

Review of: "Political Economy and Ecology of International Regional Development: Indonesia Urban and Rural Development Loans from the Asian Development Bank (ADB)"

Dhani Setyawan¹

¹ Ministry of Finance

Potential competing interests: No potential competing interests to declare.

The study's thorough review of the political economy of development aid demonstrates a comprehensive understanding of historical context and theoretical frameworks. The integration of theory deconstruction, reconstruction, and empirical analysis enhances the rigor of the research. The utilization of fractional polynomial regression and charting adds clarity to complex data relationships.

The authors' identification of EXGT and SIGT theories as flawed is well-substantiated, supported by a convincing argument for ENGT. This transition is particularly relevant given its alignment with credit creation banking and finance theories. However, further clarity could be provided on the empirical validation of ENGT within Indonesia's economic context.

The application of political ecology, specifically imperialist rent, is a commendable addition, providing a lens through which to understand the impact of capital outflows. The focus on capital flight is enlightening and points to significant implications for Indonesia's economic sovereignty.

The revelation that only a small portion of ADB loans are disbursed in Rupiah is a key finding, shedding light on the extent of capital flight. The analysis of ADB loans and disbursement delays contributing to Rupiah depreciation is insightful, although a more detailed exploration of the underlying mechanisms could enhance the paper's depth.

Suggestions for Improvement:

Empirical Validation: Provide more detailed explanations and statistical evidence for the empirical validation of ENGT within Indonesia's economy. This would bolster the study's credibility and relevance.

Clarity on Imperialist Rent: Elaborate further on the concept of imperialist rent and how it is applied to estimate capital outflows. This will aid readers' understanding of this critical aspect.

Mechanisms of Capital Flight: Explore the mechanisms through which capital flight occurs in the context of ADB loans. A detailed analysis of currency conversion and its implications on capital flight would enrich the paper.

Policy Implications: Discuss potential policy implications derived from the findings. Address how Indonesia could mitigate

capital flight and manage the impact of ADB loans on its economy.

Comparative Analysis: Consider comparing the findings with other countries to determine if the observed trends are unique to Indonesia or indicative of broader patterns.

Concluding Remarks: Conclude the paper by summarizing the main findings, discussing their significance, and suggesting avenues for future research in this domain.