

The rankings are based on 2010 data from many sources, including BPS (Indonesia's central statistics agency), Bank Indonesia, the Indonesia Investment Coordinating Board, and the Ministry of Health. It is, therefore, a static analysis, but the authors attempt to relate provincial competitiveness in 2010 to Indonesia's long-term Master Plan for the Acceleration and Expansion of Indonesian Economic Development. By relating the study's provincial indicators to the national long-term goal of infrastructure development, the authors attempt to ensure that their recommendations will be relevant in the long term as well as the short term.

Despite the complexity of the calculations behind the rankings, the authors present their findings in figures and tables that are easy to read and understand. Nevertheless, interested readers—most likely regional economists and businesspeople involved in interprovincial trade—will need a strategy if they are to read the book's 800 pages effectively and grasp the intricacies of provincial competitiveness in Indonesia.

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*Environmental Regulation and Public Disclosure: The Case of PROPER in Indonesia.*

By Shakeb Afsah, Allen Blackman, Jorge H. Garcia, and Thomas Sterner.

Abingdon: RFF Press, 2013. Pp. xiv + 135. Hardback: \$109.95.

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Enforcing environmental regulations and improving the environmental performance of development actors in emerging economies are Herculean tasks. There is often conflict between accelerating a country's economic development and mitigating the environmental impacts resulting from this development. The governments of emerging economies need to find, formulate, and apply mechanisms that can encourage environmental compliance from key development actors, namely industrial corporations. In Indonesia, in June 1995, the government launched the Program for Pollution Control, Evaluation and Rating (PROPER), an environmental disclosure initiative to map, disseminate, and improve the environmental performance of companies.

This book, *Environmental Regulation and Public Disclosure*, gives a comprehensive background and analysis of the PROPER system and its perceived success so far. In chapters 2 and 3, the authors outline the challenges faced by developing countries—particularly Indonesia—in promoting public disclosure initiatives that can push different private and public companies to improve their environmental performance. The authors argue—and to some extent give empirical evidence—that public disclosure can generate pressure from regulators, the market, and the public on companies and other key actors to adopt more (and better) environmentally responsible practices.

The authors also show that public disclosure initiatives can often help targeted companies enhance their existing operational and relevant plans or move their operations towards cleaner technologies and systems. Based on the authors' survey of the PROPER participants (chapter 7), the most important means through

which PROPER encourages pollution reduction is by increasing the quantity and quality of information that factory owners and managers receive about their plants' pollution and abatement opportunities. In addition, chapter 3 reveals that the involvement of financial institutions (for example, banks and the Indonesian Stock Exchange) in PROPER has created a different dimension of pressure on companies – for example, two firms were compelled to postpone their initial public offerings because of their poor PROPER ratings.

The authors argue that, overall, PROPER in Indonesia has succeeded in encouraging companies to disclose information to the public about their environmental management and performance. In 2004, as the book shows, 85 companies participated in PROPER, and this number grew to 251 by 2005, 690 by 2010, and 750 by 2011. In the authors' view, PROPER offers an alternative to industrial pollution litigation (which in the past has favoured industries).

The authors assert that PROPER's most crucial innovation is that it allows the government to simplify the complex environmental performance indicators of industries. By using a five-colour rating scale – from black (causing serious environmental damage), to red, to blue, to green, to gold (upholding high environmental standards) – PROPER has transformed public environmental communication in Indonesia. It has managed to combine multiple environmental indicators into a single set of colours, to increase public understanding. For a country with a low level of education and not necessarily an informed decision-making process, this has been a breakthrough.

Although PROPER is revolutionary, and now being replicated in other developing countries, it has its limitations. For example, in chapter 6 the authors use econometrics to analyse emissions rates as a function of environmental policy. They find that a strong, positive response to PROPER is particularly visible among firms with poor environmental compliance records but not necessarily among others. Bad publicity – from having a black or a red rating – may be a powerful instrument for changing companies' practices, but PROPER may have no influence on companies that already comply with environmental regulations.

The authors also acknowledge the increasing criticism of the scheme over its evaluations of mining, oil, and gas companies. In chapter 9, the authors consider the controversy surrounding the blue PROPER rating received in 2006–7 by PT Lapindo Brantas, an oil and gas company. Lapindo had just been linked to a major mudflow that erupted in East Java in May 2006, which has since displaced tens of thousands of people (see Heath McMichael's note in issue 45.1 of *BIES*). Several environmental NGOs protested to the Ministry of the Environment when Lapindo was awarded a green PROPER rating in 2010–11. NGOs also criticise PROPER for giving good ratings to companies involved in deforestation and other resource-depleting activities.

Such controversies highlight a fundamental challenge for PROPER. Since its inception, it has focused on only three key environmental indicators: water pollution, air pollution, and hazardous waste management. As discussed in chapter 9, only recently has the PROPER scheme covered other criteria, namely energy and water conservation, climate change, and corporate social responsibility.

The authors acknowledge that Indonesia – like many developing countries – has been having problems with industrial pollution and resource degradation, but they avoid criticising PROPER for not incorporating natural resource depletion

in its ratings scheme. They discuss the justifiable reasons for the Ministry of the Environment during the Soeharto regime choosing the obvious problem of water pollution for the first set of indicators for PROPER. Yet it remains difficult to understand why reformation-era governments have not added natural resource depletion to the program.

Until PROPER establishes a comprehensive set of indicators, NGOs and the public will continue to question its integrity. The book provides a comprehensive discussion of lessons learnt by the program. If the government is to continue implementing PROPER, it needs to acknowledge the program's limitations and broaden its scope. This will give the Indonesian public increased confidence in such disclosure initiatives.

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*Political and Legal Transformations of an Indonesian Polity:*

*The Nagari from Colonization to Decentralization.*

By Franz von Benda-Beckmann and Keebet von Benda-Beckmann.

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This important book contributes to our understanding of West Sumatra, spanning the precolonial period to the political transformation of the post-Soeharto era. The authors explain the development of this territory and its Minangkabau ethnic group – the largest matrilineal society in the world, and the only one in Indonesia – from the perspective of legal anthropology. Based on 40 years of research and observation, the book illustrates how the *nagari*, the smallest administrative unit in West Sumatra and the institution regulating *adat* (customary law), has survived numerous interventions.

Containing 15 chapters, the book opens by describing the approaches that the authors use to explicate the political and legal transformations of the *nagari* polity. The next chapter discusses the *nagari* during the precolonial period, focusing on the Minangkabau – their origins, *adat*, and socio-anthropological structure. The authors then elaborate on the systematic attempts to intervene in *nagari*, from colonisation to the apex of Soeharto's centralistic government.

The first major intervention began in the 1820s, when the Dutch colonial government in Indonesia and its armed forces were invited by the *adat* group to help them fight Islamic puritans, the *Padri*, after frictions between the two groups had led to armed conflicts. By 1837, the Dutch had triumphed over both. Yet, as the authors explain, not all changes in *nagari* polity were the direct result of colonial intervention. The relations between *adat*, Islam, and the state have undergone turbulent times; by the end of the colonial era, there existed a muddled and complex set of hybrid and partially parallel institutions. However, the core pillars of the *adat* of matrilineal heritage continued as a dominant ideological, legal, and institutional framework, although in an increasingly complex and plural environment (p. 99).