Journal Interactive Edition*, 4/2/99). The planned acquisition by Bank BNI of the state-owned savings bank, Bank Tabungan Negara, was cancelled at the beginning of February (*Wall Street Journal Interactive Edition*, 4/2/99).

In late January 1999, it was announced that the first banks to be recapitalised would be Bank Lippo, Bank Sembada Artanugroho, and 10 state owned provincial banks.<sup>11</sup> This would involve government outlays or Rp 4.3 million, of which Bank Lippo was to receive the lion's share of Rp 3.75 million (*Reuters*, 29/1/99). The choice of Lippo Bank—controlled by the ethnic Chinese Riady family, which is said to have close ties to President Habibie—and the high proportion of the funds going to it generated a strong negative reaction because it appeared to be yet another case of Soeharto-style cronyism.

Whether this reaction was justified is unclear, but the government has been justifiably criticised for its failure to supply adequate information about the transaction (IP, 5/2/99). In the absence of details as to the outside auditor's estimate of the value of equity and the price at which the new shares were issued, it is impossible to know whether there was an element of subsidy of the bank's owners by the government. Nevertheless this seems highly likely: it is hard to imagine why the owners would sell shares in the bank to the government unless the price received was above what they thought to be their true value. Banks' owners have an enormous informational advantage over the government in estimating the true value of assets and equity—not least because many bank loans are to companies that are part of the same conglomerate.

An alternative approach to recapitalisation that would address concern about its being a means of subsidising the rich would be for the government to take a much more hard-nosed, market-driven approach than it has until now. Banks that cannot—or will not—boost their CARs to 4% could be taken over by the government and offered for sale to foreign or domestic buyers—including the current owners—willing to bring equity up to this level. Given that equity is often likely to be negative, bidders would have to be given the option of specifying the minimum value of bonds the government would negative.

rather than an audit firm to put a value on the banks' assets; that it could avoid the disruption and waste of investment in physical and human capital implicit in closing banks down; and that it would prevent the government from becoming even more heavily involved as a bank proprietor (at a time when it is planning to divest ownership of the existing state banks). The original owners could be expected to offer a price at least as high as that which they would offer in the direct negotiations that now form the basis of the government's approach, and other bidders may offer something even better.

According to the government, the provincial banks were included in the first recapitalisation group because of their potential for accelerating economic development in the regions. An alternative explanation is that the element of opposition to recapitalisation that arises in the private sector banks, because of their owners' desire to avoid loss of control, was absent in these cases, as it was with the four national state banks that are being merged. The fact that only two private banks were included, one

will do nothing to convince observers that it has the will to tackle bank sector reform seriously.

#### **Debt Restructuring**

Indonesia's private foreign debt is estimated at around \$80 billion. Restructuring this debt is imperative in re-establishing a functioning business environment and as a spur to economic growth. The government's approach to debt restructuring relies upon the Indonesian Debt Restructuring Agency (INDRA), bankruptcy law reform, and the Jakarta Initiative.

INDRA. The Indonesian Debt Restructuring Agency (McLeod 1998; Johnson 1998: 52; Evans 1998: 9-11) was established in July 1998 to aid in

24	37781	Lisa Cameron
	5011	
<b></b>		
<b></b> 144 -		
<b></b> 541% <b></b> -		
<b></b>		
	•.•	

#### aaxiiiaaaxiimaaxiimaaa

m

In the field of the second sec

<sup>11</sup> Transfer (h. 1997). Untrille and colliced arrayses (Silvered); "Holesed areas a second silver, normalities, and address of the second silver address of the second silver and address of the second silver and address of the second silver and address of the second silver address of the second silver and address of the second silver address of the second sinterval silver address of th

## 

- (Storn) - Ordellings perper many manifestive "submitteen all - main" and public versions - officer a - Storn - Ordellings perper many submitteen "submitteen all - main" and public versions - officer a - Storn - Storn - Ordelling - Ordelling - Storn - Ordelling - Ordeling - Orde

and a second s rice to families adversely affected by El Niño, and provided 10 kg per month to poor families at Rp 1,000 per kg (about one-third of the market price). The program was said to be reaching six million families by end October (somewhat less than the 7.5 million specified in IMF IV), but is now being rather ambitiously extended to 17 million poor families (*Reuters*, 17) 1932

And a second sec

Second and a second second

#### արույնություն հանություն, ու արհինը առույն

For a systematic product and an excitation in the last framework over the last operation of the second product the second product of the last of th

- ան «Կահանուն» անդարությունը անհանում անդարան անհանությունը անհանությունը անհանությունը աս հան «Կահանուն» անհանությունը հանությունը ու անհանությունը անհանությունը հան անհանությունը անհանությունը անհանությունը անհանությունը անհանությունը հանությունը հանությունը հանությունը հանությունը անհանու հանությունը հանությունը հանությունը հանությունը հանությունը հանությունը հանությունը հանությունը հանությունը հանո անհանությունը հանությունը հանությունը հանությունը հանությունը հանությունը հանությունը հանությունը հանությունը հ
- ու արդանակուտքես անհարդանու նուրում, անտանում անդանանում անդանանություն, որ արդանանություն, որ անդանություն, որ անդան ու արդանանում անդան համենանից հատեսանում ու արտանում ու արդանանում անդան հատում ու արտանում արտանում արտանում ու արտանում արտ Աստանում արտանում արտ

promosternest also hangette anores.cov telopologradestration, and and also Nigos will on apoult to be and? So at 25.00 int monotalization of allows and to annun gelemanates and somester at the states. Allow a allow beam be

יייים יישר אוני באיר אוני שאיין אוני אוני אוני אייש אוני אונים אונים אונים אונים אונים אונים אונים אונים אוני אייש אונים אוני אונים אונ אונים אונים

# process, the task may be allocated to 'quasi-NGOs' formed for opportunistic reasons only.<sup>13</sup>

**Micro-Credit.** The government aims to meet some of the objectives of the safety net programs by introducing new micro-credit schemes. It was announced in November that 16 subsidised loan programs would be established and allocated Rp 10 trillion (\$1.3 billion). Most of the schemes will be targeted at SMEs or at poor families.<sup>14</sup> They will offer subsidised credit at an annual rate of 6–16% (the rate for normal commercial loans has been about 50% in recent months). Some schemes will not require collateral. Working capital loans are limited to Rp 5 million and require repayment within a year. Investment loans may be up to Rp 25 million, with repayment within 25 years.

The success of nucro-credit schemes in other countries has binged on the provision of credit at market rates to individuals who would not otherwise have access to it (owing to lack of collateral, for instance), or on strictly controlled access to credit if it is subsidised. An institutional structure that discourages cheating and default, such as group-based lending, is important. Like previous Indonesian subsidised credit schemes, the present ones lack these characteristics. They appear to be little more than subsidised credit programs, with the funds to be disbursed via commercial banks. Critics claim that the schemes lack the controls necessary to prevent significant 'leakages', and that institutions that were not cooperatives have been able to acquire cooperative status and gain access to the subsidised funds (*JP*, 14712/98). There have also been reports that the implementation of the credit schemes has corresponded to a large increase in time deposits, the inference being that people are earning handsome financial returns by depositing funds from the subsidised credit schemes at far higher commercial rates.

The targeted rice program has been more successful than the other social safety net programs: the labour-intensive programs, in particular, are likely to benefit tar fewer Indonesians. The tragedy is that, at this time of perhaps greatest need, not all the available funds have been used. This is to some extent understandable given the difficulty of mobilising such an extensive program in such a short time.

#### 'EKONOMI KERAKYATAN' AND CHINESE INDONESIANS

The establishment of a 'people's economy', one of the tour areas to which social safety net expenditure will be directed, involves the dispersion of economic decision-making power to large numbers of Indonesians. Discussion of the 'people's economy' at the November Special Session of



significance of his exploitation of *ekonomi kerakyatan* as a popular slogan is harder to assess.

2...

President Habibie has himself urged that the significance of MPR Decree No. XVI not be misunderstoed. 'You should not imagine that the decree would serve as an impediment to head

				_
		li oni provina Milandin	ng nguyan Nguyan	
"#####################################		ny Mily Mil		
"Mile IIIIdaa"eene Mil 🚥	Ша нууу		0	
and and a second s	•• <b></b>	₩₩₩ -11 %m	- 1988) - Duite - Duite	
8 U0 <sup>m</sup>				
enne narenne litu e			eumini	
Muulla MulluXiii	Holl	er mer Hun,	""""""""""""""""""""""""""""""""""""""	
<mark>มไม้ในบนูบหนึ่งไม่ต่ามีการก</mark>	Rolli	nWii 🕷	lloon W	
winpino#"rule=	unijin	n n n n n n n n n n n n n n n n n n n	-w Xuw" Awayiyu	
Av Öll". Avaluutiinii uliinii				
danny (10st allas) agrada na "hail adaanaa a		81 <u>1%.</u> 11 <sup>9</sup> 00	- Ilvillo	
0 40"1101190 331	uillo		<mark>n 8</mark> 0	
ann nogasaogar mar	Allo 8-		Wasan	
u m <mark>1870-2870 - 011</mark>	MiniBilli			
՟ո֎ֈ֎ֈֈՠՠֈֈՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠՠ	800IIIIX	usmil		
wali Dila.au i	RINWX	800000	"#XX+AUU	

#### TABLE 3 Government Budget (Rp trillion)

 $_{\rm N}^{\rm N}(\beta^{\rm H}$ 

ant as made as a subspace of the second s and second secon

## WWR.m. C. Manner

anna <mark>n mahajarana</mark> n d <del>arana managara</del> Mahada
--

20 U

		<b></b>		anyan ana ana ana ana ana ana ana ana an	
				<b></b> 11 <mark>-133311</mark>	
	aluko uduagianya kana Mutu (ji 1000 - 1000 2 Mutu (ji 1000 - 1000				
			<u>11112112</u> 00		
				W*99100	
		00284 -11280 -11280		U	
	Annua Second (Manus) "Annua Terra (Manus)				•
ունիցիա ավիրայան անհանգությունը անհանգությունը անհանգությունը։ Անդեստանությունը անհանգությունը անհանգությունը անհանգությունը անհանգությունը անհանգությունը անհանգությունը անհա					
•=	ntersetti yyne usyni yn gynnym ffiteruu Yn yn fefeniu yn en ffiter Hally son a yn esnan i gyfe				
	ու ոցոնու ան <b>ա</b> նվերոն նունարուննե	<b></b>	078"		

essen har puon likk on the shift for mean address. There is the like to take telesson (spectrum) tens type to the formula, with shift a summary presence. The satisfic on the summary may and so the satisfic on the satisfic of the satisfic second second states and the satisfic on the satisfic on the satisfic second second the satisfic of the satisfic second second second second second second second the satisfic second second the second the satisfic second s 33

nič.

34			Lisa Cameron		
TABLE 4 Development Budget   (Rp trillion)					
			2#3\4		
Expenditure	1998/1999 Total %	1999/2000 Total %	% change		

Kabupaten/Kotamadya Development Funds. The budget allows for increases in the salaries of civil servants, members of the armed forces and retirees, but these are not sufficient even to offset last year's high inflation, let alone address the problems of accountability and transparency that arise from having such a poorly paid public service. The amount allocated for interest payments is also lower, in part because of the increase in the value of the rupiah and the suspension of principal repayments as agreed with the service.

1 00 շարժել գրումբառայիտություն՝՝,«իթյոնի, «սկերպարությանու հարվությության», արդի թարությ allonallalla ashallanan allalalar 8 -Allondar 9 ash Wallasynallallallonadangaasharkayan yy adh llillinn lealaran an Inan Unananan = 17 lleg taulath an 1,51 miliathachadan San Anna Ing Ing Ing Ing Ing In winessiness \_\_\_\_\_ essienelle, we loof thit. Annesenfilles and risording<u>ual</u>engellang<u>aaass</u>s<mark>tädt</mark> nnas na na njapall'ani applijer azami d-dane ar munidirepad d oru ni. Nina matikati dan abdis »՝ բ<sup>ան</sup>երկան Առավալ անալ <mark>հայլը անտուկու (</mark>յուսու անել)։ Դայննարոննենանությ<u>ա</u>նօրոր, լեկեր กประกอบมากกุก สรุกษรทุกแห็นเป็นแปกสมเสญาระเมกกระ กุดไก สระ กุณิสาร โดสการแสนิสา กระนิสานการสาว <u>าสาร และสมบัตรูกับหมีให้แก่ และสุข และและแ ในรูปได้ให้ได้มี และ สึกที่สุดหม่า และสารและนี้ สองสุกุมสร้องได้</u> 1118 ในช่วง กลได้ ()กลได้และ กล. ก. 2011 ก็กลายมากกร<mark>ะ</mark>สีญาย กระกองกุกกระ, 2020(ชาญญรรีก ()การกระ 3.0 (กระ (กระกอบก 1018/07 - ได้สายใหญ่<sub>กระ</sub> 1028 - กระกอบการะ 8.8 กระกอ ในกระกิจ ()ปฏิรัฐกิจ - กระกอบการกระกอ ()กระกอ "CURAR A CONTRACT OF THE AND A CONTRACT OF A C llooll applintfillegjull 8

ովուտ Գուրչչվերը ու <sub>պրո</sub>րդեսելով, գորումներում չնասնաց, ՀՀՀՀ, ՀՀՀ, ՀՀՀ, Առանելով, ՀԱՆՈ Հայինացատերությունը հայուրը հայուն ուս է հետությունը հայությանը։ Արթելիներությունը հայուրը անդումներում հայունը հայունը հայունը ուսը։ Այս դորվել է ուսըները հետությունը հայուրը հետությունը կարումները հետ Գուրքիցումի չուսու այն հայունը հայունը հայունը ուսըները

2000 and a second second of the second of the second second second second second second second second second se the second se and second sec

Ասպիսատոնես-«տուսուրություն»։ «Ա." Արտաքին ու չ Արտանուլ լուս է ծուուները սասու ու նաև և տուս է նուս մատինքու անտում ու առնելությո առու ու հայունը

#### "-allighting namesaan oo ahaan ah

Malan yes a MagdamainaManamganali.Innoanulk.~ ann rManned prarrer aala aali Xuu ee aadk my mealao reasiliiruo mua mara Maa areeysayaan iyo ka iyo a ahaa մակ, վլրա՝ առումիքեմը իրար Վմը Եշապի հանդան ազմեսմ, առանդ արութվերը, չեր՝ ը՝ չանչչ, պատարեւ ես, բրումներ, ավենդես գլվանութ, վերությանն էր է արտվել աշրուստու հայտու <sub>հա</sub>որարը հայու մեր մեր ընդատությեր չոկը։ Ապարտեսնան<sup>ար</sup>աժողջորուստեն»։ <u>, ավերակությունը կատ անոր մերքներում, արտանրան հայտարել 2010 ան մերջնեն, ան անել</u> parallel how approximation that and the second provide the second s ite., r – 2181 oli meremater.et ar Bella, Ny Idella sonre siterassisteperemitet 2." <u>Արրաշակիսը գիկում ինդսարեր ո պիտրոսան</u>երոնորը թուրը։ ուն <u>∿մ Ոհս յլ հնմերություն</u> ։ չակինըներ լարապը ծանդը առոշում չունադրդանը՝ բուս ուսել առնիր՝ անետ Հանդա s. Reinstein werten werden der State in State aus in State aus aus der State aus der State aus der State aus de partaling structure all the mass parameters may an "Partalined Proves are filme enter the ապարությունը՝ արտաներությունը հայտաներությունը՝ հայտաներությունը՝ հարությունը՝ հարությունը՝ հարությունը՝ հարութ անություն անդարան անդարան հայտարին հայտարան հայտարան հայտարան հայտարանը հայտարան հայտարան հայտարան հայտարան հա nisi m"m voluitor passane sun<sub>a</sub>tan or...

Alun rungani, a humberen medalengen dida a te fasilikat er dissili i interest kashag pro ante humamaterin mit ante e giberat genne mer, i gib redige memmaterin gen de hartat dissilender mit anter e giberat genne mer i de de he merekanen de heren 'n te strike disse de se disse van disse in the he merekanen 'n te brikke erkant aranger unteration is midde disse met in he merekanen 'n te brikke erkant aranger unteration is midde disse he te get aranger mereke er gestelende die er in disse midde die die die die die generetingen die mathete is die en gestelende die er witten de ter get aranger mit die ter in die state of mathete die er witten in die her mit is generetingen die midde die die state witten die state mit in die generetingen die state of mathete die die er witten de state mit in die generetingen die state of mathete die die state mer generie aranger die state witten die die state in terministen alle state aranger die state in die state of mathete die state in terministen alle state aranger die state witten alle ter state.

#### R TRH-- III'''' a a "

#### 

Sou directions and the second of the seco

#### NOTES

- \* This Survey has been compiled with the generous assistance of Professor Jamie Mackie, who is mainly responsible for the sections on social and political developments and the people's economy. I also thank Chris Manning for providing the real wage graphs, Peter Gardiner for his comments on the section on the social impact of the crisis and all others who provided information and comments.
- 'Gus Dur' is the popular name of Abdurrahman Wahid, the widely revered head of the rural-based Muslim organisation Nahdlatul Ulama, and head of the new PKB party (Partai Kebangkitan Bangsa).
- 2 The JSX Composite Index is plotted over the last year at http://indobiz.com/ news/jsx.htm.
- 3 BI publishes base money figures for the end of the month, while the IMF uses a 10-day average centred on the last day of the month to assess whether its targets have been met.
- 4 The government assumes an oil price of only \$10 per barrel for the coming financial year budget. This may be compared with a price of \$23 per barrel at the end of 1996.
- 5 The poverty line in Indonesia is defined as the level of expenditure associated with a daily consumption of 2,100 calories. This is lower than the poverty line set in most comparable countries.
- 6 Information in this section borrows heavily from Booth (1998).
- 7 The Indonesian Family Life Survey is a random household survey conducted by the RAND Corporation and the Demographic Institute (Lembaga Demografi) at the University of Indonesia. It was first conducted in 1993 (IFLS1). The same 7,200 households (on the islands of Java, Sumatra, Bali, West Nusa Tenggara, Kalimantan and Sulawesi) were interviewed again in 1997 (IELS2), and then a sub-sample of 2,000 across 13 provinces were reinterviewed in August-November 1998 (IELS2+)

Two further data sets will eventually provide information on the social impact of the crisis. They are the '100 villages survey' conducted by BPS and funded by UNICEF, and a survey of schools conducted by the World Bank and the Ministry of Education and Culture. Both are said to be rich sources of data.

- 8 The interim report analyses expenditure, not income, data. Expenditure data are likely to be more closely related to household weltare than income data, but because we expect to see expenditure smoothing, changes in expenditure are likely to be smaller than income changes.
- 9 A fourth supplementary memorandum had been negotiated at the time of writing but had not yet received Washington approval and so was not publicly available. It was reported to focus on firm monetary policy, expansionary fiscal policy, bank recapitalisation and private company offshore debt restructuring. It also includes policies aimed at helping small and medium enterprises.

- 10 Inflation indexing made its original appearance on the policy making scene in the INDRA arrangements discussed by Evans (1998: 11–12) in the previous Survey.
- 11 Further batches were scheduled to be announced on 15 February, 7 March and 31 March (Wall Street Journal Interactive Edition, 1/2/99).
- 12 A scandal erupted over the distribution of 500,000 tons of rice sent by Japan as food aid. The rice is of a very high quality, and the government has stockpiled it rather than distributing it because it is said to be concerned about 'disrupting the country's rice market' (*JIJI Press Newswire*, 11/1/99).
- 13 The NGO sector already runs a form of safety net program, the Community Recovery Program (CRP), funded by the World Bank, Japanese and British ODA, the ADB and a number of other international organisations. Funds are managed by the UNDP office in Jakarta, and the program is being coordinated by a group of individuals from a consortium of NGOs. The CRP shares many of the objectives of the government scheme, with the exception of the labourintensive projects (Abimanyu 1998b).
- 14 Subsidised credit has also been made available to public transport companies in major cities.
- 15 Press reports have linked his name with the emergence in January of a new party, Partai Daulat Rakyat (PDR, the People's Sovereignty Party), although he is not vet formally associated with it and officially renews a member of Golkar. PDR is described as a 'political machine' based on poor farmers, fishermen and *kaki-lima* (urban food vendors), a constituency that various other parties presumably will also be bidding for.
- 16 The circumstances that made possible the relatively smooth redistribution of corporate assets towards Malay business under the NEP are utterly inapplicable in Indonesia, so the likelihood that a similar policy could succeed is very low. The growth in the Malay share of total corporate wealth occurred at the expense of British companies, most of which were leaving Malaysia in any case between 1971 and 1990, and not at the expense of Chinese Malaysians, whose share of the cake actually increased in those years. The Malaysian economy was growing rapidly through that period, but Indonesia's is stagnant. Malaysia's financial system and bureaucracy were far more advanced, more efficient, better paid and less corrupt than Indonesia's (Mackie 1999).
- 17 These calculations deflate the 1999/2000 figures using the 1998 inflation rate of 77.63%.

#### REFERENCES

 Abimanyu, A. (1998a), JPS dan Implikasi Fiskal [The Social Safety Net Program and Its Fiscal Implications] (mimeo), Universitas Gadjah Mada, Yogyakarta.
(1998b), Notes and Critical Reviews for Implementation of Social Safety Nets (SSN) in Indonesia, Paper prepared for the Indonesia Economic Crisis Meeting, Indonesia Project, RSPAS/APSEM, ANU, 23–25 November 1998.

Beegle, K., E. Frankenburg and D. Thomas (1998), 'Measuring Change in Indonesia: Preliminary Results from the Indonesian Family Life Surveys', Interim Report submitted to the World Bank, 26 October 1998.

Booth, Anne (1992), 'Can Indonesia Survive as a Unitary State?'. Indonesia Circle

ԱմԱսկանությունը հետուտությունը։ Խոնեսիչը հետուտությունը հետուտուտությունը հետուտությունը։ Հայաստել հետուտությունը ազգանությունը հետուտությունը։

- -ges 2000 v." v II a # (f)1600-0,000 lithour lithoud titheonorithy: Blazer By408000inandariinanal Pad8000 1995 I a a anno 1995 I anno 1995 1996 I a anno 1997 I anno 1980, 1997 I a anno 2007 "Uniferitheonorithy: State State State State 1996 I anno 1997 I anno 1980, 1997 I a anno 2007 "Uniferitheonorithy: State State State State State State State 1997 I a anno 1997 I anno 1980, 1997 I a anno 2007 "Uniferitheonorithy: State Sta
- Անչալորվելը անդ Անչալորվելի հայտնակերը հանդարություններինը, գլունի առնուցներություններու առնեցներում՝ շանենաններ ուստությունը հայտարունությունը հայտները որը հետ ուստությունը հայտությունը ուստությունը Ալչությունը հայտների հայտարում է Աս Անչությունը հետ Անչությունը հայտների հետությունը հայտներին։ Ալչությունը հայտների հայտներին է Անչությունը հետությունը հետությունը հետությունը հետությունը հետությունը հետությո
- nterent a state of the second of the maximum of the maximum and the second of the second model is increased. All the second of the second All the second of the second
- R. in draws. R. 1999. We want was all readiant as the reading to a state of the second se
- and an analysis and a second Becaution this at these contracting, human reason at the second second
- nalinsfores, fou use 2 "WML, "Bochdering "Thir Of maxare Pag viewe"), inter sourieres from souri good 3 Paulo-Singingson anymosenes: Webbahanien & Adrine: II Bell'anthe astronomber or season geografier "Singgapponer, and Romann forSinformedantificer information "Additions II makes of a"..." 8 ann acadim 8 ann acadim
- an II zona, I.z. In: <u>MEX6299</u>, <u>Respectivitation</u> <u>DCM00.000</u>; <u>URor</u> northenesses II no II .MEX60200.000; 00; <u>Mexana W. Zona Ballan Economic Definition of Content of Content and Co</u>
- 550.cm...มีและ.55....รี 1980 เมษา แหน่สูง และ ......<sup>6</sup>กลักป้องให้-318/648...มีและช่วงการสี่ได้การและสมาที่ ก็ของ การสี่ขอ กับแป้นอาการสองปร.1980:2001 มีมีการสองปีของสัมชายงากั การสี่ให้สายสาราชองชะชีวี อาการรู 1000 การสาราสาราสารา และเป็น 1990: 18.2001 การสี่เป็น การสี่เป็น การสี่ให้สายสาราชองชีวี เป็น 1990 การรู 1000 การสี่