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INDONESIA'S POLITICAL MODERNIZATION AND ECONOMIC DEVELOPMENT

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Introduction

Modernity and modernization are concepts so all-embracing that only certain aspects thereof could be used for an analysis. Therefore, instead of trying to define modernity and modernization, it would be more fruitful to identify the attitudes of men and society that constitute modernity. And most, if not all, of the attitudes, findings that Wyron Weiner attributes to Alex Inkeles\(^1\), seem to be relevant for an analysis of modernity in the Indonesian polity. They include a disposition to accept new ideas and try new methods, a readiness to express opinions, a time sense that makes men more interested in the present and the future than in the past, a better sense of punctuality, a greater sense for planning, organization and efficiency, a tendency to see the world as calculable, a faith in science and technology and a belief in distributive justice. However, as those elements of modernity will be used in the analysis of a polity, effectiveness connoted in efficiency will be given emphasis, and readiness to express opinion will be interpreted as capacity of the political system to accommodate them.

In this attempt to analyse the relationship between political modernization and economic development in Indonesia, attention will first be focused on those aspects of political modernization that have made it possible for the country to achieve the present stage of

economic development, then on the changes in society that the economic development has apparently brought about, those that may indicate that the political system needs further modernization.

THE NEW ORDER: A POLITICAL MODERNIZATION

Since his advent to the helm of the country's leadership in 1967, President Suharto has led a government that has been able to reverse the trend of a rapidly declining economy, first by undertaking a policy of economic rehabilitation, then by implementing five year development plans (Pelita). The economy grew at an annual rate of 9.97 per cent during Pelita I (1969-1973), 6.61 per cent during Pelita II (1973-1978), 4.66 per cent during Pelita III (1978-1983) and 4.03 per cent during Pelita IV. According to latest estimates the economy grew 4.74 per cent in 1988, will grow 5.35 per cent in 1989 and 5.11 per cent in 1990. As family planning programmes have also succeeded in putting population growth under control despite lower infant mortality and longer life expectancy, to 2.32 per cent in 1970–1980 and 2.15 per cent in 1980–1985, real per capita GDP has also grown significantly, making it possible for the government to implement programmes designed to create equitable opportunities to enjoy the fruits of growth and for economic managers both in the public and the private sectors to invest for further growth.

Other indicators of the successful economic development could certainly be mentioned, especially those indicating successful management of crises, structural change in GDP in favour of the manufacturing sector, growth cum structural change in exports and the country's good performance in debt repayment. But those mentioned would suffice to give an overall picture of the performance that Indonesia has achieved for the last twenty years or so, that is, under the New Order. To better understand its significance, the picture should be seen in contrast with the prevailing conditions of the country's economy during the days of change of government in the second half of the 1960s and before. During the second half of the 1950s the average growth rate was 3.2 per cent, which declined


further to negative growth in the mid-1960s. An economist notes that in the mid-1960s the economy produced at 20-30 per cent capacity, economic and physical infrastructure were badly damaged, the levels of trade very low, and foreign exchange reserves negligible. Inflation was rampant, 400 per cent in 1965, making it impossible for wage earners to make both ends meet and too difficult for planners to do their job. Although population was growing only at 2.1 per cent, living standards deteriorated with increasing speed.

Therefore, although the change in government in 1966-1969 was primarily spurred by President Sukarno’s obstinate refusal to punish and ban the Indonesian Communist Party (PKI) that had attempted a coup on the first of October 1965, there was also a strong demand for a government that would be capable of implementing an economic reform. Indications that economic reform was perceived as a need came to the fore when the then Major General Suharto had successfully led the Army in crushing the core of the coup forces and people were anxiously waiting for President Sukarno’s condemnation of the communists. In January 1966, student demonstrations opposing the PKI started to press for the “lowering of prices”, the dissolution of the incumbent cabinet and the disbandment of PKI.

The demand to dissolve the cabinet was obviously aimed primarily at ministers suspected to be communist or pro-communist that President Sukarno maintained and reappointed in spite of the prevailing anti-communist sentiments. But the fact that the demonstrators called “cabinet of hundred ministers” that council of ministers the members of which increased in number with every reshuffle in 1966 could be seen as a demand for an efficient and effective government. And, whatever the demand might mean, the establishment of a government capable of planning and implementing economic development would become the main concern of the Indonesian polity, during the long and slow process of change of government between 1966 and 1969, and even, it could be said, ever since.


The Role of the Army

The Army that the events in 1965 and 1966 put at the centre of the Indonesian political stage had long been dissatisfied with the performance of civilian politicians. In 1952, barely three years after recognition of Indonesia's independence by the Dutch, the Army was involved in the 17 October Affair, in which they backed, probably staged, a mass demonstration of about 30,000 men that pressed for the dissolution of the parliament and the holding of a general election.

On issue was the handling by the parliament of a plan drawn by the Ministry of Defence and backed by the Army leadership to rationalize and professionalize the army, which naturally met with some opposition from within itself as this comprised, besides professionals that had Dutch or Japanese training, also elements that were originally popular armed bands that fought the Dutch. An officer that was opposed to the plan wrote a letter of protest to the parliament, seemingly with the silent backing of President Sukarno, and the matter was being debated, motioned and counter-motioned, when the 17 October demonstration took place.

Although the 17 October affair may look as if it was a mere dispute within the Army, among officers, over rationalization, what came out in the meeting between President Sukarno and seventeen top Army leaders right after the President successfully urged the mass to disband, indicates that many Army leaders were wary of the lack of effectiveness of the government, a Dutch style multi-party parliamentary democracy practiced without the necessary sense of responsibility. They accused the provisional parliament of not actually representing the people and of being the source of the political instability that made it impossible for cabinets to implement programmes.6

Dissatisfaction in the Army with the performance of civilian politicians in fact continued and was shared by a large segment of the political public whose expectations for social promotion and material welfare rose high during the few years after recognition

of the country’s independence by the Dutch. This explains why in a situation where the economy worsened rapidly, in the political deadlock that resulted from the failure of the first ever elected constituent assembly to agree on a permanent constitution, the Army gave support to President Sukarno’s decreeing in July 1959, the reenactment of the 1945 Constitution and the application of “guided democracy”. The Army apparently hoped that finally the government would be freed from too much politicking by party politicians and would therefore be capable of controlling the politically critical situation and of bringing about the widely expected welfare. As it turned out, however; the hope was again frustrated.

It is against such a background that the way the Army has assumed political responsibility since the aborted communist coup in 1965 is to be understood. In the dominant position it has found itself in, the Army sees itself as the “stabilizer and dynamizer” of the country’s political life. The establishment of an effective government, one that is capable of bringing about welfare, becomes its main concern.

But economic development has not been the Army’s sole concern. During the difficult days of change of national leadership in the second half of the 1960’s, although effective powers were in his hands, particularly as of 11 March 1966, and despite President Sukarno’s obstinacy in maintaining PKI’s legitimacy after the aborted coup, the then Lieutenant General Suharto refrained from hastily ousting the incumbent head of state, to the dismay of many of his civilian supporters. General Suharto was apparently taking into account the fact that to many in the military and in society, President Sukarno continued to be the symbol of allegiance. Besides he himself and the Army had a great concern in the establishment and development of constitutionalism in the country’s political life, as was obvious in the Second Army Seminar held in Bandung in August 1966. The Seminar laid down “the Ideal Foundation for the Struggle of the Indonesian National Army” and the document it produced is, as Maynard has rightly put it,

particularly vital for understanding the Army's self-image for its non-military function.

It was in the Seminar that the leaders of the Army reached a consensus to commit themselves the modernizing process of state and society and to the winning of the New Order with a strategy and tactics which are both Constitutional and gradual, based on consultation and consensus, and not on confrontation. The Army's commitment to economic development, and even the decision to entrust national planning and key economic positions to the technocrats, most of whom have continued until today to constitute the government's economic team, originated from this Seminar. And so did the New Order's commitment to Pancasila ideology, and its policy on and actions for the development of democratic institutions. To disseminate the new guidelines on the Army's socio-political to the rank and file, not only of the Army but also of the other services, a Defence and Security Seminar was held in November of the same year. This Seminar produced the Doctrine of National Defence and Security and the Doctrine of the Struggle of the Armed Forces of Indonesia.

Political Reform

Through the proper political process, that is, through consultations among political forces in and outside Parliament, through the People's Consultative Assembly (MPR), the supreme governing body under the 1945 Constitution, the New Order has reached a consensus on political commitments that are similar to those worked out by ABRI in the two seminars. They include, besides commitment to economic development, commitment to Pancasila ideology and the 1945 Constitution, with the implementation and development of Pancasila Democracy commonly accepted as a paramount political objective. With a view to creating an environment that is favourable to bring the principal political objectives into realization, the New Order has also committed itself to the creation of a stable and peaceful regional environment, which has been disturbed by President Sukarno's policy of confrontation against Malaysia. For the sake of principle as well as "national interest", that is, convenience in terms of realization of national development, the country's entire international relations, which under President Sukarno tilted heavily to Beijing to the detriment of relations with the West, has also been overhauled.
With a view to developing Pancasila Democracy, quite a number of consensus have been reached and the necessary steps taken to implement them. In representative bodies consultations and consensus have been agreed to prevail over voting. A joint secretariat of functional groups has been moulded into Golkar to assume the functions of a political party and to provide democratic legitimacy for the New Order government. The excessive number of political parties has been gradually trimmed through mergers into the present number of three, including Golkar. Four general elections have been held (those of 1971, 1977, 1982 and 1987), each followed by MPR sessions in which this supreme representative body draws state policy guidelines and elect the President and Vice-President that have to implement them. All the country’s five year plans, including those of the political reforms, have been drawn on the basis of those state policy guidelines.

The policy that reduces the number of political parties in fact constitutes part of an overall reform of the country’s system of political participation. This reform naturally avoids, besides the excessive number of parties, the over-effectiveness that some of the parties proved to have in mobilizing mass-participation, even at the village level in 1950-1965, which they used in a way that undermined government authority and created or deepened cleavages in society. Therefore, in addition to Pancasila having been made compulsory ideology for all the three political parties, party branches are allowed only at the provincial and district levels, not in the villages. Strong political expressions, especially in mass rallies, are free during a limited period every five years, namely during election campaigns. Freedom of the press in the Pancasila press system is understood as one that is never exercised without the same amount of responsibility.

Thus under the New Order, with ABRI assuming political responsibility as stabilizer and dynamizer, Indonesia has reformed its political system. And since the days of the Second Army Seminar it has shown its capability to accept new ideas and to transform them into reality. The New Order certainly sees the country’s destiny in the future, not in the past. Although efficiency seems to remain as a perpetual problem, it has surely been improved. In fact the entire economic performance would never have been achieved without efficiency of the political system, if less so in the bureaucracy. The political system has proved capable of taking very rational decisions, including quite a few that are unpopular,
for example, the low salaries paid to civil servants and ABRI members. With some reservations on political participation, it can certainly be said that under the New Order, Indonesia has undergone a political modernization, which has made it possible for the country to maintain national unity and stability and to consistently pursue economic development.

The Challenges Ahead

With per capita GNP at 530 US dollars in 1985, Indonesia still has a long way to go in economic development, particularly if the employment problem is taken into account. The country’s workforce grows at 3 per cent annually, and during Pelita V (1987-1992) alone it is expected to increase by 11.9 million, from 74.5 million in 1988 to 86.4 million in 1993. Only 11.5 per cent of the additional workforce will be absorbed in the various sectors of the economy in 1989-1993, including the informal sector. With the right development strategy, the industrial sector can be expected to absorb 20 per cent and trade over 23 per cent of the additional workforce. Agriculture will contribute 35 per cent, not because of high value added increase in this sector, but because the other sectors cannot be expected to do better, unless the current reliance on the private sector proves to yield unexpected leaps.

In brief, growth will be of paramount importance in Indonesia’s further economic development, while naturally measures will have to be taken for the sake of its equitable distribution. For, even if the informal sector is expected to serve as a cushion, only if the formal sectors yield high growth would the informal sector have sufficient capacity to do the job. In an era in which Indonesia can no longer rely on oil for its imports and debt repayment, non-oil exports, particularly that of manufactured goods, will continue to need emphasis in the country’s development. Structural change is in fact an objective in Indonesia’s Five Year Development Plans. As provided for in the present state policy guidelines, the current fifth Five Year Plan is supposed to prepare for the country’s “development take off”.

11. For an analysis of what Indonesia is currently facing in economic development and what needs to be done during the next few years, see Djsisman S. Simandjuntak, “Indonesia’s Economic Development: Recovery after Deregulation”, in The Indonesian Quarterly Vol. XVI No. 4 (1988), pp. 396-404.
Therefore, stability will continue to be needed and effectiveness of the political system will have to be maintained. But development seems to have brought about changes in society that need to be taken into account in further political development. If in 1965 only 72 per cent of children in the primary school age group were enrolled, by 1985 the percentage became 118. In 1965 only 18 per cent of those within the age group of secondary education was enrolled, but in 1985, 45 per cent attended schools. In 1965 only 1.0 per cent of those in the age group of tertiary education was enrolled, by 1985 the percentage became sevenfold. Viewed in the perspective of Indonesia’s development objectives and present world levels of science and technology, the figures, though an achievement, obviously constitute a great challenge. But at the same time they certainly reveal also that the society is changing, becoming better educated, and obviously more aware of being part of a nation, of being citizens with duties to fulfil and rights to enjoy.

Development is also transforming the sectoral composition of the country’s workforce. In 1965 71 per cent of Indonesia’s workforce was in agriculture but it decreased to 57 per cent by 1980. In 1965 9 per cent of the workforce was in industry and 21 per cent in services, by 1980 it became 13 and 30 per cent by 1980.12 To these indicators of change in workforce composition should be added those of urban population growth: In 1970-1975 urban population had a growth of no less than 4.7 per cent, almost 50 per cent of which was caused by migration. In 1980, urban population was 22 per cent (24 per cent in Java and 17 in the other islands) compared to 14.7 per cent in the 1960s.13

Although as revealed by the indicators, the transformation of the workforce goes very slowly, the process is surely going on and this again is another reality that will have to be taken into account in the development of the political system. For in an industrial environment and having attended schools, the population would have higher expectations, in terms of material wealth as well as political aspirations. This is so especially if the fact is considered that, as previously mentioned, the greater part of the workforce will have to remain in the informal sector, which in most cases would mean underemployment.

12. Data on the workforce and school enrollment have been taken from World Development Report 1988.

Quite a number of other factors also need to be considered in this attempt to analyse changes that may occur in political attitudes and behaviour. Family planning campaigns, for example must have changed the outlook of a large number of the country’s population. If mothers used to think of bearing and giving birth to a child in terms of fate they are now accustomed to thinking in terms the possibility for man to decide whether to have a child or not.

Modernization of agriculture that the government has painstakingly and consistently taught to the country’s peasantry, which has never before imagined that the ways of planting they have learned from their parents could be replaced by ones that give higher yields, has obviously imbued them with an economic sense and techniques that include among others the choice of high quality seeds, precise dosing of fertilizers and insecticides, and even the use of some simple banking services. Persistent efforts to promote cooperatives, if apparently not in most cases very effective, must have developed a sense of fair management of public belonging, and may develop a critical attitude on the management of public funds by government officials.

With much better transportation and the presence of radio and television and, to a lesser extent, that of the printed press throughout the country, even in remote villages, Indonesia’s population is widely exposed to world developments. The age of communication is indeed affecting Indonesia’s society, and it would obviously contribute to the changes that are taking place. In cities, the growing middle class is being affected by government efforts to enlarge the country’s taxbase and would therefore increase political awareness. And with the growth of the economy and foreign exchange earning increasingly reliant on the private sector, with results obvious in the resurgence during the last two years, the city middle class would not only grow further in size but in self-confidence as well. And sooner or later they will add dynamics to politics in the country.

FURTHER POLITICAL MODERNIZATION: A CONCLUSION

After twenty years of development with emphasis on the economy, Indonesia has come to a stage in which people eat better, are better dressed, better educated and better informed. The performance would never have been achieved without the political reform that has transformed a degenerating political system into one that is effective in maintaining national unity and stability, in developing
commitment to a national ideology, in laying down the institutional framework of a democracy and in implementing planned development. The entire reform has been implemented against the background of the fatal failure of a Western style parliamentary democracy and that of a “guided democracy”, both with political parties that were capable of mobilizing political participation but used in a way that proved to be fatally disruptive to government authority and effectiveness, and to welfare. In fact the reform has been implemented so as to prevent similar disturbances to national life and, therefore, with the importance of stability again and again emphasized and always posited alongside with dynamics. But now that relative welfare has become a fact of life for many, employment and full employment remain a desired goal to those unemployed and underemployed. And at the country’s present per capita GNP, expectations could only rise.

The entire picture represents a great unending challenge lying ahead. But Indonesia has apparently found the right track to meet it, which is further development with the dynamics of the private sector as prime mover. The question that remains to ask is whether at this stage the polity will continue to be capable of maintaining stability. This will be no easy task. For while it would not be difficult to identify the changes that are occurring in society, it will certainly be less easy to grasp the needs that may have developed. And accommodation of the needs perceived by a politically conscious public is of utmost importance if stability is to be achieved through a political process.

Indonesia has apparently come to a stage in which the needs that are developing in its changing society necessitate further modernization of the country’s political system. As could be assessed on the basis of the identifiable structural changes, and on the informations on developments the world over that the country’s society has been exposed to, primary among the new needs seems to be greater political participation.

Within Pancasila democracy, changes that are perceptible to all, if gradual, seem to be necessary. While Pancasila ideology will have to be maintained at all costs to realize the will of the extremely diverse nation to continue to live together, open dialogue on all matters that society feels to be their concern seem to be imperative in the years to come.