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## **The Rise of the Managerial State in Indonesia: Institutional Transition during the Early Independence Period. 1950-1965**

Fakih, F.

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**Author:** Fakhri, Farabi

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## CHAPTER VI

# The Managers of Social Engineering

This chapter discusses the implementation of both scientific management and the disciplinary efforts of the Guided Democracy. The aims of this effort were to eradicate the problems associated with corruption in the 1950s. The policy-makers at the national level assumed that the problem of corruption in Indonesia was the Indonesian Man himself because he was in their eyes incapable, inefficient, and corrupt. The best way to deal with this was guided corporatism, which assumed the restructuring of society within lines of state authority. To allow greater action at the local, decentralized level would be to acknowledge the relevance of liberalism. Instead, effort was made to discipline the bureaucracy through disciplining the regions by the application of the Bappenas-Bakopda-Baperdep planning structure.

The focus on control and discipline inevitably concerned the military. The expansion of a bureaucratic and business managerial class allowed the military to join the elite. ‘Leadership’ capabilities, the spatial structure of the offices and homes, and the very behaviour of managers were to be designed through time-motion studies and other scientifically managed planning. The management would in turn impose discipline on the lower levels of productive society. The ‘Training Within Industry’ program would teach mid-level managers to control the labour force.<sup>1</sup> None of these efforts bore

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1 ANRI, Jakarta. Mohammad Bondan, inv. nr. 692, 734, 735 and 736.

fruit. Nasution's attempt to apply managerial ideas across the wider society was quite problematic; Indonesians successfully dodged its implementation.

Typical of twentieth century ideas on the state, the Guided Democracy policy makers believed they could enforce and discipline Indonesian society through state institutions. Even as this disciplining was applied in the 1960s, doubt existed about the success of the exercise. The Guided Democracy state professed that Indonesian society, history and culture formed the foundation for the new society. Instead, culture was manipulated; people were disciplined by social engineering in an effort to push through a state-centred modernization project. Social science was used a mechanism for both legitimating that process while at the same time providing the tools to enforce changes.

### **The Cultural Pathology of Indonesian Manager**

National Planning would supposedly dispense the problem of weak government coordination. Yet that only represented half of the issue. The other half was to recreate the civil service in an efficient and effective manner. The 1950s' bureaucracy was, to a large extent, assumed to be bifurcated with a small but effective centre where the experts congregated, and a large, inefficient, politically active periphery. The recreation of an efficient periphery was a daunting task, but the aim was at least to expand the expertise to a larger area of the government. Yet, management was not confined to the creation of effective bureaucrats, but also embraced the training of effective managers for both state-owned and private companies. Importantly, the rise of Guided Democracy coincided with the expropriation of Dutch-owned enterprises, which triggered a sudden demand for indigenous managers. Managerial positions now also opened up for aspiring army members.

The implementation of modern, scientific management must be seen in tandem with the implementation of the ideals of Guided Democracy. Like the failed corporatist national planning project of the Depernas, the introduction of scientific management sprouted forth from the ideal of creating a new and modern Indonesian person. The roots of these efforts were firmly planted in the disappointing failure of the Indonesian character during the previous *laissez-faire* period. This was to a large extent related to the 'crisis of leadership' and culture that pervaded the gloom of the

Parliamentary Democracy period.<sup>2</sup> Writing in 1955, Soedjatmoko said this about the Indonesian inability for development:

“The crisis in which we find ourselves is clearly a crisis of leadership... Herein lies the failure of the old leadership which has guided us to the gateway of independence but which has been unable to disengage us from the mental outlook which brought the first phase to a successful end but does not have the ability to adjust itself to the demands of the second.”<sup>3</sup>

Soedjatmoko titled his article in *de Nieuwe Stem* as “The crisis in the Indonesian culture”, stressing the cultural theme of the failure of Indonesian development. The profound doubt in the capability of the Indonesian to modernize had been a long-standing belief amongst the colonialists. The idea of plural society was predicated in a perspective that saw a deep chasm between traditional Indonesian society and modern Western society, where the twain never shall meet. This can be seen, for instance, in Boeke’s theory of dualism, which stressed that the Indonesian traditional cultural characteristics were not compatible with the rational maximization drive of the Westerners.<sup>4</sup> In the 1950s, Indonesian labour productivity was said to be one of the lowest in the world,<sup>5</sup> pushed on by an organized labour tradition that to many outsiders seemed illogical in its self-destructive capacity. This seemed to confirm a cultural bias in Indonesian underdevelopment.

The Guided Democracy’s policy toward this cultural impediment was to home in on what it considered the underlying problem: the authority of the civil service. The inability of the Indonesian managers to give orders to subordinates was a puzzling aspect noted by many Western experts in

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2 Especially related to this the effect of the doctrine ‘revolutionary nationalism’ and the effect of Indonesia’s pre-colonial culture on the economy. See Justus M. van der Kroef, “Economic development in Indonesia: some social and cultural impediments” in *Economic Development and Cultural Change*, Vol. 4, No. 2 (January, 1956), p. 116-133.

3 Soedjatmoko, “De Crisis in de Indonesische Cultuur”, *De Nieuwe Stem*, Vol. 10, (1955), p. 328-329.

4 J.H. Boeke, *Economics and economic policy of dual societies. As exemplified by Indonesia*, (Haarlem: H.D. Tjeenk Willink & Zoon, 1953), p. 10-20 and 209-229. Boeke stressed on the differences between pre-capitalist village economy and the industrial capitalism of the West. He stressed on the necessity to tailor different policies for different economic and population sectors (the dual societies), a position that is anathema to the nationalist notion of the ability of the Indonesian to become modern.

5 Edgar McVoy, “Some aspects of labor and economic development in Indonesia”, in *EkonomidanKeuangan Indonesia*, Vol. 7 (1954), p. 804.

Indonesia. This, more than anything else, resulted in the breakdown of various organizations. Donald Fagg contended that the Javanese notion of authority required the creation of a useful fiction of unanimous support for a particular person in office. That his authority was weak and the clique structure limited his ability to implement action stemming from his authority was beside the point.<sup>6</sup> That a superior's command could, without much consequence, be disobeyed was an important indication of the crisis of authority, even more so when the superior himself for various reasons was hesitant in using his authority. Theories on the failure of vertical authority of the period mostly link it with the failure of Javanese culture.<sup>7</sup> The problem was thus perceived to be an indigenous cultural flaw.

Of course, the problem with this total approach was that scientific management, as a relatively new, American-developed science and perhaps the largest intellectual export of the United States in the 1950s and 1960s, was not capable of changing the culture. It basically exported 'tools' to help the administrator conduct work more efficiently. In fact, much of the effort to instil authority was to be found in the series of surveillance, indoctrination and 'retooling'-based state organizations that focused on creating discipline and instilling the correct attitude to the civil servants on an individual level, as will be discussed below.

The revolutionary character of Guided Democracy was exactly its emphasis on recreating the individual. Sukarno stated in a mass meeting in Medan in 1962, "our revolution is a cultural revolution, a historical revolution, a national revolution, a military revolution, yes a revolution 'to create a new Indonesian man.'"<sup>8</sup> What was significant was the extent toward which both Guided Democracy as an ideology and scientific management coincided in their views on cultural and behavioural change. Garth N. Jones, one of the experts sent to work with the LAN in the early 1960s, thought that "...innovations and modifications, in a system of public administration,

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6 Donald Fagg, *Authority and Social Structure. A Study of Javanese Bureaucracy*, (PhD Dissertation Harvard University, Cambridge, 1959), p.565-568.

7 Harry Benda insisted that the roots of Indonesian corruption came from pre-colonial Java, see Harry Benda, "Decolonization in Indonesia: the problem of continuity and change" in *The American Historical Review*, vol. 70, No. 4, (July, 1965), p. 1058-1073. This may also partly have been the result of the fact that many of the most distinguished "Indologist" of the period; Benedict Anderson, Clifford Geertz, etc, were anthropologists, thus the tendency to look into the cultural roots of the Indonesian problem.

8 R.M. Soeparto, "Djiwa Pahlawan" in *Bulletin Lembaga Administrasi Negara*, No. 9, 1962.

are usually possible only if large numbers of people, inside and outside of government circles, change and adapt important aspects of their whole cultural complex of believing, behaving, acting and doing. Significant development and improvements generally occur only with cultural changes.”<sup>9</sup> Leon Mears termed the process “re-management” to emphasize the rather ‘revolutionary’ character of a process of rebuilding a radically different management from the one before.<sup>10</sup>

The problem of authority was a problem of control, both of the civil services in its entirety and the devolvement of capabilities of control throughout the vertical line of command that represented the ultimate source of authority: the ‘mythical’ Indonesian people. As we have seen in the discussion on national planning, the interesting aspect of control was its pan-ideological characteristic.

Although practically all expertise in the field of management came from American universities, there was a decidedly state-control bias toward the studies and recommendations of both planning and management. The market and ‘competition’ stayed outside the equation. The change was to be conducted with a top-to-bottom approach, by the steady and capable hands of the experts. Post-war views about the role of the state were an important component. This modernist perspective placed too much trust on the efficacy of the social sciences. Yet, it was a perspective shared by both the capitalist and Communist world of the period. Thus, the fact that American social scientists conducted much of the research it did not reduce its top-down, state and expert-based control. It was actually reinforced. Even so, there were calls for the creation of a specifically Indonesian form of management. “It is apparent that our management experts should start researching, unearthing and looking for a management that is in line with our Indonesian socialism.”<sup>11</sup>

By the 1960s, the experiences of technical assistance have become a study in its own right. The ‘tools of cooperation’ were already well institutionalized allowing for the transfer of knowledge. These ‘tools’ included general surveys, advisory missions, operating missions, service offices, university contracts,

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9 Garth N. Jones, “Some critical areas concerning assistance in Public Administration for Indonesia” in *Bulletin Lembaga Administrasi Negara*, No. 1, 1961, p. 3.

10 Mohammad Sadli, “Masalah perusahaan negara di Indonesia. Laporan symposium pada latihan pembangunan ketatalaksanaan” in *Madjallah Perusahaan Negara*, Vol. 2, No. 18, (June, 1962), p. 7.

11 D. H. Assegaff, “Aspek management dalam Pembangunan Semesta Berentjana”, p. 275.

private contracts, visiting professors, seminars, conferences and workshops, training centres and fellowships for studying and training abroad.<sup>12</sup>

There were two interconnected but different developments during the period. On the one hand was the expansion of business management institutions that provided courses for people who were to take over business positions. On the other hand there was an expansion of public management institutions, most of which offered courses, consultancy and research concerning public administration. As in the case of economists, the early 1960s constituted a propitious transitional moment. A study by Caldwell and Timms in 1958 found that there were two kinds of officials in Indonesia: the Dutch-trained ones who were highly dogmatic and resistant to new administrative ideas, and the new Indonesians who had not yet properly developed their own administrative capabilities and thus were not ready to replace the older group.<sup>13</sup> In their view, the civil servants were either old-fashioned or inexperienced.<sup>14</sup>

### The Discovery of Corporative Village Values

Indonesian social scientists began to study the Indonesian persona and analyse his potentiality as a modern person and as a good manager. Anthropologists, sociologists and political scientists started studying Indonesia's political and social culture in order to understand the weaknesses of the Indonesian man. Koentjaraningrat studied the village concept *gotong rojong* or communal cooperation in the early 1960s.<sup>15</sup> The sociologists Selo Soemardjan studied the changes and development of the civil service in the feudal heartland of Yogyakarta.<sup>16</sup> There was a concerted effort to dig out Indonesian cultural values that could be used to build up an Indonesian managerial class.

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12 Philip M. Glick, *The Administration of Technical Assistance: Growth in the Americas*, (Chicago: the University of Chicago Press, 1957), p. 99-100.

13 Panglaykim, "Pembahasan laporan memperkembang sumber2 manajerial di Indonesia" in *Ekonomi dan Keuangan Indonesia*, Vol. 12, No. 4, (April, 1959), p. 112-136.

14 Caldwell and Timms, *Developing the managerial resources of Indonesia*. A report to the Biro Perantjang Negara, Indiana University, Bloomington, 1958, p. 9-10. ANRI Jakarta, Mohammad Bondan, Inv. nr. 699.

15 Koentjaraningrat, *Some Social-Anthropological Observations of Gotongrojong in Two Villages of Central Java*, (Ithaca: Cornell University Press, 1961).

16 Selo Soemardjan, *Social Changes in Jogjakarta*, (Ithaca: Cornell University Press, 1962).

Soegito Reksodihardjo, a disciple of the management expert Harold Koontz, appraised Indonesia's managerial development by posing the question "Is the Indonesian fit to become a manager?" He answered in the affirmative, but in order to clinch his argument, he had to deal with Boeke's Economic Dualism. According to Soegito, Boeke's "dissertation was an attack on the traditional method of dealing with the economic problems of Indonesia, which was still based on the deductive approach and very much influenced by the juridical background of the economic curricula in the universities of that period."<sup>17</sup> Boeke adhered cultural values to economic growth, or even spiritual drive, called the economic motive. The Indonesian lacked this value because his social environment produced cultural values on social motives. Soegito criticized Boeke's understanding of the economic motive and argued that the Indonesian farmer made decisions based on sound rational principles.

Yet despite the criticism, Soegito still continued to support a cultural interpretation of the lack of Indonesia's economic growth. "With the increase in the general level of education it is to be expected that rationality will gain in importance among the broader stratum of 'the common people.' When such is the case, it will also be less difficult to make them aware of the importance of such terms as 'effectiveness' and 'efficiency,' and a 'rational' or 'business-like' attitude can be eventually mastered. As long as the average educational levels are very low, emotional, traditional and/or social views are more dominant, and although not impossible, it nevertheless will require considerably more effort to implement a rational or systematic idea."<sup>18</sup> The main difference between Boeke's and Reksodihardjo's idea of cultural impediments to growth was its temporal character, at least seen within Reksodihardjo's interpretation of Boeke's theory. The problem of Indonesia's culture was a temporal one that was to be answered through the expansion of education, and thus the expansion of rational thought that would support the modern value of efficiency.

By portraying the Indonesian masses as chronically irrational, Reksodihardjo opened the way toward the application of knowledge

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17 Soegito Reksodihardjo, *Skills investment in a developing country: an appraisal of management development for Indonesia*, (PhD Dissertation University of California, Los Angeles, 1963), p. 170.

18 Soegito Reksodihardjo, *Skills investment in a developing country: an appraisal of management development for Indonesia*, p. 154-155.

obtained from studies in the United States and other places. He also put the managerial class in a secure position as rational leaders. “If the economy were left to the masses, the result would probably be that either the subsistence level would persist or that the economy would collapse quickly. First of all, the very low level of education does not permit the people to know much about other needs beside those which are very basic, and with which they are already familiar by tradition. In the second place, even if they are fully aware of their wants, it is still a question whether or not they can do much to alleviate the shortcomings, since the general low level of income does not allow any significant capital accumulation. Third, even the small proportion of the middle class cannot be entrusted with the task of becoming agents for progress.”<sup>19</sup>

This tension between modernity and tradition was even more explicitly expressed in the discussion of the ‘traditional value’ of *gotong rojong* or communal cooperation. M. Widodojoko Notoatmodjo’s dissertation entitled *Gotong Rojong in Indonesian administration, a concept of human relations*, defended at Indiana University in 1962, sought to understand how the traditional value of *gotong rojong* could be applied to solve Indonesia’s managerial woes. He discussed three case studies in order to analyse the situation in which *gotong rojong* was used effectively. He found several factors which determined the effectiveness of *gotong rojong*: environmental background, i.e. whether someone was from a rural, semi-urban or urban background, togetherness, i.e. communality of the person’s environment, cultural background, education, profession or social status, the understanding of *gotong rojong*, degree of practice of *gotong rojong*, degree of rationality, i.e. whether a person is more inclined to be emotional or rational or both and tendency toward collectivism.<sup>20</sup>

Like Reksodihardjo’s analysis, Notoatmodjo focused mainly on the division between traditional and modern cultural traits. *Gotong rojong* “as a social institution has been known and practiced throughout Indonesia for more than four thousand years, from the time of the population

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19 Soegito Reksodihardjo, *Skills investment in a developing country: an appraisal of management development for Indonesia*, p. 216.

20 M.W. Notoatmodjo, *Gotong rojong in Indonesian administration, a concept of human relations*, (PhD Dissertation Indiana University, Bloomington, 1962), p. 196.

immigration from the mainland of Asia about 2000 BC.”<sup>21</sup> But its application in the modern period was effective only when the individual was not yet westernized. “The domain of *gotong rojong* is any original and untouched village community in Indonesia, the kind of village community in which traditional *adat* law is a guiding principle for every member of the community, and where Western influence has not yet been felt in the way of life of the members of that community.”<sup>22</sup> Notoatmodjo believed that *gotong rojong* could only work with people who had not been tainted by the competitive spirit of the Westerners, whose individualist tendency would lead to the disintegration of its efficacy. Notoatmodjo saw *gotong rojong* as a compromise of the type of modernity that Indonesia chose. Instead of implementing full Westernization, the elites of Indonesia wanted to maintain a modernized Indonesian culture. Thus the modern idea of *gotong rojong* was, according to Notoatmodjo, a new creation by Indonesian intellectuals who had enjoyed Western education and training.<sup>23</sup>

The dichotomy between modern and traditional thus was reinterpreted within the Indonesian context. The reinterpretation of *gotong rojong* as modern was made through the reinterpretation of ancient values.<sup>24</sup> Instead of individualism and competition, the new Indonesian man was to work together within a highly corporative social system. This was at least imagined to be the case. Yet, the push toward the incorporation of ‘traditional values’ strengthened the idea of the dangers of the masses; they were not yet ready and thus had to be led by those rational persons who were ready to do so. These rational persons were the managers. In other words, a tension existed between the assumption of the pathological nature of the Indonesian persons and the efficacy of the new Indonesian managers. There was thus a ready acceptance to receive values, both modern and traditional, which helped the managerial class achieve control, despite the fact that such values kept the Indonesian man at a traditional position.

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21 M.W. Notoatmodjo, *Gotong rojong in Indonesian administration, a concept of human relations*, p. 205.

22 M.W. Notoatmodjo, *Gotong rojong in Indonesian administration, a concept of human relations*, p. 205-206.

23 M.W. Notoatmodjo, *Gotongrojong in Indonesian administration, a concept of human relations*, p. 218.

24 In fact, research has pointed its creation as recent. Javanese farmers themselves first heard the term around the mid-1950s. John R. Bowen, “On the Political Construction of Tradition: Gotong Royong in Indonesia” in *The Journal of Asian Studies*, Vol. 45, no. 3, (May, 1986), p. 545-561.

## Business Management

The Management Week (*Pekan Management*) was the first government-sponsored short-term managerial course conducted in 1959. In January, the Planning Body (BPN), in answer to the November 1958 Lynton and Caldwell report, called for a meeting attended by several ministries, the LAN and FEUI. The meeting created a work-committee whose membership included Dr. Subroto, Dr. Sadli, Drs. Panglaykim, Arifin Abdurachman from LAN and Achmad Ali from the BPN. After consulting with the Industrial Management Board (BAPPIT) and the Trading Companies Management Board (BUD), the *Pekan Management* was agreed upon. It was also decided that head company managers were to be sent to Advanced Management Programmes like the ones in Baguio, the Philippines.<sup>25</sup> On 20 February 1959, the Working Committee concluded that the development of managerial manpower should be divided into three groups—a long-term one which involved five years of academic training, a middle term involving 2 to 3 years of semi-academic training and a short term of two to three years company management training.<sup>26</sup>

As a continuation of the Management Week, FEUI created the Development Administrator Course (*Latihan Pembangunan Ketatalaksanaan* or LPK) in cooperation with the Ford Foundation and the University of California. The programme was initially devised by the alumni of the Advanced Management Program Baguio, a Harvard-based programme providing business management training for Asian managers. With Ford Foundation money, they approached FEUI to start a local programme.<sup>27</sup> The programme focused first on collecting business case methods and business cases, sending Dr. Rossal J. Johnson from Northwestern University and Dale L. McKen from San Francisco State College to direct the collection for two years.<sup>28</sup> The programme accepted high-level managers proposed by their company or office, who would work and live together for a period of

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25 Ali Budiardjo, "Sambutan Mr. Ali Budiardjo berkenaan dengan Pekan Management," in *Madjalah Ekonomi*, Vol. 1, no. 2/3, June/September 1959, p. 163-164.

26 Ali Budiardjo, "Sambutan Mr. Ali Budiardjo berkenaan dengan Pekan Management," in *Madjalah Ekonomi*, Vol. 1, no. 2/3, June/September 1959, p. 164.

27 Panglaykim, *Report on Business Management Training in Indonesia*, (Jakarta: s.n., 1959), p. 10-12.

28 Barli Halim, "Latihan Pembangunan Ketatalaksanaan I" in *Fortuna*, Year II, no. 14, May 1961, p. 85-89.

six weeks at a hotel in the highlands of Puncak near Jakarta. The first class of the LPK had 58 persons, 13 from state-owned companies, 35 from private companies and 10 army officers. They discussed 14 Indonesian business cases along with 53 foreign business cases. There were 15 teachers, two professors from Gadjah Mada University and the rest from UI, most of them were American professors teaching under a Ford Foundation-University of California program. Nine assistants were lent to help the students with their study. Each participant was given 10 books with titles varying from accounting to personnel management. The program had a small library containing 87 books, many of them used for reading assignments. The classes were usually divided into two groups, which were changed every two weeks.<sup>29</sup>

Business management courses had been on offer in Indonesia at the FEUI since early in the 1950s and followed the Dutch patterns, which integrated it into various departments instead of constituting a separate faculty. In the early 1950s, the faculty members were mostly composed of Dutch professors. With the deteriorating relationship with the Netherlands, numbers tapered off in 1954. This was compensated for by an agreement between the University of California, the Ford Foundation and the University of Indonesia in the provision of teachers and sending faculty members to finish off their education at Berkeley and other places in the United States. Until 1963, around 20 American professors assisted the teaching in the Faculty, whereas 50-60 Indonesians were trained in various American universities. The same case could also be seen in Gadjah Mada University (UGM) and its ties with the University of Wisconsin, by which UGM was able to send faculty members to Madison for education. Research cooperation with Yale University was also established with UGM. Aside from the United States, the Colombo Plan provided opportunities for education in Australia, Great Britain and other countries.<sup>30</sup>

ITB in Bandung created Business Management Training in cooperation with the West Java Council of Trade and Company, and later on Bamunas West Java. By 1962, there were four classes with a total of 323 students.<sup>31</sup>

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29 Barli Halim, "Latihan Pembangunan Ketatalaksanaan II" in *Fortuna*, Year II, no. 15, June 1961, p. 162-166.

30 Herman Johannes, *Laporan Tahunan Universitas Gadjah Mada tahun pengadjaran 1962/1963*, (Yogyakarta: UGM, 1963), p. 5, 15-17.

31 "Pendidikan Manager di Indonesia" in *Fortuna*, Year III, no. 26, May 1962, p. 81-83.

Between 1959 and 1965, at least 600 businessmen had taken the two-year course.<sup>32</sup>

The Ministry of Development held a Seminar on Industrial Management and Business Administration, dubbed the SIMBA, focusing on industrial management. SIMBA cooperated with the BAPPIT.<sup>33</sup> These state-based courses sometimes cooperated with universities, and constituted a major effort by the state from the 1950s to increase efficiency; witness the TWI programme and its Guided Democracy incarnation, the Productivity Institute.<sup>34</sup> Aside from TWI programmes, the Institute also conducted productivity seminars with the Academy of Company Heads<sup>35</sup> and other state institutes like the Train Office<sup>36</sup> with methods engineering and work study courses. The Productivity Institute also provided a six-week Training Program for Master Trainers. The cost to go on it was not covered by the government but had to be provided by the companies themselves.<sup>37</sup>

Aside from these university-based courses, some private corporations were also active in providing managerial and technical training to Indonesian staff. In fact, by the Finec agreement of the Round Table Conference Dutch companies were committed to provide greater participation for Indonesian employees at the managerial level, although no targets were specified nor were time tables drawn up.<sup>38</sup>

Yet, from early on, American corporations dominated these corporate training programs. The first was the oil company Stanvac, which sent Indonesian employees to follow courses designed to enable them to assume managerial and supervisory positions. The first scholarship program, effectively confined to middle management, was held in 1954, when an accountant was sent to Cornell University and a manager to the Graduate School of Business Administration at Harvard. Employees were also sent to

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32 *Sedjarah perkembangan pembangunan daerah Djawa Barat tahun 1946-1965*, (Bandung: Bakopda Djawa Barat, 1965), p. 232.

33 "Pendidikan Manager di Indonesia" in *Fortuna*, Year III, no. 26, May 1962, p. 83.

34 Lembaga Produktiviteit

35 Akademi Pimpinan Perusahaan, a semi-academic course on a high-school level hosted in Jakarta and meant to develop the capability of youngster as candidate for company heads. In the school year 1961/1962, they had 650 pupils with 24 graduates.

36 Djawatan Kereta Api

37 "Program latihan pembina/dosen azas2 management" in *Fortuna*, Year III, no. 28, July 1962, p. 12.

38 J. Thomas Lindblad, *Bridges to New Business*, p. 150.

study business administration at the American University in Beirut, Lebanon and Stanford University, California. Legal specialists were also sent abroad to Leiden University, the Netherlands, among others.<sup>39</sup> By 1959, Stanvac had sent 59 employees abroad. The United States also provided direct assistance to Indonesian companies. The ICA worked with the College of Business Administration of Syracuse University to provide a 12-month program for Indonesians in order to learn about principles of scientific industrial management and get specialized training. In total, 15 Indonesian attended the program. The alumni of the program consequently developed their own management training in Indonesia, working with the Indonesian Chamber of Industries to set up a one-month management course in 1959.<sup>40</sup>

It became clear that corporate-sponsored management courses produced better managers than the university system. The reason for this was that business programs usually had a clear aim, a strong sponsorship for trainees, carefully worked-out schedules and good follow-up support once the trainees returned back home. This was just not possible for various reasons for academic and government-sponsored institutions.<sup>41</sup>

The Banas and other government-owned companies with significant army presence conducted specialized courses for military personnel. In May 1959, the central Bappitt held its first management course, catering to professional soldiers who had taken on the role of administrator. In the same months, the Indonesian Chamber of Industries (*Kamar Industri Indonesia*) held a management seminar with participants representing various private industries. In July, the Indonesian Chamber of Commerce (*Kamar Dagang Indonesia*) held a business management training course, while the Siliwangi Division held an Army Middle Management Training Program, sponsored by the Bappitt East Java with six month duration.<sup>42</sup> If we look at the course given by the BUD between October-December 1960 for the management of state-owned corporations, we can see the extent of the relationship between the various government organizations, the universities and what was becoming the most prominent part of the Indonesian industrial section of the economy. Relationship between FEUI, FINEK, various departments like that of labour,

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39 *United States business performance abroad. The case study of Stanvac in Indonesia*, (S.n.: National Planning Association, 1957), p. 76.

40 Panglaykim, *Report on Business Management Training in Indonesia*, p. 13-14.

41 Panglaykim, *Report on Business Management Training in Indonesia*, p. 15.

42 Panglaykim, *Report on Business Management Training in Indonesia*, p. 17-19.

the tax office and the Banas indicate that a community of policy makers and experts were coalescing within these groups which traversed the economic sector, the military, the bureaucracy and the universities.

It is also important to understand that management science provided a language that was elitist and professional. It was a language that promoted both the magic of efficiency and effectiveness, coupling a feeling both of communal solidarity and a sense of superiority. It was one dominated by an Anglicized and scientific culture that determined a specific and elitist white-collar worldview; management, labour relations, leadership, control and so forth.

Topics <sup>43</sup>	Teacher
General Management	Drs. Ang Giok Hoen (University of Indonesia)
Personal Management	Drs. Lo Siang Hien (Department of Labour)
Hubungan Perburuhan ( <i>Labour Relations</i> )	Sutarto (Department of Labour)
Marketing	Drs. Barli Halim (University of Indonesia)
Pengenal Barang ( <i>Goods Identification</i> )	Pandelaki (Customs Office)
Transport Ekonomi ( <i>Economy of Transportation</i> )	Drs. Suhono (Finek Bureau)
Budgetary Control	Drs. Sardjono (University of Indonesia)
Finance	Drs. Njo Tjians Bik (University of Indonesia)
Ekonomi ( <i>Economy</i> )	Dr. Mohammad Sadli (University of Indonesia)
Perdagangan Internasional ( <i>International Trade</i> )	Dr. Subroto (University of Indonesia)
Perbankan ( <i>Banking</i> )/Public Finance	Drs. Sutarto (University of Indonesia)
Work College Perdagangan ( <i>Trade</i> )	Drs. Sutadi (BUD)
Communications in Management	Wirasutisna MA (Finek Bureau)
Hukum Perdata ( <i>Civil Law</i> )	Mr. Siregar (Director of API)
Pelanggaran Ekonomi ( <i>Economic Crimes</i> )	Mr. Murtolo (Attorney General Office)
Assuransi ( <i>Insurance</i> )	Mr. Siregar (Insurance Cooperating Institute)
Hukum Fiskal ( <i>Fiscal Law</i> )	Surjono (Tax Office)
Hukum Dagang ( <i>Trade Law</i> )	Mr. Siregar (Director of API)
Koperasi ( <i>Cooperatives</i> )	Ir. Ibnu Sudjono (Cooperatives Office)
Research Methodology	Drs. Ismail (University of Indonesia)
Special/Guest Lecturer	
Leadership	Minister of Land Transportation
Cooperatives	Minister of Transkopemada

Source: *Madjallah Perusahaan Negara*, vol. 1, year 1, 1961, p. 24.

43 Language remained in original forms, italics are translated.

The rise of military and state managers blurred the lines between the private and public sector. The private sector had been in steep decline since the start of Guided Democracy. The disastrous monetary reforms of August 1959 were an effective attack on both foreign and domestic capital. Many policy makers thought little of Indonesian entrepreneurs, considering them to be speculators and ‘black marketeers.’<sup>44</sup> The expansion in management occurred in the public sector. As ‘decentralization’ and territorial management resulted in relationships between the military and civilian businessmen, the managerial expansion also replicated the process. By the early 1960s, Nasution could claim that the military had many people with experience in management and that these people needed to be distributed within the field of development.<sup>45</sup>

### Image A



Group discussion within the UI’s managerial course conducted in Puncak, West Java. Taken from *Latihan Pembangunan Ketatalaksanaan II, 1961*, (Jakarta: FEUI, 1961), p. 12.

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44 Benjamin Higgins, “Introduction,” in Benjamin Higgins (ed.), *Entrepreneurship and labor skills in Indonesian economic development*, (New Haven: Southeast Asian Studies, 1961), p. 35.

45 A.H. Nasution, *Memenuhi Panggilan Tugas. Jilid 5: Kenangan Masa Orde Lama*, p. 206.

## Public Management

As was discussed briefly in the previous chapter, the idea for the formation of an organization that would train administrators and conduct research on public management was realized early on. The ideas of Edward Litchfeld and Alan C. Rankin, which were published in 1954, were implemented as part of the rise of Guided Democracy. Public management saw administration as an engineering problem, to be solved through the application of sound logical principles. The idea of a 'scientific' technocracy went hand-in-hand with the ideas colouring much of Guided Democracy's thinking about the civil service. Public management was an obvious and logical extension of the supervision and retooling. Just as public administration was part of a larger administrative science that included business administration, so the *Lembaga Administrasi Negara* or LAN was also part of a larger institutional development meant to create better public administration. This policy included UGM and its Department of Public Administration, Padjadjaran State University, which in 1962 founded a Faculty of Administration teaching Public Administration, Business Administration and Accountancy, and finally ministerial-run educational institutes, such as the Interior Ministry's Academy for Interior Governance<sup>46</sup> in Malang.

Throughout the 1950s, the affairs surrounding the civil service fell into two main government agencies. The first was the Personnel Affairs Board (*Dewan Urusan Pegawai*), established in 1950 and comprising senior members of the cabinet and chaired by the Prime Minister.<sup>47</sup> The board's primary task was to consider and review policies on the Civil Service and advise and propose solutions to problems surrounding the Civil Service. The second agency was the Central Personnel Office (*Kantor Urusan Pegawai*), which was to deal with all aspects of personnel administration at central and local government levels. This included keeping in touch with all public officials on personnel matters, giving advice to all public agencies, obtaining information, drafting rules, regulation, bills, ordinances and edicts affecting the Civil Service, overseeing the application of rules and laws in order to

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46 Akademi Pemerintahan Dalam Negeri

47 Sondang Paian Siagian, *The Development and Problems of Indigenous Bureaucratic Leadership in Indonesia*, (PhD Dissertation Indiana University, Bloomington, 1965), p. 84.

prevent violation and controlling the import of foreign workers/experts.<sup>48</sup> The rise of the LAN was complementary to the institutional set up above, although as Sondang Siagian pointed out an array of function was duplicated in both bodies. According to him it would have been more fruitful to amalgamate the two agencies.<sup>49</sup> This was never done.

## Lembaga Administrasi Negara (LAN)

LAN was based on Government Regulation no. 30/1957 under the Djuanda Cabinet. Although it had its roots in the Litchfeld and Rankin report, LAN prided itself on its 'indigenous' character. A committee was set up in July 1954, consisting of Vice President Mohammad Hatta, the head of the BPN, Djuanda, the Secretary General of the Ministry of Culture and Education, M. Hutasoit and the Secretary General of the Ministry of the Interior, Sumarman. This committee agreed that an Indonesian program for public administration should be created under the guidance of Indonesians and that public and business administration science should be grouped within a unified faculty. The conclusion of the committee was slow in materializing itself, but did solidify a consensus on the need to form an institute that was to develop Indonesian public administration science and train administrators. In 1956, M. Hutasoit, Sumarman and Ali Budiardjo conducted a series of meetings and presented their findings to the Secretary General. A new preparatory committee was created consisting of the secretaries general of the Ministry of Education and Culture, Interior, Finance, Laboras well as the Vice Director of the BPN and the Head of the Office of Personnel Affair.<sup>50</sup> This committee reported to the then Minister of Education and Culture, Sarino Mangoenpranoto, and at the Ministerial Board meeting in early 1957, Minister Mangoenpranoto presented the findings. It was finally agreed that the public administration institute needed to be formed.

Minister Sarino in early February created the Committee for the Planning and Formation of the State Administration Institute<sup>51</sup> headed

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48 Sondang Siagian, *The Development and Problems of Indigenous Bureaucratic Leadership in Indonesia*, p. 99-105.

49 Sondang Siagian, *The Development and Problems of Indigenous Bureaucratic Leadership in Indonesia*, p.106-110.

50 Kantor Urusan Pegawai

51 Panitia Perentjana Pembentukan Lembaga Administrasi Negara

by Kosim Adisaputra of the Ministry of the Interior, a specialist in public administration. In early June 1957, the committee wrapped up their work by proposing two legislative measures: a Government Regulation on the creation of the State Administration Institute and a Prime Ministerial Decision on the structure and function of the organization. The committee also recommended candidates to head the institute, conducted discussions with the Institute of Public Administration in Manila and held seminars on the subject. Based on the recommendation of the committee, a Government Regulation no. 30/1957 was issued, followed by the Prime Ministerial Decision no. 283/1957.<sup>52</sup>

On August 1957, Karnandi Wargasmita, Sumarman and M. Ulfah Santoso went on a study mission to several countries, including the US. At the same time a delegation from the Institute of Public Administration in Manila headed by Carlos N. Ramos came to Indonesia. Thus, while being faithful to the idea that it was an Indonesian owned and operated program, LAN remained well connected to the wider international public administration networks. At the regional conference on public administration held in Manila in July 1958, Prajudi Atmosudirdjo and Arifin Abdulrachman, both of whom obtained top positions in the LAN, represented Indonesia, along with Marsoro and Z.A. Samil. The conference created the Eastern Regional Organization for Public Administration or Eropa, an umbrella institution that would coordinate the many national public administration institutions that were created during this period. With its headquarters in Manila, it signalled the importance of American influence in its implementation. As a follow up by the ICA to the Litchfeld and Rankin report Joseph L. Sutton, an advisor to the state administration institute in Thammasat University, Bangkok, was sent to Jakarta. The ICA focused on two things: importing literature on state administration to Indonesia and sending young Indonesian to study about the science in the United States.<sup>53</sup>

On 5 May 1958, Prajudi Atmosudirdjo was appointed head of the LAN. He had worked as senior officer at the Department of Industry, Ministry of

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52 Imam Buchari, *Buku Peringatan Pantjawarsa Lembaga Administrasi Negara*, (Jakarta: Lembaga Administrasi Negara, 1963), p. 3-4.

53 Imam Buchari, *Buku Peringatan Pantjawarsa Lembaga Administrasi Negara*, (Jakarta: Lembaga Administrasi Negara, 1963), p. 46-54.

Economic Affairs<sup>54</sup> and had been a lecturer at the management faculty of Dwipajana University in Jakarta, writing a book on public management in 1956. Like the BPN, the LAN was an organization located under the office of the Prime Minister and aimed at training civil servants in the arts of modern public administration. The main goals of the institute were: to provide training and supervision of the education of civil servants and/or candidate civil servants, to conduct investigation in the field of public administration, to provide services in order to improve and perfect government administrative apparatuses and, lastly, to develop further the science of Indonesian public administration.

In 1959, LAN set up its first foreign cooperation with Indiana University within the “Indonesian Public Administration Project”, a five-year program that allowed 71 Indonesian officials to train in the United States.<sup>55</sup> The US provided funds to the tune of \$ 586,000 for the LAN-Indiana University project.<sup>56</sup> Aside from the US, LAN also had cooperation with the UN, West Germany, the Colombo Plan and Japan. From 1959-1962, LAN sent 89 persons to study abroad; 70 people went to the US, 14 to the Philippines, three to Japan and one each to West Germany and Australia.<sup>57</sup> Staffing remained a problem, experienced managers were hard to pry from their cushy jobs, and young people were reluctant to join because of the low pay.<sup>58</sup> The main activity of the organization was to conduct management-training courses for middle and upper managers of the state. Aside from Indiana University, there were also relations with international organizations such as the International Institute of Administrative Sciences and the Eastern Regional Organization for Public Administration.<sup>59</sup> There were seven management-type courses on offer: archive, transportation, personnel,

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54 Sumitro Djojohadikusumo (ed.), *The Government's Program on Industries*, (Jakarta: Lembaga Penyelidikan Ekonomi dan Masyarakat, 1954), p. 1.

55 Sondang Siagian, *The Development and Problems of Indigenous Bureaucratic Leadership in Indonesia*, p. 245.

56 Usha Mahajani, *Soviet and American Aid to Indonesia*, (Athens: Ohio University Center for International Studies, 1970), p. 13

57 Imam Buchari, *Buku Peringatan Pantjawarsa Lembaga Administrasi Negara, 1958-1963*, (Jakarta: Lembaga Administrasi Negara, 1963), p. 28.

58 Imam Buchari, *Buku Peringatan Pantjawarsa Lembaga Administrasi Negara, 1958-1963*, (Jakarta: Lembaga Administrasi Negara, 1963), p. 12.

59 Sondang Siagian, *The development and problems of indigenous bureaucratic leadership in Indonesia*, p. 97-98.

finance, leadership, planning and public relations. In 1960, 392 civil servants took the course and 259 passed it.

The LAN-Indiana University cooperation program was the most important international relationship the organization had. Most of the institute's employees sent abroad for higher education were sent to Indiana University, although some were sent to other universities in the US. The vast majority of LAN's books and manuals on administration, audio-visual equipment, printing presses and other equipment were given by Indiana University with the financial help of the Ford Foundation or were purchased with the Indiana University courses in mind. Aside from Indiana University professors, LAN also regularly invited foreign professors to give talks. They included, in 1960, Harold Koontz, a famous management professor from the University of California and J.R. Hicks, the economist from Oxford University. Conversely, LAN also sent people to attend conferences or give talks abroad, including a visit by Arifin Abdurrachman vice head of LAN, and Prajudi Atmosudirdjo, head of LAN, to the US and to an IIAS (International Institute for Administrative Science) conference in Lisbon and an EROPA conference in Tokyo.<sup>60</sup>

The focus on LAN inevitably gravitated toward education under the principle 'When Indonesian leaders, political, community and civil servants, clearly understand what is meant by the subject of public administration, it will be possible to carry out successfully extensive administrative-management improvements projects.'<sup>61</sup> Various short courses were run in cooperation with other state institutions, such as Depernas and individual departments. It also conducted courses for lower-rung managers, including a course for the 145 *lurahs* in Jakarta in cooperation with the municipality. On average, 200-500 people attended the annual courses. The scope of education was significantly widened when on 7 November 1960; the University for State Public Administration Service (*Perguruan Tinggi Dinas Ilmu Administrasi Negara*) was founded. It had the best library on public administration in Indonesia numbering around 11,000 volumes<sup>62</sup> and containing the latest

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60 Imam Buchari, *Buku Peringatan Pantjawarsa Lembaga Administrasi Negara, 1958-1963*, (Jakarta: Lembaga Administrasi Negara, 1963), p. 46-53.

61 Garth N. Jones, *Some critical areas concerning technical assistance*, (Jakarta: Lembaga Administrasi Negara, 1960), p. 13.

62 Sondang Siagian, *The Development and Problems of Indigenous Bureaucratic Leadership in Indonesia*, p. 97.

American books on the subject. By 1963, there were over 14,000 books and the university had produced 17 master theses. By the same year, LAN had conducted various efficiency surveys in many departments, produced manuals on management, form design, supervision and reporting, and sent out consultation teams to various institutions such as banks, the army headquarter, the department of justice, offices of prisons and the air force headquarter.

The idea of LAN as the coordinator for civil service administration was an essential component to unite the fragmented corps. Political party infiltration, which had been highly corrosive since the 1950s, was to be revamped through re-education of proper scientific management courses. Unfortunately, Prajudi Atmosudirdjo failed to provide the necessary leadership to allow for the proper educational restructuring to occur. This failure was very much the result of the lack of authority the director had amongst the ministries involved. That the executive, including Djuanda Kartawidjaja, failed to support the LAN in the issue of education did not help either. Later in 1971, when the LAN director was replaced with Awaloeddin Djamin, a more successful attempt to unite public administration education was conducted, thanks to his personal relationship with technocrat Emil Salim as State Minister for Administrative Reform.<sup>63</sup>

Nonetheless, the LAN failed to convince the universities to back up the program and there occurred competition between the organization and the universities in providing public administration courses. Although the LAN attempted to reorganize the curriculum and structure during the 1961 conference on the teaching of public and business administration at the universities, institutions of higher education and academies, it failed to do so. The Ministry of Higher Education and Research saw the LAN merely as an in-service training organ. Even more significant, the in-service training that was given by the various ministries continued on. "As a result, the bureaucracy, which was already fragmented because of its historical development, was further fragmented by the fact that the pre- and in-service training conducted by each department emphasized only departmental needs and departmental loyalty rather than the bureaucracy as a whole."<sup>64</sup>

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63 Djuna Hadisumarto, *The Indonesian Civil Service and its Reform Movement*, (PhD Dissertation Indiana University, Bloomington, 1974), p. 182-183.

64 Djuna Hadisumarto, *The Indonesian Civil Service and its Reform Movement*, p. 182-183.

Both Indonesians and American experts recognized the problem of creating a formidable public administration. Joseph M. Waldman was confronted with these problems in the Indiana University project while aiding the LAN in establishing a national training centre for office administration. He quoted several Western experts on the problems concerning authority: "I'm sure we've reported to you on several occasions that Mr. Mintorogo (deputy director) and others are very reluctant to make those decisions which involve the fact that they have to face up to someone and say "no", or administer correction, or deprive them of what they want to do." Further, "on occasions, when some operational or procedural problem had come up and we've asked that he (deputy director) clear this with the LAN and provide us a pattern for action, he then pleaded that I (chief of party) or Joe should take the matter up with the officials involved, because we were foreigners and that they would listen to us but would pay no attention to him."<sup>65</sup> Reluctance to cooperate with foreign experts was noted from the early 1950s. "Indonesian officials display a touchiness about prerogatives, prestige, self-esteem that is a hyper-reaction against the former authority of foreigners, heightened by a frequent sense of insecurity arising from feelings of personal inadequacy for the jobs held."<sup>66</sup>

Many of the publications and conferences on public administration focused on the problems of leadership and decision-making of the civil service, i.e. the problem of authority. There were three general themes in the discussion of public management either in the LAN or in other places like the Academy of Interior Government<sup>67</sup> or FEUI management courses. One focused on the behavioural capabilities, decision-making and the devolution of authority. Sondang Siagian proposed changes in order to create a more active civil service: a better system of recruitment with entrance exams, a better valuation for classification of positions, rating of efficiency, better career planning and a greater flow of transference of civil servants from one agency/department to another, better compensation schemes and, lastly,

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65 Joseph M. Waldman, *Administration Problem Encountered in the Establishment of the National Center for Office Administration in Djakarta, Indonesia*, (PhD Dissertation Indiana University, Bloomington, 1966), p. 119-120.

66 "Foreign Technical Assistance in Economic Development In a Newly Independent Country: some observations in Indonesia" in *Economic and Cultural Change*, Vol. 1, No. 1, (March, 1952), p. 78.

67 Akademi Pemerintahan Dalam Negeri

an improved retirement system.<sup>68</sup> None of these pragmatic solutions to the problems were ever implemented. Instead, discussion increasingly zoomed in on cultural and political behaviour and changes through indoctrination.

As in the case cited by Waldman's study, the problem of authority was seen as being much deeper than a question of inadequate remuneration, although this was to some extent blamed too. Another prominent social science that often figured in such discussions was that of psychology. Books on the psychological basis, offering quick remedies, were available as early as the 1950s. Many ideas on leadership rallied around the slogan 'the right man in the right place', which was a slightly tacit statement on the difficulty of actually drilling and coaching a 'wrong man' into a good manager, despite the advances in the field of psychology. Even so, the notion of coaching a person into excellence in administration was nursed throughout.

A second theme was related to technical matters of efficiency, especially concerning the office. Many books and articles released by the LAN or the Interior Government Academy focused on expounding technical developments concerning both work behaviour and office forms. Motion studies, for instance, developed by the American engineer Frank B. Gilberth and his wife Lillian M. Gilberth in the late nineteenth century, technically dissected the movement of a person working in the office. Seventeen movements were identified and the extent to which they spent energy was counted. This was then joined together with time studies, which created the time-motion studies.<sup>69</sup> This and other 'tools' like the "critical path method" which was meant to evaluate and estimate schedule, costs and resource allocation for a particular project<sup>70</sup> were all being taught to government officials through these managerial courses. The extent to which such studies affected true office work was probably very slight. Yet, the efforts were not just limited to studying the motion of workers, but also the forms of the office,

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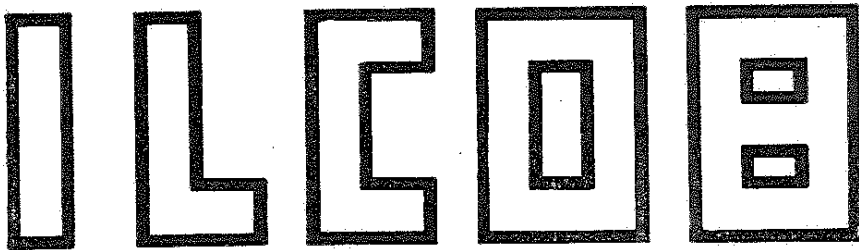
68 Sondang P. Siagian, *The Development and Problems of Indigenous Bureaucratic Leadership in Indonesia*, p. 206-234.

69 A prominent Gadjah Mada social scientists Drs. The Liang Gie, was quite adamant in promoting these studies. See his article on limiting necessary motions at the office. The Liang Gie, "Penghematan gerak dalam pekerjaan" in *Buletin Lembaga Administrasi Negara*, No. 3, 1963, p. 23 and The Liang Gie, *Tjara Bekerdja Efisien*, (Yogyakarta: Pertjetakan Republik Indonesia, 1962).

70 Julianto Moeliodihardjo, "Perentjanaan dan pengawasan dengan "critical path method"" in *Latihan Pembangunan Ketatalaksanaan. Pemikiran Pendahuluan Mengenai Management Berdikari 1965*, (Jakarta: Fakultas Ekonomi UI, 1965).

of the table and so forth. Like time-motion studies, Americans prominently dominated these works. Tan Hweiliong, Kosim Adisapoetra and Henry C. Bush, an expert sent by the ICA, wrote one major book on the subject. This particular book was rich in pictures, provided by the Communications Media Division of the Agency of International Development, United States Operating Mission in Jakarta. While efforts were made to localize the contents, it is clear that the dominant theme of the pictures depicted an essentially American office environment, instead of an Indonesian one.

### Image B

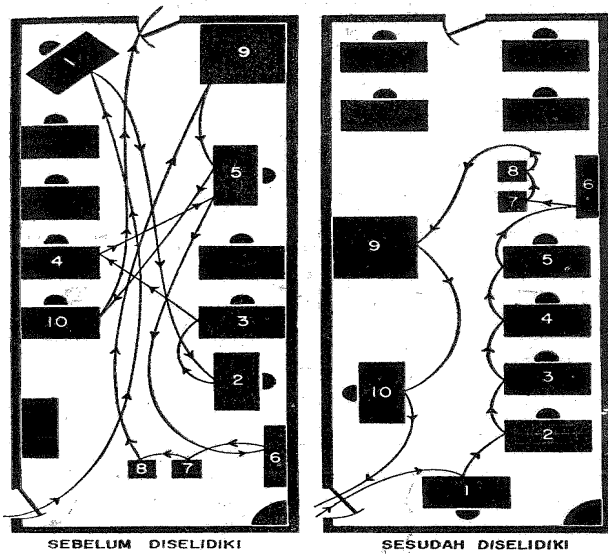


Gambar 1.

Source: Tan Hweiliong, Kosim Adisapoetra, Henry C. Bush, *Organisasi dan Tata Pimpinan Kantor*, (Malang: Akademi Pemerintahan Dalam Negeri, 1962), p. 8

Both the images here represented 'scientific approaches' toward a more logical design of offices and office space. The ILCOB design above was made to allow for government offices to be expanded by requirements in what was said to be a logically consistent manner. Image C represents efforts to design more efficient and logical office movements and spaces. The caption signified the need to scientifically investigate office spaces. The last of the series of images shows a board of internship schedules of the APDN. Significantly, the image demonstrates heavy usage of English as a primary language in these exercises. Various other images showed Western looking men and women at the office, and some Indonesian-looking men and women wearing traditional Indonesian clothing or the *peci*.

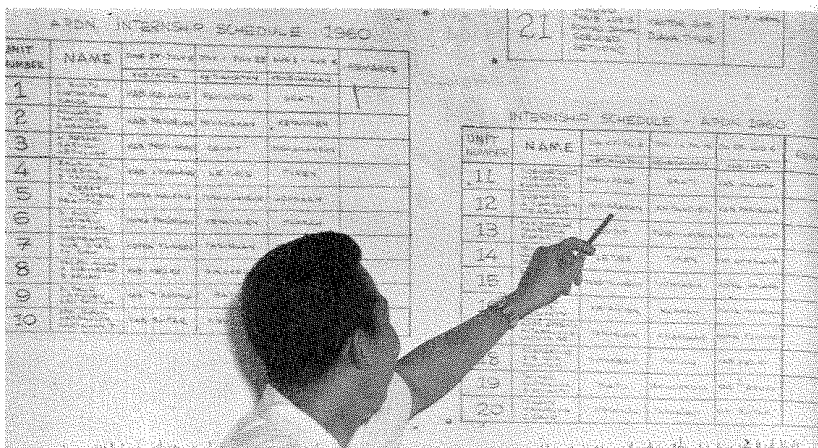
Image C



Gambar 13

Source: Tan Hweiliong, Kosim Adisapoetra, Henry C. Bush, *Organisasi dan Tata Pimpinan Kantor*, (Malang: Akademi Pemerintahan Dalam Negeri, 1962), p. 25.

Image D



Source: Tan Hweiliong, Kosim Adisapoetra, Henry C. Bush, *Organisasi dan Tata Pimpinan Kantor*, (Malang: Akademi Pemerintahan Dalam Negeri, 1962), p. 124.

## Political Indoctrination

Political indoctrination, such as the various Manipol Usdek indoctrination classes provided by the LAN and many other related management courses, will be discussed in greater detail below. In all aspects of modern scientific management, political indoctrination focused on the aspect of control. How this aspect was implemented in the Guided Democracy and by which type of organization, forms the topic of our next discussion.

The effect of public and business management on Indonesia's, or even the New Order's, economic success is difficult to ascertain. Corruption and the lack of bureaucratic initiative remained a problem throughout the history of the Republic. State-owned corporations, until very recently, seemed to function as cash cows for resourceful officials. Yet this is not the most important point. As in the case of national planning, scientific management promoted state-society relations that elevated the 'experts' within society as natural leaders. These experts were to occupy positions of importance in several organizations and kept close contacts with each other and, importantly, with persons in the military. The rise of military managers or what Utrecht labelled "military entrepreneurs"<sup>71</sup> within the nationalized companies, resulted in a large number of army personnel as managers of relatively sophisticated companies. In the newly created structures of Bappit and the BUD, military men would come to study with university professors, while some would continue their study or conduct further active research, especially in socialist countries, in order to figure out an Indonesian version of the socialist economy. Their training in foreign management courses, much of which were provided by the United States, was another point in the exercise.

Importantly, two organizations were set up by A.H. Nasution to deal with the problems of mismanagement. These were the Bapekan and Paran organizations created during the early 1960s. He had some measure of success, but Sukarno had managed to chip it away by 1964. The relationship between the management sciences developed above and these two organizations was not clearly related, but as a prominent and celebrated member within the managerial community, Nasution must have had an important effect in promoting or realizing the ideas behind it. Let us discuss

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71 Ernst Utrecht, "The Military Elite" in Malcolm Caldwell (ed.), *Ten Years Military Terror in Indonesia*, (Nottingham: Spokesman Books, 1975), p. 41-58.

now how to understand the problems related to mismanagement and the inherent problem of individual control by the state.

## Managerial Problems and the Kapitalis Birokrat

The 'professional' managerial class composed of military officers, employees of state-owned enterprises and newly graduated university students in business management was significantly strengthened as a result of the expansion of available positions in the expanding state-owned sectors by the end of the 1950s. This development continued unhindered by the corporatist approach in formulating the Eight-Year National Plan. Major attacks against this class emanated from the Communist Party, although before 1960, it was in principle supportive of nationalization and a heavy industrialization approach that relied on state-owned enterprises. The PKI's stance differed to some extent with the position taken by the military and Guided Democracy policy makers. According to McVey, the party supported Chinese businesses because of the Marxist ideology of non-racism and internationalism.<sup>72</sup> It also supported greater decentralization of the regions, finding the continued rule of the feudal *pamongpradja* to be distasteful. Rex Mortimer has noted that Aidit has 'liberal tendencies' regarding small-scale enterprises or what he termed 'national capitalism'.<sup>73</sup>

The shift toward hostility happened in 1960 as a result of increasing management-worker conflicts, especially in connection with the abolition of holiday bonuses. The Communist was wary of company managers who were supporting the Labour Minister's plan to create an all-embracing labour front to rival the Communists' SOBSI union.<sup>74</sup> For the first time, the term Capitalist Bureaucrat was used to denigrate managers, who were increasingly seen as creating a 'new rich dynasty'. The resentment of this managerial class was exacerbated by the impressions of many observers that a growing gap between rich and poor had developed, especially in the scale of conspicuous consumption. For instance, the import of passenger cars had increased by 70% between the years 1959 and 1965, despite the decline in per capita

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72 Ruth T. McVey, 'Indonesian Communism and China' in Bingdi He, Tang Tsou, Charles U. Daly (eds.), *China in Crisis*, (Chicago: the University of Chicago Press, 1968), p. 361-362.

73 Rex Mortimer, *Indonesian Communism under Sukarno. Ideology and politics, 1959-1965*, (Ithaca: Cornell University Press, 1974), p. 259.

74 Rex Mortimer, *Indonesian Communism under Sukarno*, p. 257-258.

income.<sup>75</sup> Mirroring the corporatist policy of the early Guided Democracy state, the Communists supported expanding participation through the application of *open management*, *social control* and the institution of the company councils (*dewan perusahaan*) inaugurated in 1960, but hardly implemented by the managements. Aidit said, “There are some people who have no faith in the people’s ability to develop a national economy and place the blame for our economic failures on the fact that the people are not sufficiently educated, many are still illiterate, they do not have the managerial know-how, they work badly, they are superstitious, etc.”<sup>76</sup>

By 1964-1965, the combined attack of the PKI and effective loss of control of the economy by the government resulted in the Communist campaign against this managerial class. “In some cases, the PKI was able to place trained economists and administrators sympathetic to it in middle-level posts in government departments and other bureaucratic positions.”<sup>77</sup> At this late stage, there was little to be done to actually correct the problems. Aidit’s economic program shifted from supporting heavy industry to light industry by 1962. In 1964, the shift was toward agriculture and the estates, mirroring the shift in policy of the Chinese Communist Party. Assured of his belief that Indonesia could not collapse because of mounting economic problems, Aidit’s remedy was to ‘liberate the productive forces’ of the countryside through peasant and the industries through worker participation. These participatory ideas were anathema to the basic rules of scientific management, which required the expert calculation of management.

## Guided Democracy Management

Both the Litchfeld and Rankin and the Caldwell and Timms reports approached the institutions of Indonesia’s state and education system with an almost naïve lack of political perspective. Obviously, they only met with the most technocratic elements of the Indonesian state. Litchfeld and Rankin came under the behest of the University of Indonesia and Caldwell

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75 Lance Castles, “Socialism and private business: the last phase” in the *Bulletin of Indonesian Economic Studies*, no. 1, vol. 1, p. 39-40.

76 D.N. Aidit, “Socialisme Indonesia dan sjarat-sjarat pelaksanaannya” quoted in Rex Mortimer, *Indonesian Communism under Sukarno. Ideology and Politics, 1959-1965*, (Ithaca: Cornell University Press, 1974), p. 262.

77 Rex Mortimer, *Indonesian Communism under Sukarno*, p. 268.

and Timms of the Planning Bureau. The Guided Democracy changed all that because of the political nature of much of the formerly less politicized, decision-making institution. The most significant change was the effective reorganization of the Central Bank from an independent organ into a part of the President's ministries.<sup>78</sup> Another difference between the periods of the 1950s and that of the 1960s within administration science was the development of a distinct type called the development administration. The reason for this development was that both public and business administration were developed for the American political economy and its application to the Third World had resulted in the contextualization of the science. Another reason was the awareness that administrators and the science it brought forth would have to work within an elite system that was different from the West and that lacked a strong state where the rule of law operated.

The roots of development administration were found in the evolution of a comparative approach during the early 1960s. Motored by a cadre of American public administration specialists within a group called the Comparative Administration Group or CAG, they were integral to the emergence of development administration altogether. In Asia, the CAG formed the Asia Committee, which allowed many of the pioneers of comparative administration science to try to apply their ideas to real world problems. Milton Esman of the University of Pittsburgh for instance worked in the Development Administration Unit of the Malaysian Prime Minister's Office. Within the EROPA, the creation of a Development Administration Group section in 1966 signalled its expansion in the relatively tight-knit community of experts, composed of seven members, including Dr. Sondang Siagian of the LAN.<sup>79</sup>

As part of the reorganization of the Guided Democracy in the early 1960s, which allowed for greater participation of expertise within the decision-making process, a series of congresses (*musjawarah*) were held in practically all the sciences. These meetings were meant to integrate the sciences within the development plans of the nation. On 1-2 December the Department of Higher Education and Science held a congress in cooperation

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78 RADIUS Prawiro, *Indonesia's struggle for economic development. Pragmatism in action*, (Kuala Lumpur: Oxford University Press, 1998), p. 3.

79 Sondang Paian Siagian, *Administrasi Pembangunan dalam rangka Nation Building*, (Jakarta: Lembaga Administrasi Negara, 1968), p. 2-4.

with the Balai Pembinaan Administrasi, Gadjah Mada University<sup>80</sup> and the LAN, in order to discuss the influence of higher education on public administration and business management within the universities. This was the first time that the two management sciences came to generalize their respective fields. The seminar was biased toward public administration, although several business management specialists, such as Barli Halim and Soebroto from FEUI, attended.<sup>81</sup>

In an article on development administration written after the fall of Guided Democracy, Sondang Siagian reiterated the four elites: the power elites or political elite, the task elites or top administrators, the captains of industries and the intellectuals. Following the lines adopted by Barli Halim in his papers during the rise of the New Order, he stated that development administration should focus on pioneering changes. "It is a total development that is at the same time integrated into the political, cultural, social and economic development."<sup>82</sup>

The premise of Guided Democracy as a managerial revolution was voiced throughout the period. Achmad Sanusi in his book pointed to the need to couple Sukarno's Revolusi and the administrative sciences. "There should be created a group of leaders (*tokoh*) that could push members of society toward a more productive and efficient way of working and that could avoid speculation and corruption."<sup>83</sup> Public administration specialists needed to develop an administrative model that could be used by the Indonesian government in order to complete its administrative revolution. Sanusi

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80 The Balai Pembinaan Administrasi conducted courses with over 2000 students in various topics such as general managerial knowledge, company administration and efficiency course to various government bureaucracy and companies. They also conduct consultancy service and research for various firms and government agencies in the Central Java area. *Pantja Warsa Balai Pembinaan Administrasi Universitas Gadjah Mada*, (Yogyakarta: Balai Pembinaan Administrasi-UGM, 1965), p. 31-37.

81 *Laporan Musjawarah Ilmu Administrasi Negara dan Niaga*, (Jakarta: Lembaga Administrasi Negara, 1962), p. 65 and 69.

82 Bintoro Tjokroamidjojo, *Administrasi Pembangunan dan Aspek Administrasi dalam Pelaksanaan Pembangunan*, p. 2. "Pioneering dan changes ini menjangkut djuga bidang2 politik, kulturil, sosial, ekonomidan lain2. Djadi satu pembangunan jang merupakan totalitas jang terintegrasi daripada pembangunan dibidang politik, kulturil, social dan ekonomi."

83 Achmad Sanusi, *Masalah Administrative Leadership*, (Bandung: Universitas Bandung, 1964), p. 22-23. "Hendaknja terbentuk satu barisan tokoh2 jang mendorong anggauta2 masjarakat kearah bekerdja lebih produktif dan efisien, dan menghindarkan praktek2 jang menjerupai spekulasi dan korupsi."

proposed two types of approach. First of all traditional Indonesian forms of leadership should be studied, such as the *gotong royong* element of village life and *bapakisme* culture. Improving upon them would allow the development of an effective administrative system using models that were already at hand within Indonesian society. The second approach should be a comparison of Eastern (Russian, Chinese, Yugoslavian, Polish, etc), Western (American, English, French, Norwegian, etc) and non-Bloc (Cuban, Brazilian, Indian, etc) administrative systems in order to find one that would be suitable for Indonesian use.<sup>84</sup>

Public and business administration specialists conducted comparative studies that were increasingly focused on Communist countries as a way to maintain a level of relevance in society. A religious background did not prevent Achmad Sanusi from exploring Communist societies, including writing articles with titles like “The administrative system of Russia: a comparison between the Tsar and the Stalin-Kruschev’s period”, “An analysis on the five-year development plan of Hungary”, “Foreign trade between Yugoslavia and the US”, “The Yugoslavian Workers Council” and so on. Comparison with the American managerial system and its focus on business management science contrasted with the Russian focus on engineers and engineering as the basis for managerial science.

Soehardiman, a military manager during the Guided Democracy period, wrote at the end of the 1960s: “From the time when the community was still in a traditional state to its development to become a modern state, the national development administration has a role as a creator of dynamism, stability, acceleration and modernity; it is even the key to change, create and move toward a modern society in accordance with the development of science and technology.”<sup>85</sup> The American modernization ideology had come full force by the time the New Order started. Socialism and its implied participatory actions had moved far away from the remaining public discourse; instead, the idea of capable managerial leadership became the mainstay of the Indonesian

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84 Achmad Sanusi, *Masalah Administrative Leadership*, p. 25-26.

85 Soehardiman, *Kupersembahkan kepada pengadilan sejarah. Otobiografi Soehardiman*, (Jakarta: Yayasan Bina Produktivitas, 1993), p. 238. “Dari semendjak keadaan masyarakat masih dalam taraf yang tradisional hingga perkembangannya pada taraf modern sekarang ini, administrasi pembangunan nasional mempunyai peranan sebagai dinamisator, stabilisator, akselerator, dan modernisator, bahkan merupakan kunci serta daya penggerak untuk merubah, membangun dan mengembangkan kearah modernisasi masyarakat sesuai dengan kemajuan ilmu pengetahuan dan teknologi.”

discourse of modernity. Soehardiman along with many others, considered Suharto's success to lie in his brilliant management skills and strategic capabilities. A collection of articles from 17 Suharto ministers extolling his managerial capability was published in 1996, a year before the financial crisis brought down the Indonesian economy.<sup>86</sup>

### ***Surveillance and Retooling.***

The last effort to control the civil service lay in the creation of institutions enforcing surveillance, indoctrination and retooling. These efforts were a different side of the same public control measures that brought in scientific management. It entailed Sukarno's dream of creating a New Indonesian Man and in many ways, sat at the very heart of the Guided Democracy experiment, since it represented, at least in its ideal form, a massive revolutionary change in the behaviour, forms and selection of people that occupied the seats of authority. In his famous and important independence-day speech of 1959, Sukarno said that 'In order to overcome all the problems associated with our near-term and long-term goals, it is obvious that we cannot use the present systems and tools. We must rid ourselves of liberalism; in exchange we must replace it with guided democracy and guided economy. The inefficient arrangement of apparatuses must be taken apart. New forms (*ordening*) and reforms (*herordening*) must be conducted, so that both guided democracy and guided economy can be achieved. This is what I meant when I said about 'retooling for the future.'<sup>87</sup>

Mirrored by the anti-corruption drive of the 1950s, the approach toward the eradication of corruption and bad management embraced both a 'civilian' and a 'military' effort. Initially, the organization that was to handle the problems of surveillance was contained in Bapekan. A. H. Nasution created a

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86 Riant Nugroho Dwidjowijoto, *Manajemen Presiden Suharto (Penuturan 17 Menteri)*, (Jakarta: Yayasan Bina Generasi Bangsa, 1996).

87 Maka untuk menanggulangi segala masalah2 berhubung dengan tudjuanj2 djangkpendek dan djangka pandjangt ersebut, njatalah kita ta' dapat mempergunakan sistim jang sudah2 dan alat2 (tools) jang sudah2. Sistim liberalisme harus kita buang djauh2, demokrasi terpimpin dan ekonomi terpimpin harus kita tempatkan sebagai gantinya. Susunan peralatan jang ternjata ta' efisien dulu itu, harus kita bongkar, kita ganti dengan susunan peralatan jang baru. Ordening baru dan herordening baru harus kita adakan, agar demokrasi terpimpin dan ekonomi terpimpin dapat berdjalan. Inilah arti dan isiperkataanku mengenai "retooling for the future"

retooling committee called the Paran (Committee for the Retooling of State Apparatus).<sup>88</sup> It points to military alacrity to participate in the process. The retooling committee would design what they considered a more thorough reform process within the civil service through moral coaching, organizational improvements and dismissing those considered not politically compatible with the regime and its revolutionary efforts.

## Indoctrination

The rise of both the *Panitia Retooling Aparatur Negara* by A.H. Nasution and the *Panitia Pembina Djiwa Revolusi* by Roeslan Abdulgani signified the importance that indoctrination had on the effort to discipline the civil service. Opening the indoctrination coaching at high level government office, Djuanda proclaimed that “retooling and indoctrination will not only be held on the lower levels of government, but through all state apparatuses from the lowest to the highest, including the Ministers. Retooling and indoctrination is needed for the whole of society in order to create a just and prosperous society. Our retooling and indoctrination effort will also crack down on private and state-owned companies, which would be reorganized so as to work in a better and more perfect manner. Not all the leaders/directors of these companies can do their work perfectly. As a result there needs to be a reorganization and screening within these companies.”<sup>89</sup> From Djuanda’s statement, it is clear that retooling and indoctrination had a deeper and more invasive meaning. It imagined the disciplining of the body politic on an individual level; breaking down former societal relationships and realigning them within an individual relationship with the state. For the first time, the state apparatus could determine a person’s ability and fitness for a position within the wider economy, not just the civil service. This pervasive power was a control mechanism that worked on the individual level.

At the same time, indoctrination had developed a relationship with administrative science, as the Paran courses would show. Books on military administration, for instance, were derivatives of general scientific administration, discussing the theories of Henry Fayol, James Burnham,

88 Panitya Retooling Aparatur Negara

89 I.O. Nanulaita, “Ir. H. Djuanda Kartawidjaja” in Awaloeddin Djamin (ed.), *Pahlawan Nasional. Ir. H. Djuanda Kartawidjaja. Negarawan, Administrator dan Teknokrat Utama*, (Jakarta: Kompas, 2001), p. 148-149.

the PODSCORB approach and many of the latest ideas that had emanated from America. “Those (administrative) regulations and procedures above, after been practiced and perfected through the development of the army’s organization and procedures, were then published in book form by the DITADJ in the form of a general-administration guide book (first published in 1961). The content of the book will be discussed fully in the next classes. By ‘indoctrinating’ the officers, the army’s new-style administration can be implemented correctly.”<sup>90</sup>

The role of the military in this reorganization stemmed from Nasution’s anti-corruption effort that had allowed greater military participation into the political power of society during the second half of the 1950s. It was thus also related to the question of efficiency and how the state had taken on the responsibility to re-manage the productive members of society, especially those within the administration and the business world. This projected expansion of the state’s managerial power at the grass-root level determined a more pervasive state-society relation, at least in its ideal incarnation. This did not stop at the public and business administration, but spread throughout other professional parts of society. Thus, by the end of Guided Democracy, journalists were busy signing themselves up for these indoctrination classes because to not have a certificate in them would jeopardize one’s journalist license.<sup>91</sup>

The role of the universities and other government institutions were also significant.<sup>92</sup> The LAN provided a platform for people to write about the problems of indoctrination, including a piece written in its journal in 1961: “Indoctrination is a part of the pattern of civilization of large countries like the United States and the Soviet Union; it is only proper and required if in

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90 Herlan, *Administrasi Umum dalam Angkatan Darat kita; Indoktrinasi Administrasi pada tg. 1 April 1963*, (Jakarta: Departemen Angkatan Darat, 1963), p. 8. “Ketentuan2 dan prosedur2 diatas, setelah mengalami ‘praktek’ beberapa tahun dan disesuaikan dengan perkembangan2 dalam organisasi dan tata-tjara dalam staf AD kita, kemudian dibukukan dan dikeluarkan oleh DITADJ dalam bentuk Buku Petunjuk dalam Administrasi Umum (tjetakan pertama dalam tahun 1961). Isi dari buku tersebut akan diuraikan lebih mendalam dalam kuliah2 berikutnja. Maka melalui para pedjabat2 jang telah “ge-indoctrineerd” nanti diharapkan administrasi AD dengan ‘gajabaru’ itu dapat dilaksanakan dengan sebaik-baiknja.”

91 Rosihan Anwar, *Sukarno-Tentara-PKI*, p. 102.

92 University lecturers were required to go through indoctrination coaching and between 500 lecturers had undergone such coaching between 1962-1965. Bachtiar Rifai, *Perkembangan Perguruan Tinggi di Indonesia*, p 43.

Indonesia indoctrination is run on the basis of the social philosophy of the Pancasila. The problem now lay in its implementation in which most of the indoctrinators themselves have unwittingly become unpaid propagandists for the philosophy of social liberalism as a result of their long exposure to the education based on this philosophy. It is fortunate that the basic civilizational pattern of Indonesia is being pioneered by the Universitas Gadjah Mada through their Studium Generale, while the Akademi Pemerintahan Dalam Negeri in Malang has already put the course on Pancasila within the 1959/1960 study year with satisfying results.”<sup>93</sup> For the first time, the state ideology became an important component of university curriculums.

Retooling also facilitated the spread of the military into various nooks and crannies of society. “There is no field where the *karya* military force isn’t participating. All this shows that the APRI has succeeded in conducting retooling.”<sup>94</sup> A series of professional oaths were created: *Panca Setia* for the civil service, *Sapta Marga* for the military, *Tri Brata* for the police, *Panca Wardana* for the youths and so forth, signalling a loss of individual responsibility and its replacement by responsibility to the state.

Let us now discuss the series of institutions that was created by A. H. Nasution in his quest to bring some semblance of order and reduce the problems of corruption, an issue that had been central for institutional change since the mid-fifties. The first organization was the Bapekan, which functioned as an ad-hoc police unit with investigative capabilities but no rights to incarcerate or bring to justice. The second was the Paran, which focused indoctrination but also on managerial improvement. While the capability to conduct managerial improvement vanished, its indoctrinative

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93 Ruspana, “Quo Vadis Peradaban Indonesia” in *Lembaga Administrasi Negara*, 1961, p. 42, “Dengan penelitan adanja indoktrinasi sebagai realisasi dasar pola peradaban di negeri2 besar Amerika Serikat dan SovietUni, wadjar dan keharusan serta wadajibllah kalau di Indonesia didjalankan indoktrinasi sebagai realisasi dasar pola peradaban filsafat social Pantja Sila. Akan tetapi sekarang kesulitannja jaitu dalam bidang pelaksanaan dimana sebagian besar pelaksana2 sendiri dengan setjara tidak disasari mereka mendjadi propagandis tanpa bajaran dari filsafat social liberalisme, karena memang sudah sekian tahun mendapat pendidikan berdasarkan bersumberkan filsafat tersebut diatas. Sjukurlah dasar2 pola peradaban Indonesia ini sudah dirintis oleh Universitas Gadjah Mada dengan diadakannja Studium Generale, sedang di Akademi Pemerintahan Dalam Negeri di Malang filsafat Pantja Sila telah dimasukkan didalam Curriculum tahun pengadjaran 1959/60 dan ternjata hasilnja memuaskan.”

94 A.H. Nasution, *Memenuhi Panggilan Tugas. Jilid 5: Kenangan Masa Orde Lama*, p. 208.

function became a principal basis of civil service relations within the state. Its New Order variant, the P4, had strong resemblance to the Paran.

## Bapekan

Bapekan, the brainchild of General Nasution,<sup>95</sup> was created along with the Depernas on 17 August 1959, based on the Presidential Regulation no. 1/1959. It was a small and centralized organization, consisting of only a limited number of individuals, without regional officers or representations. Yet it had large, ambitious goals. Its duty was to conduct surveillance and research into the working of state apparatuses.<sup>96</sup> There were basically two forms of work: the passive/routine type and active work. The active work consisted of investigations carried out upon the initiative of Presidential order or Bapekan itself. It also worked through complaints sent from the regions.<sup>97</sup>

The head of the Bapekan was the Sultan Hamengkubuwono IX, former Minister of Defence. Widely regarded as an outstanding figure, the Sultan was an important symbol of idealism, which the body wanted to present to an already sceptical Indonesian public. His secretary, sociologist Selo Soemardjan, joined him.<sup>98</sup> He was interested in administrative change and function in revolutionary societies. Other members included Semaun,<sup>99</sup> a

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95 A.H. Nasution, *Memenuhi Panggilan Tugas. Jilid 5: Kenangan Masa Orde Lama*, p. 256.

96 Nasution claimed that initially Sukarno wanted to give the Bapekan to politicians, but he relented so as to maintain the technical nature of the organization, instead of becoming highly politicized. A.H. Nasution, *Memenuhi Panggilan Tugas. Jilid 5: Kenangan Masa Orde Lama*, p. 256.

97 ANRI, Jakarta, Bapekan, inv. nr. 6.

98 Selo Soemardjan, *Social Changes in Jogjakarta*.

99 Semaun was an old Communist who was banished by the Netherlands Indies government in 1923 for his role in the Union of Railway and Tramway Personnel (VSTP) strikes. Initially, he lived in the Netherlands and was active in the Anti-Imperialist League and the Perhimpunan Indonesia, rubbing shoulders with Mohammad Hatta and many other Indonesian nationalists before leaving for the Soviet Union in the 1930s. He reputedly studied at Tashkent University, Uzbekistan, before moving to the Institute of Far East Studies in Moscow in 1931, where he studied Soviet rationalization in action at the Train Office of Baku in the Caucasus, today's Azerbaijan. He was also reputed to have worked for the planning board of the Soviet Republic of Tajikistan. It was partially based on this experience that he was given a Doctor Honoris Causa by Prof. Dr. Prajudi Atmosudirdjo, aside from being the head of the LAN, was also Dean of Padjadjaran University. He arrived back in Indonesia in December 1956 with much fanfare and open arms from the nationalist and communist elites of the country, including President Sukarno himself. He himself meanwhile

Communist of anti-colonial fame, Samadikoen, a former Governor of East Java (1949-1958) and Colonel Soedirgo, a military man. Sukarno pushed for the inclusion of Semaun in order to realize his Nasakom ideals.<sup>100</sup> Nasution thought that while the composition of Bapekan was politically strong, it was technically weak.<sup>101</sup> The selection of its members was certainly not based solely on political considerations. Each of them had experiences with the administration, although none was trained specifically in the American science of public administration. Between January 1959 and July 1959, Bapekan received 902 cases, of which 402 were reportedly 'solved', while the rest remained in process. The President ordered the investigation of the problems of Tanjung Priok Port in Jakarta, the workshops of the Train Office (DKA) and the national shipping company PELNI and Djakarta Lloyd.

To get a better sense of what the organization actually did, let us briefly focus on its problem-solving work. One of the first presidential orders for the body was to solve the difficulties surrounding the important port of Tanjung Priok. The issue was a classic one of Indonesia's dysfunctional and fragmented administration system. There were two main problems with the port: congestion that slowed down operations and criminality involving smuggling. It became a national scandal in 1959 and several big names in the army were implicated. At issue was a conflict of authority, between civilian officers such as: the harbour master, the director of the port and the head of the customs office, between the army and navy officers with some authority over the region and, lastly, with the unions. Here was a microcosm of the political trouble of the post-independence Indonesian bureaucracy: a turf war between the civilian apparatus with the military and the leftist unions.<sup>102</sup>

An incident occurred when one importer complained to the head of the customs office about a customs officer who had been stealing parts from the

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had by his return to Indonesia effectively renounced Communism, whose Stalinist excesses he witnessed personally during his stay in the Soviet Union. Upatjara pemberian gelar Doctor Honoris Causa dalam Ilmu Ekonomi kepada Sdr. Semaun pada hari senin tanggal 31 Djuli tahun 1961, djam 20.00 bertempat di Aula Universitas Padjadjaran djalan Dipati Ukur no. 37, Bandung in ANRI in Jakarta, BAPEKAN, no.5.

100 A.H. Nasution, *Memenuhi Panggilan Tugas. Jilid 5: Kenangan Masa Orde Lama*, p. 257 and *Harian Rakjat*, 16 August 1959.

101 A.H. Nasution, *Memenuhi Panggilan Tugas. Jilid 5: Kenangan Masa Orde Lama*, p. 257.

102 ANRI, Jakarta, Bapekan, inv. nr. 81.

cargoes.<sup>103</sup> The head of the customs conducted secret surveillance after which he apprehended the officer for illegal pilfering. The affair was reported to the police and the courts. The officer in question appealed but was given a tougher sentence in the High Court. In anger, the indicted officer gathered several supporters and harassed the head of the custom office. This was also reported to the courts. The officer and others accused sent a letter of apology to the President and asked to be allowed to retain their old positions in the office. According to the report, informal sources reported that the President accepted their apology and this resulted in unease amongst the custom officers. Complicating the matter was the fact that the officer accused was a former revolutionary fighter and the head of the customs was a 'Dutch collaborator.' Guided Democracy and its insistence on revolutionary credentials made it even less certain that professionals would have the law on their side. Government intervention often resulted in greater uncertainty. The merit of professionalism, which should have been the backbone of managerial thrust of the state, was highly deficient on the ground.

The Bapekan report issued several recommendations. The authority of the port should be an exclusively civilian affair. The Naval Command<sup>104</sup> of the Tanjong Priok territory should be given the task of surveillance and investigation of the civil agency and also the right to provide help and protection to these agencies whenever required, the civilian and military officers should be given extra allowance, the number of storage companies (*veem*) should be reduced, there should be extra precautions against smuggling, there should be a specific and clear delineation of jurisdictional authority between the army and the navy and, on a long-term basis, all the offices, houses and military facilities within the port area should be moved outside. A series of Presidential regulations was drafted by Bapekan in response to its investigation of the port, which would have made it illegal for both military and civil servants of the D to F ranks (higher echelon) to work at the port for more than 12 months at a time and for those working in the port to receive an additional 500 rupiah allowance.<sup>105</sup> Whether these recommendations were carried out is highly doubtful. As we have seen, the period was coloured by an increasing hue of army involvement in

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103 Notulen rapat Bapekan pada hari Senen tanggal 2 November 1959 bertempat di Gedung Bapekan, ANRI, Jakarta, Bapekan, inv. nr. 143 and 81.

104 Penguasa Laut

105 Bahan Rapat Bapekan tgl. 2 Nov. 1959. ANRI, Jakarta, Bapekan, inv. Nr. 81.

civilian affairs. Such recommendations that would have clearly delineated the jurisdictional authorities between civilian and military state agencies would have been against the spirit of the period. In any case, Bapekan recommendations were non-binding.

Bapekan was a rather odd organization. It had a total of around only 40 staff members yet was constantly receiving wide-ranging cases to investigate and make problem-solving recommendations. It would participate in studying the problems surrounding decentralization and even bigger problems surrounding the judiciary. It sent its core members Semaun or Samadikoen to review the arrangements of the Asian Games in 1962, the petroleum industry in Sumatra and the Rice Centre in Java.<sup>106</sup> No doubt, many recommendations were based on a rather superficial analysis. For instance, the recommendation for Tanjung Priok failed to address the core issue in any meaningful way. One of the weaknesses of Bapekan was that it functioned merely as an investigating and recommending organ without power to enforce any of its findings. The non-binding recommendations would then be sent to the Presidential office or other departments, but there was no way to ensure that it would be made to stick.<sup>107</sup> Later on, Paran would suggest that Bapekan be made into a high government organ on the same level as Depernas, the courts or Parliament.

## Paran

The National State Apparatus Retooling Committee (*Panitia Retooling Aparatur Nasional*) became the other side of the control mechanism of the civil service. If the Bapekan functioned as a research and surveillance body to understand problems related to mismanagement, Paran had the active duty to fix those problems through the authority of retooling.<sup>108</sup> Nasution was named the head of Paran and Roeslan Abdulgani as Vice Head. The Paran

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106 Notulen Rapat Bapekan. ANRI in Jakarta, Menteri Negara Ekonomi, Keuangan dan Industri (Menneg Ekuin), inv. Nr. 390.

107 *Peraturan-peraturan Presiden Republik Indonesia no. 1 tahun 1959 tentang pembentukan Badan Pengawas Kegiatan Aparatur Negara*, (Jakarta: Pertjetakan Negara, 1959), p. 1-10.

108 Retooling was supported by management specialist when it conformed to the dictates of scientific management. Public officials were especially needed because of their function as corporate managers. Leon Mears, "Some Management Problems in Indonesia" in Rossal J. Johnson, Mohammad Sadli and Subroto (eds), *Teachings in Business Administration and Economics*, (Jakarta: Lembaga Penyelidikan Ekonomi dan Masyarakat, 1961), p. 28-30.

was the brainchild of Nasution, Mohammad Yamin and Roeslan Abdulgani. As a result, it incorporated the diverse ideas that the three men had about retooling. The presence of Roeslan Abdulgani as Sukarno's ideological right-hand man strengthened the President's ideas about Paran as an indoctrination organ for the wider civil service. As Nasution said; "the President will deal with the mental-ideological retooling, but what I am dealing with is related to organizational order, work order and personnel problems."<sup>109</sup> Nasution thus dealt with the more mundane and important problems surrounding mismanagement.

The first act of Paran was a continuation of the military anti-corruption policy when in December 1960, all ministers of the government had to hand over information about their wealth. Forms were sent to people in key positions of the civil service in order to determine their loyalty to the state, especially whether they had sympathies with the various rebellions<sup>110</sup> or had been loyal to the Dutch. This was extended to all civil servants at the F/IV echelon or above by March 1961. Nasution was concurrently the Minister of National Security. Meetings were held at army headquarters. The Paran created the new Pantja Satia oath of civil service loyalty, legalized through Presidential regulation no. 3/1961 and which provided guidelines for retooling. A law was then proposed following the basic principles of government employment (*pokok kepegawaian*).

Initially, Bapekan saw the rise of Paran in a negative light. It sent a protest note when the plans of Paran to indoctrinate Bapekan members came to light.<sup>111</sup> There was no doubt that Paran saw Bapekan as an important component in general retooling. Nasution reiterated the temporal and ad hoc nature of the Paran, saying that it was part of the government's short-term program in line with the other Tri-Program<sup>112</sup> of the cabinet. He envisaged

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109 A.H. Nasution, *Memenuhi Panggilan Tugas, Jilid 5: Kenangan Masa Orde Lama*, p. 256. "Presiden menggarap retuling mental-ideologis, tapi yang saya garap ialah terutama ketertiban organisasi, tatarerja dan personal."

110 DI/TII, PRRI, Permesta, Madiun Affair, etc, comprising representatives of various ideological positions in Indonesia, including Islamist, social democrats, Communists and so forth.

111 Rapat Bapekan ke XIV, 19 September 1960. ANRI in Jakarta, Menteri Negara Ekonomi, Keuangan dan Industri (Menneg Ekuin), inv. Nr. 390.

112 The Tri-Programs were: provision of foodstuff, support a secure environment and continue on the fight against imperialism and colonialism.

the Paran's transformation into a more permanent body called the Body to Manage the Efficiency of State Apparatus.<sup>113</sup>

Compared to Bapekan, which had merely a surveillance and advisory nature, Paran had a greater power to oversee and change what it saw fit for the creation of what it considered to be a good government apparatus. The idea of retooling was obviously central to Paran, but it was also highly central to the ideology of Guided Democracy itself. 'Retooling meant the dismantling of inefficient arrangement of the apparatus and its replacement with a new arrangement. This is a planning and rearranging with the long-term goal of achieving our revolution.'<sup>114</sup> Etymologically, the term was used in scientific management as a reorganization of the factory floor, i.e. industrial reorganization. Within society: the mobilization of material and spiritual forces and its recreation into a '*strijdvaardig*' and '*strijdvaardig*' force. Within the government: reordering in both the legislative, executive and other fields of government. An official definition had it as "the effort to renovate in the soul, arrangement, work procedures, and personnel of all State organization in the legislative, executive and other fields at the Centre and the Regions so as to conform to the Political Manifesto and USDEK<sup>115</sup> and to efficiently reach the goals of the State in the short and long term."<sup>116</sup>

Following the 'revolutionary' principle of Guided Democracy, there was a spirit of reinvention and experimentation. Retooling was political in nature. It was to root out part of the apparatus that was anti-revolutionary and correct those whose ideas did not conform the guidelines and values of Guided Democracy. This was because many of the elite, including Sukarno, saw no clear dividing-line between political and administrative issues. The civil service was to be shaped into an efficient bureaucracy by the application of modern management, political education and purges. A civil servant had

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113 Badan Pembina efisiensi apparatur Negara

114 "Retooling adalah pembongkaran susunan peralatan jang tidak efisien dengan penggantian susunan peralatan jang baru. Ini adalah "ordering" baru dan herordering baru, dengan maksud agar tudjuan djangka pandjang dari revolusi kita dapat tertjapai." Laporan Panitia Retooling Aparatur Negara, S.1396/9/60, A.H. Nasution, in ANRI, BAPEKAN, no. 5.

115 The main guide posts of the Indonesian revolution, USDEK (Undang-Undang Dasar 1945, Sosialisme Indonesia, Demokrasi Terpimpin, Ekonomi Terpimpin and Karakter Indonesia) is an acronym of the following: The Constitution of 1945, Indonesian Socialism, Guided Democracy, Guided Economy, Indonesian Character.

116 Laporan Panitia Retooling Aparatur Negara. ANRI, Jakarta, Bapekan, inv. nr. 345.

to be pro-Manipol and USDEK, pro-revolution and should have the capacity to use the spirit of *gotong royong*.

Understood within this logic, retooling seems to have been a natural extension of the managerial reforms discussed above. While management science provided both tools and coaching for the creation of better administrators, retooling was to actively pursue the effort to put the right man in the right place. In a major way, the cultural impediments toward both authority and initiative were to be circumvented through the active selection and deletion of those already within the service. Although the logic of the recreation of a 'perfect' civil service through political indoctrination and the weeding out of suspected 'anti-revolutionaries' seemed sound within its own logical reasoning, it required capabilities that were just beyond that of the state.

Instead of professionalizing, the politicization of the civil service damaged it even further. The screening of potentially non-loyal civil servants became a major drive to oust people without the backing of political groups. Instead of looking at people based on their inherent merits, their political stance and personal history became a terrifying prospect for some. For instance, the loyalty question was highly damaging for those people who had historically sided or worked with the Dutch during the revolutionary period. As was the case with the head of customs in the port of Tanjung Priok, his professionalism and capability came second to his past political loyalty. Because Indonesia still had a large number of 'collaborators', i.e. former officials of the colonial regime, working for the government at that time, such a policy had disastrous consequences for the efficacy of the civil service.<sup>117</sup>

There were three sub-committees under Paran: the 'mental', personnel and organizational sub-committees. The 'mental' sub-committee designed a uniform and intensified an indoctrination campaign at a central and regional level, working under the supervision of the Committee of the Management of the Revolutionary Soul<sup>118</sup>, headed by Ruslan Abdulgani. The Committee published the *Seven Major Indoctrination Doctrines* in 1961 to standardize the process, as Sukarno had instructed earlier, on February 27 1960 in

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117 ANRI, Jakarta, Bapekan, inv. nr. 81

118 Panitia pembinaan djiwa revolusi

order to intensify indoctrination and quicken the retooling efforts.<sup>119</sup> This included documents on the birth of the national ideology, Pancasila, the Constitution of 1945, the Political Manifesto (Manipol) which embodied the principles of Guided Democracy, Sukarno's main speeches: the Road to Our Revolution (*Djalannja Revolusi Kita* or Djarek) and Creating the World Anew (*Membangun Dunia Kembali*), the President's article on the explanation to both Manipol and USDEK, and lastly the President's address on the Overall Development Plan.<sup>120</sup> Contained within these documents is a dizzying array of ideas representing Guided Democracy. The committee conducted its first coaching session on May 1961 for a period of 5-7 days. There were general coaching sessions for both first (provincial) and second (regency) level regional governments.

The organizational sub-committee collected ideas from departments and sent queries to each department, conducted on-the-spot surveys, sought expert advice on designing blueprints for organizational/procedural work and, lastly, technical retooling advice for the departments in question. This sub-committee was under the leadership of Nasution.<sup>121</sup> The sub-committee members classified positions as political, top level (*teras*), vital, technical and so forth. They cooperated with the personnel sub-committee in order to root out unnecessary individuals. The sub-committee also worked with the Ministry of Internal Affairs and Special Autonomy to design a vertical organization of government. On an ideal level, this sub-committee had a daunting task of fulfilling Sukarno's commitment to leave behind the Western separation of power of *triaspolitica* (executive, legislative and judiciary) in favour of his brand of corporatist unity under the united *karya* groups.

Several changes at various levels within the government were proposed. For the central government, arrangements of departments should be based on their tasks, function, authority and responsibility, streamlining, simplifying and regulating the arrangements so as to eliminate double functions, bureaucratic maze and uneconomic and inefficient work and so on. For the regional government, the sub-committee proposed to review the allocation of authority between the central and regional governments, so that the sub-

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119 Seno Soesanto, *Manipol Usdek. Bahan Batjaan bagi para Peserta Latihan-latihan Djabatani/ Kursus-kursus pada Lembaga Administrasi Negara*, (Jakarta: Lembaga Administrasi Negara, 1962), p. 2.

120 *Tudjuh Bahan Pokok Indoktrinasi*, (Jakarta: Pertjetakan Negara, 1961).

121 A.H. Nasution, *Memenuhi Panggilan Tugas. Jilid 5: Kenangan masa Orde Lama*, p. 259.

district head<sup>122</sup> should be the lowest representative of the government. Vertical services should stop at the second level of regional governments.

The personnel sub-committee studied materials sent by the departments, asked for the Office of Personnel Affairs (KUP) about the formation and total number of civil servants, and inquired into the property of civil servants below that of the F/IV rank. Each minister was also asked to state his involvement in the revolution after 1945. The committee should also survey the personnel regulations. The sub-committee should create a list of provision and experience in the regions with regard to retooling. It was in this sub-committee that the *Pantja Satia* code of conduct was created, aside from designing a new Basic Personnel Law (*UU Pokok Kepegawaian*) on 14 April 1961. Lastly, the sub-committee designed remuneration and severance packages for those that were ‘retooled’ out of their position in government service.<sup>123</sup>

There were two general criteria for determining the acceptability of civil servants: positive and negative norms. The positive norms looked at universal criteria, such as technical capabilities, general capabilities, morality, character and loyalty. The negative norms looked at the political acceptability of the civil servant within the revolutionary period. This necessitated an inquiry into the personal history of civil servants. It was important that people were not tainted with a historical involvement that could question their loyalty to the Republican government, including supporting the various post-independence rebellions against the central government or having worked as a Dutch collaborator during the revolutionary war. Three absolute characteristics had to be presented: pro-Manipol and USDEK, revolutionary rather than counter-revolutionary, by criteria based on Sukarno’s 1960 independence day speech; and lastly, to be able to combine all revolutionary forces within the spirit of mutual cooperation (*gotong royong*). Civil servants were to be weeded out and put into four possible negative categories: anti-Manipol USDEK who silently opposed Indonesian socialism, anti-Manipol USDEK who openly opposed Indonesian socialism, as a person who, because of lack of knowledge, opposed Indonesian socialism, and lastly, as a person who lacked knowledge of Manipol but did not oppose it.

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122 Camat

123 ANRI, Jakarta, Bapekan, inv. nr. 345.

This political labelling and classification of people was, to say the least, damaging for the formation of an *esprit de corps* within the bureaucracy. This, and the fact that continued deficit spending through printing more money destroyed the purchasing power of stable incomes, led to a massive loss of efficiency and clogging of the bureaucratic machinery as Guided Democracy entered the second half of its existence. Instead of promoting the right man in the right place, it placed a premium on political connections in a way that toppled the kinds of nepotism that was prevalent in the 1950s. The arbitrariness of the process decreased the assurance of the authority of the civil servants.

This political pebble in the Guided Democracy shoe was a practice that was not promoted under the developmentalist aid of the United States. It required no aid structure, university locus or visiting professors and those engaged in these machinations did not offer studies of comparison to other countries with their own forms of retooling strategies. The indigenoussness of the Guided Democracy was an important component of the indoctrination campaign. Instead of announcing it as some sort of international social science experiment, the Indonesian government stressed the ancient and traditional nature of the values behind the teachings that Sukarno bestowed upon the nation. Thus, the concept of *Sosialisme à la Indonesia* was not to be found in capitalist and liberal Europe, but was “in fact...very old in Indonesia. Besides the picture conveying this concept in the Wayang Master’s description of the past – for instance, the Javanese concept of “Ratu Adil”, the Goddess of Justice, for again it is social justice which is meant here, not merely the implementation of laws, regulations and other social codes.”<sup>124</sup> Guided Democracy was in fact “only a new statement of something very old in Indonesia. Since ancient times, democracy in Indonesia has been what we now call Guided Democracy. Since ancient times, Indonesian society has been averse both to dictatorship and to the individualism of liberalism. The old system of government was based upon *musjawarah* and *mufakat* with the leadership of a single central authority in the hands of a “sesepuh” or elder, who did not dictate, but led and protected.”<sup>125</sup> The theme of centralization

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124 *Manipol-Usdek in Questions and Answers*, (Jakarta: Department of Information, 1961), p. 36.

125 *Manipol-Usdek in Questions and Answers*, p. 40.

within the command of the Presidential office was thus paramount within the Guided Democracy thought and iconography.

Although the regime claimed indigenous roots for its ideology, one could without much hesitation, support the idea that retooling, indoctrination and the elimination of counter-revolutionaries within the government was in line with the demands of management science. Sukarno's promotion of the re-creation of a new Indonesian man was merely a contextualized implementation of the effort to forge better bureaucrats. The structural and 'mental' sub-committee basically rehashed the rhetoric of the more 'scientific' managerial and economic experts, focusing on 'work procedures' and 'organizational efficiency'. The important exception to this was the political nature of the whole exercise. It came initially to function as a purging mechanism to embed loyalty, but if we go back to the Bapekan case concerning Tanjung Priok, loyalty to the state and civil service capabilities was sometimes directly in conflict with one another.

Nasution's ambitious goals for Paran fell flat. Only Roeslan Abdulgani's sub-committee on the development of the revolutionary soul had some success. "Even the effort to regulate the structure of departments was unsuccessful. The Ministers maintained their own personal power and obtained their authority directly from the President. I also tried to introduce regional Paran. Governors close to me immediately formed them, but governors close to other people in the centre hesitated to do so."<sup>126</sup>

The result of these exercises was the decidedly military garb that the civil service took on, complete with military-style ceremonies, trainings and indoctrination campaigns. That it ended in a complete failure is beside the point. In all one can argue that the implementation of managerial science amounted to a failure. Practically no Indonesian state-owned companies ever rose to become an important regional or multinational corporation, with perhaps the exception of the state oil company, the highly corrupt Pertamina, which would end up on the verge of bankruptcy in 1975 due to massive mismanagement. Corruption was prevalent throughout the century,

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126 A.H. Nasution, *Memenuhi Panggilan Tugas. Jilid 5: Kenangan Masa Orde Lama*, p. 259. "Untuk penyamaan struktur departemen-departemen saja pun kami tak berhasil. Para menteri telah berkuasa sendiri-sendiri dan langsung meminta pengesahan dari Presiden. Saya usahakan pula adanya Paran di propinsi-propinsi. Gubernur-gubernur yang dekat kepada saya segera membentuknya, tapi gubernur-gubernur yang agak berkiblat kepada tokoh-tokoh lain di pusat, enggan melaksanakannya."

although the New Order government was initially able to subdue the civil service owing to its absolute rule over a meek bureaucracy and a civil society frightened by the evaporated legitimacy of the left and the killings and incarcerations of its members.

### **Budhi Operation**

The Budhi Operation was one of the last anti-corruption drives held during the Guided Democracy. It was to investigate massive mismanagement and corruption within state-owned companies. It was also one of Nasution's last attempts to rein in control. Businessman A.M Dasaad said at least 14 billion rupiah were swindled during the 1960s.<sup>127</sup> The attack which the PKI launched in 1963 against what it called bureaucratic capitalists and corruptors within the management of state-owned enterprises was an attack against military managers. According to Soehardiman, the head director of PN Djaja Bhakti (formerly USINDO) and creator of the SOKSI labour union (a military-controlled labour union meant to compete with the Communist SOBSI) the operation were under the control of two assistants of General Sutoyo, who according to him were communist sympathizers.<sup>128</sup>

Nasution claimed that within three months, the operation saved the state Rp. 11 billion of state funds despite the fact that only one-seventh of the total investigation had been carried out.<sup>129</sup> A work committee composed of the police, prosecutors, judges, and experts in agriculture, banking, trade, taxation, customs and treasury, created a 100-point questionnaire that would determine the degree of corruption or mismanagement. These questions included company policies, products, money, foreign exchange, purchasing and sale transactions and production services. Another questionnaire was made about wealth: houses, transport, personal foreign exchange, jewellery and other luxuries and so forth. Nasution employed 200 students and trainees to conduct the investigation.<sup>130</sup> The expert committee then determined whether there had been criminal or administrative fault. Criminal offence was handed over to the courts and the respective ministries

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127 Rosihan Anwar, *Sukarno, Tentara, PKI*, p. 284-287.

128 Soehardiman, *Kupersembahkan kepada Pengadilan Sejarah. Otobiografi Soehardiman*, p. 142-151.

129 A.H. Nasution, *Memenuhi Panggilan Tugas. Jilid 5: Kenangan Masa Orde Lama*, p. 262.

130 A.H. Nasution, *Memenuhi Panggilan Tugas. Jilid 5: Kenangan Masa Orde Lama*, p. 262.

dealt with administrative offence. These questionnaires concerning policies and ownership of state-owned company directors represented a further development of the anti-corruption effort conducted by Nasution and the CPM in the late 1950s.<sup>131</sup> What was interesting was the use of experts and students. It wasn't the only time Nasution tried to form concrete institutional relationship with students.

The Minister of Production, General Suprajogi, who had run the Nationalization Body (*Badan Nasionalisasi*) and thus had engineered the integration of military officers in the state-owned companies, together with First Minister Djuanda, invited managers from state-owned companies to take the oath of *Ikrar Panca Setia*. Nasution's attempt to control the military managers heightened the tension between the group surrounding general Ahmad Yani, which included people like Soehardiman, and those of Nasution. His effort to control mismanagement within state-owned companies and discipline the military managers was probably related to the President's effort to reduce Nasution's capacity to meddle with the internal situation of the state. Sukarno's successful attempt to wrest control of Paran from Nasution's hands through the guise of the Kotrar was part of that.

### **Inherent Tension of Guided Democracy Control**

For most observers, the indoctrination effort of the Guided Democracy was a big farce. Retooling meant purging the civil service of unwanted persons. People queued to go on indoctrination courses because they feared trouble if they had not taken the courses. Most teaching materials in the courses were dreary and uninteresting, a laundry list of readings on the state ideology. This in turn became standard fare for the New Order state to impose on to rest of society. In 1966, a series of indoctrination classes to purge out Communism began to be held. Again, the materials presented were less important than the reinforcement the idea of state control over one's body and behaviour. The centrality of the state as the enforcer of correct behaviour was a powerful force for conformity.

By early 1964, Sukarno had successfully wrested control of the Paran by recreating another body to replace it, the *Komando Tertinggi Retooling Alat Revolusi* or the Highest Command for the Retooling of Revolutionary

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131 ANRI, Perdana Menteri Republik Indonesia, Inv. Nr. 518.

Tools (Kotrar).<sup>132</sup> He viewed Paran as a threat to his capability to bestow lucrative sinecures as a means to support his authority.<sup>133</sup> Many military officers also saw it as a threat to their position in the economy.<sup>134</sup> The Kotrar was headed by Subandrio, with General Ahmad Yani as Chief of Staff and Air Commodore Wiradinata as Vice Chief of Staff. This represented the end of Nasution's effort to implement managerial sciences within the state structure. As was the case in national planning, Sukarno's politics obstructed the effort to try and implement the honest application of some sort of rational approach toward disciplining state apparatuses. Although Nasution's effort in Bapekan, Paran and the Budhi Operation was not institutionally related to the development of managerial science outlined above, the usage of experts in many of these institutions signified at least some personal connection to the effort. It is unclear who the agricultural, banking, trade and taxation experts working under him during the Budhi Operation, but it is clear that his relations with those in the universities had, by 1964, developed as a result of the various changes throughout the period. The idea of social control, social support and social participation was a central concept in Sukarno's idea of incorporation. It was apparent within the national planning of the Depernas, as it was also apparent in the Muppenas structure that accompanied the rise of Bappenas. Social control was meant to "democratize the political and economic centres of society." Within government-owned companies, the rise of the Company Board (*Dewan Perusahaan*), for instance, was an expression of the intention to create an economy based on an open management system, one in which the managerial policies of the company would be in the hands of the management in tandem with the workers. There was thus a strong focus on participation within the idea of Guided Democracy. Social control would lead to a successful state exactly because of the support of people within society. In connection to the problems of corruption and what Benedict Anderson has termed the movement of "society into the state,"<sup>135</sup> the answer was participation as a

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132 Within Kotrar, the Communists were represented much to the dismay of the military. David Mozinga, *Chinese Policy toward Indonesia, 1949-1967*, (Singapore: Equinox, 2007), p. 222.

133 CLM Penders and Ulf Sundhaussen, *Abdul Haris Nasution*, p. 170.

134 Harold Crouch, *The Army and Politics in Indonesia*, p. 40.

135 As was understood in Benedict Anderson, "Old state, new society: Indonesia's New Order in comparative historical perspectives" in *The Journal of Asian Studies*, Vol. 42, No. 3 (May, 1983), p. 477-496.

mechanism to strengthen the legitimacy of the revolutionary leadership. The similarity of social ideals and social goals between the managers and the workers, between the experts and the people, would allow for a total support by the people. This was the ideal of the Guided Democracy state.

From the beginning there was considerable tension between the ideals promoted by modernization theory based on a top-down, managerial approach, and that of Indonesian socialism, where the control and support of the state apparatus and companies by the people was achieved through corporatist forms. This represented a deep inherent division within what was considered to be a unified ideology. It was one in which the managers and the experts ultimately won the day because of their relationship with the military.

## Conclusion

Social science analysis has pointed to a dichotomy in understanding problematized Indonesian Man and the “gotong rojong” culture. In the first place, there were inherent problems concerning decision-making and leadership capabilities. The traditional cultural values of Indonesia were considered to be the foundation for the modern Indonesian people, leader, bureaucrats and managers. These cultural values were strongest among the traditional-thinking people. The New Indonesian Man had to be both traditional and modern at the same time. He had to have values that transcended the traditional value system, but rooted in it all the same. The effort to discipline Indonesians through indoctrination and retooling was a modern, rational effort to create efficiency while simultaneously upholding traditional values that legitimized them both as leaders and revolutionaries.

At the same time, there was a genuine effort to improve the managerial capability of the bureaucracy through the Bapekan and Paran. Both bodies tried to implement some measure to increase efficiency, which included problems of the political nature. Like that of national planning, the early Guided Democracy state was earnest in trying to create positive changes. Its failure represented the inability of experts in understanding the effect of the logical actions of scientific management. Perhaps, the most significant heritage of the Guided Democracy movement was its controlling devices and mechanisms, which would continue during the New Order regime.