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

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## CHAPTER III

# Expertise and National Planning

When the Republic obtained its sovereignty in 1949, there was a consensus amongst the leadership that it was in dire need of expertise of various kinds. This chapter discusses two developments concerning the post-colonial production of expertise during the 1950s. First, the development of higher education in both quantitative and qualitative measurement; this includes the expansion of domestic tertiary education and the Americanization of the curriculum and study methods; and the introduction of the *Guided Study* method. Second, the development of the institution for national planning and economic development, which was the result of a new institutional relationship forged by Sumitro Djojohadikusumo with the UNTAA and American Aid in the form of an intellectual relationship with what was called the Charles River (Harvard-MIT) community of scholars.

The developments above represented the defining characteristics in the changing elite culture of the 1950s. First, the decade was a period in which the effort to unshackle the colonial legacy occurred throughout various aspects of national life. One of the most famous was the nationalization of Dutch-owned enterprises and the effort to create a national economy. Yet, *Indonesianization* occurred in more than just the economy. It was prevalent in the education, legal and administrative systems, among others. Indonesia sought foreign expertise and consultants through the only available channel of the period: the international aid structure, which was dominated by the

United States of America. As a result, *Indonesianization* in many respects was practically similar to *Americanization*.

Second, the development of institutions for national planning and economic development resulted in a new protocol of elite production that became cemented during the decade. The shift toward education as a determinant of elite status was a significant event, surpassing noble status as a class marker. A new elite emerged from a social and cultural shift brought about by the introduction of the fetish of efficiency and the lexicographic assault of English terminology to denote modernity: efficiency, planning, manager and management and so forth. Terms like experts and managers became markers of status. Scientific management promised the production of capable, efficient leadership and that image began to compete with the nationalists for elite status. The new elite protocol changed because there was no other model available. As such, the Guided Democracy state embraced this protocol and implemented an expansive effort to apply managerial efficiency.

## Expert Production

When the Dutch transferred sovereignty, the problem of expertise was already acknowledged as a significant problem. The number of Dutch experts went into a steep downward slide throughout the 1950s. If in 1950, there were more than 16,000 Dutch employees in leading positions, by 1951 the number had already dropped to 7,000 and by 1956, it had atrophied to just around 600.<sup>1</sup> Difficulties at the office owing to unclear division of tasks and responsibilities, exacerbated by the rising cost of living, lack of security, bad housing and the disappearance of good schools for their children, determined the decision of many Dutch experts to repatriate.<sup>2</sup> It was quickly appreciated that Indonesia needed to create just as many experts to replace the repatriating Dutch ones.

The government's effort to improve expertise amongst the civil service entailed two approaches: retaining or conscripting foreign employees and at the same time expanding education either in Indonesia or abroad for

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1 Hans Meier, *Den Haag-Djakarta. De Nederlandse-Indonesische betrekkingen, 1950-1962*, p. 176.

2 NA, The Hague, Ministerie van Buitenlandse Zaken, Hoge Commissariaat Bandung, 1950-1957, Inv. Nmr.: 556-566, Nota omtrent de ontwikkeling van zaken in Indonesie in zoverre de verhoudingen binnen de Nederlands-Indonesische Unie en de belangen van Nederland daarbij betrokken zijn.

Indonesian employees. Dutch employees were preferred by Indonesia's administrative elites to importing expertise from other countries for several reasons. First, they knew Indonesia far better than experts from other countries. Second, the Indonesian higher echelon civil servants knew Dutch and thus communication between Indonesian and Dutch experts would be less of a problem. Third, the abilities of the Dutch employees were not in doubt and, to some extent, were considered to be superior to other Western nations.<sup>3</sup> Lastly, there were quite a number of new Dutch employees who were generally progressive.<sup>4</sup> Although initially uncertain of being incorporated into the social security system of the Republic of Indonesia, the Dutch employees of the Republic were assured by the Dutch government when it issued a regulation on 1 January 1950 on the payment of pension and other support for those that worked in the Indonesian government for a period of five years (until 27 December 1954).<sup>5</sup>

On the other hand, Indonesia was cranking up its production of experts by sending them abroad to foreign universities or expanding higher education for domestic production. In 1960, the Depernas has tried to get an overall picture of the number of experts available in the country by sending out a questionnaire to government departments and institutions. The outcome of this investigation was not accurate because some departments failed to provide information or provided incomplete ones, but the aggregate number gave an indication of the limited expert manpower available by the end of the decade. In all, there were 4453 Masters/*Doctorandus* degree, with 1659 medical doctors, 803 legal specialists, 650 engineers, 219 social/political scientist and 200 economists. In addition to this, there were 2519 people with bachelor degrees (469 majoring in social/political science, 221 in economics major, 282 law and 198 in engineering).<sup>6</sup>

Related to this was a serious lack of executive managers for the state. A look into the statistics of 1941 reveals a ratio of three executives to five non-

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3 With the exception of the Netherlands Military Mission, which was disparaged by T.B. Simatupang in an article published in a newspaper. ANRI, Jakarta, *Delegasi Indonesia*, Inv. nr. 1267.

4 Sjafruddin Prawiranegara, *Indonesia Dipersimpangan Jalan*, (Jakarta: Abadi, 1951), p. 37-38.

5 *Antara*, 30 December 1952.

6 *Rantjangan Dasar Undang-Undang Pembangunan Nasional Semesta Berentjana: 1961-1969, Buku ke III, Mental/Ruhani dan Penelitian*, p. 1388-1389.

executives. Top-level executives were university graduates, while upper mid-level executives were graduates of college level academies (HBS, Gymnasium, MOSVIA, Bestuursacademie, etc.). In comparison to this the 1961 data show that the executive and top executive level had shrunk to a minimal 3,5 percent of the total civil service (E and F group). In order to return to 1941 levels, the production of eight to ten thousand public administration experts would be required, something which the four universities teaching public administration were not equipped to handle, with their annual turnout of just around 200 people.<sup>7</sup>

	Workers (Low Employee)	Supervisors (Lower Mid-Level Employee)	Executives (Upper Mid-Level Employee)	Top Ex./Policy Makers (High Employee)
Dutchmen	355	5.045	7.909	2.808
Indonesians	49.662	8.830	5.023	221
Chinese	157	337	240	-
Total	50.178	14.212	13.172	3.029
Percentage	61,78%	17,49%	16,21%	3,75%
Ratio	20	6	5	1

Data and levels of employment of civil servants, Dutch East Indies, October 1940. Taken from Prajudi Atmosudirdjo, "Masalah Pendidikan Ilmu Administrasi pada Perguruan-perguruan Tinggi" in *Laporan Musjawarah Ilmu Administrasi Negara dan Niaga*, (Lembaga Administrasi Negara: Jakarta, 1962)

A	B	C	D	E	F
228.889	408.302	170.901	100.568	28.68	7.679
21,9%	39.1%	16.28%	9.63%	2.74%	0.72%
84		36		4	1

Data and levels of employment of civil servants, Indonesia, January 1961. The A-B represent workers, C-D represent supervisors, E represent executives and F represent top executives. The third bracket represented ratio, thus 5 executives for every 95 non-executive civil servants. Taken from Prajudi Atmosudirdjo, "Masalah Pendidikan Ilmu Administrasi pada Perguruan-perguruan Tinggi" in *Laporan Musjawarah Ilmu Administrasi Negara dan Niaga*, (Jakarta: Lembaga Administrasi Negara, 1962)

<sup>7</sup> Prajudi Atmosudirdjo, "Masalah Pendidikan Ilmu Administrasi pada Perguruan-perguruan Tinggi" in *Laporan Musjawarah Ilmu Administrasi Negara dan Niaga*, (Jakarta: Lembaga Administrasi Negara, 1962), p. 32-34.

## PUTABA (Pusat Tenaga Bangsa Asing)

The Center for Foreign Employees<sup>8</sup> or PUTABA was established in 1951 at the Indonesian High Commission in The Hague. It was created after the overseas visit of a team in June headed by Prof. Gunarso of the engineering faculty in Bandung, Prof. Sukarja, a medical practitioner, and Masoro, head of the General Directorate of the Ministry of Personnel Affairs. They were sent on a reconnaissance mission to Europe to look into the possibilities of importing experts. The team's itinerary included the Netherlands, Germany, Austria and Switzerland. The team did not go to England, instead focusing on 'Germanic language'-speaking countries.<sup>9</sup>

In 1950, the Commission that studied the matter of hiring foreign employees surveyed various ministries to determine the number of vacancies available. Poor coordination made it impossible to reach a specific number. Around 1700 to 2000 foreign experts were needed. Such a foreign employee on a temporary contract service would obtain all kinds of perks and benefits because of the high value attached to his work. He would be entitled to a free second-class ticket on a ship, a generous payment of baggage (*uitrusting*) money and he was allowed to send up to f. 5,000 a year to his home country and received a bonus of f. 5.940 after three years of work. The disparity of remuneration between a government and a private employee was very wide. An academic would obtain around Rp. 862 in Bandung or Rp. 918 in Jakarta, while a stenographer working for the private sector would collect Rp. 1000 in 1952.<sup>10</sup> Some Indonesian companies also obtained personnel from the colonial army as many former military opted for the private sector instead of returning to the Netherlands.<sup>11</sup>

This was an entirely new situation for the state. A foreigner would, first of all, have to fill in a huge, two-metre-long form deposited to the High Commission Office in The Hague. They had to have six to eight years of working experience and should be in the age bracket of 30-45. Payments

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8 Pusat Tenaga Bangsa Asing

9 The *Ost-Asiatische Gesellschaft* and the *Institut für Tropen Medizin* in Hamburg received the visitors with some enthusiasm and a German-Indonesian Association was created but not much seemed to have come out of it. J. Krol, "Internationale Technische Hulp aan Indonesia" in *Cultureel Nieuws uit Indonesia*, no. II, August, 1951, p. 12.

10 *Antara*, 14 April 1952

11 *Antara*, 18 July 1952.

would initially be in Indonesian rupiah. Unlike UN or US experts, foreign workers would be integrated within the various ministries. They would thus be working under an Indonesian boss and with Indonesian colleagues and subordinates.

By September 1951, only 100 people had been recruited for the three year contract, with another 200 under negotiation. Of the basic income, 20% would be in the currency of the country of origin, departing from the original idea of paying the entire salary and bonus in rupiah. The government provided residences in the Kebajoran Baru district in Jakarta. In advertisements published in Austria, a very large salary totalling Rp. 1810 a month was promised, in addition to a f. 13,000 bonus to be paid out in Austria after a three-year contract period. On August 21 1952, 17 medical doctors from various European countries (including the Netherlands, Germany, Austria, Italy and Belgium) who had signed a three year work contract with the government arrived in Jakarta.<sup>12</sup> They were among the 416 people that the PUTABA successfully recruited in 1952, far less than the target of 1200 workers. Of these 416, 229 were Dutch, 111 German, 39 Austrian and 18 Italians. 186 were doctors and pharmacists.<sup>13</sup> For the year 1952, the Government decided to allocate means to import 8.000 foreign workers, based on a coordinated tally with various ministries. This was an enlarged number compared to the quota of foreigners allowed to enter into the country by the pre-Federal government in 1949 (4.000 persons). It was also a much larger number than the previous year which involved 1700-2000 foreign specialists.

The quality of many applicants were dissappointing. Some of the Swiss youths sent to Indonesia had received only very basic training, which was not in line with the remunerations they obtained.<sup>14</sup> According to Syafruddin Prawiranegara: the problem seems to have been less to get them to Indonesia than getting them out of Indonesia.<sup>15</sup> In general, Indonesian efforts in obtaining foreign expertise to work directly and *organically* within the

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12 *Antara*, 21 August 1952.

13 *Antara*, 31 August 1953.

14 Rp. 1,500 with a 10,000 Swiss franc per year bonus

15 NA, The Hague, Hoge Commissariaat Indonesie, inv. nr. 442.

national civil service was a failure. The PUTABA continued its work until the middle 1950s, but the number recruited lagged far behind what was needed.<sup>16</sup>

## Post-Colonial Dutch Higher Education

Prior to the cessation of the relationship, the Netherlands provided a significant amount of schooling for Indonesian. In fact, in the year after the signing of the RTC conference, the Netherlands was practically the sole provider of foreign higher education to Indonesian youths.<sup>17</sup> The list below shows the number of Indonesian students that had gone to study in the Netherlands during the 1950s. Relatively limited during the Revolutionary Period, the number climbed by the end of the 1940s and enjoyed a brief high between 1950-1953 before declining and ending by 1957. The number sent during this period was comparable to the total number of Indonesians studying in the Netherlands from 1924-1940 (344 Indonesians). Not included in this number were 360 Indonesian Chinese students.<sup>18</sup>

Basuki Gunawan's study of Indonesian students in the Netherlands showed that the similarity in educational curriculum and methods, the use of the Dutch language and the prestige of going to the Netherlands to study was still a factor amongst early Indonesian students, but also that feelings of inferiority and the fear of not being able to find permanent government position at home were important considerations.<sup>19</sup> The Malino scholarship announced after the Malino conference in 1946 allowed for continued Indonesian presence in the Dutch education system,<sup>20</sup> at least until 1957 when a complete cessation of the relationship with the Netherlands came about.

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16 PUTABA managed to pay for Dutch professors to teach in Indonesia, which included K. Posthumus and J.A.L. Cuisiner to teach at Universitas Gadjah Mada, P.L. van den Velden, F. Weinreb and P.N. Drost to teach at Universitas Indonesia and C.G.G. van Herk to teach at Universitas Indonesia in Bogor in 1952. In Putusan2 Rapat ke-31 Kabinet Ali Sastroamidjojo tanggal 19 Djanuari 1954, ANRI, Kabinet Presiden Republik Indonesia, inv. nr. 9h

17 Basuki Gunawan, *Indonesische studenten in Nederland*, (The Hague: W. Van Hoeve, 1966), p. 31.

18 Thomas R. Murray, *A Chronicle of Indonesian Higher Education*, p. 29.

19 Basuki Gunawan, *Indonesische studenten in Nederland*, p. 31.

20 NA, The Hague, Ministerie van Buitenlandse Zaken, Hoge Commissariaat Bandung, 1950-1957, inv. nr. 514-523.

Year of Arrival	Number/Percentage
1946	11 (3%)
1947	11 (3%)
1948	32 (9%)
1949	36 (10%)
1950	42 (12%)
1951	59 (17%)
1952	56 (16%)
1953	50 (14%)
1954	25 (7%)
1956	27 (8%)
1957	2 (1%)
Total	351 (100%)

Source: Basuki Gunawan, *Indonesische Student in Nederland*, p. 33. The number of Indonesian students coming to the Netherlands per year.

Indonesian civil servants continued to be sent to the Netherlands in the earlier period. In February 1951, Sumitro sent eight employees of the Ministry of Trade and Industry to New York and London.<sup>21</sup> On 24 January 1952, a large contingent of demobilized students left Indonesia for Holland on the passenger liner *Oranje* to pursue a university or high school education. The 16-member team was the third to have been sent to the Netherlands to obtain education in order to replace Dutch experts that were expected to leave the country soon. Fifty-three other Indonesian military-demobilized students were already in the Netherlands studying various sciences, including psychology, administration, aviation, cooperative farming and fisheries. At this time, there were no other countries where Indonesia sent its students.<sup>22</sup> Yet, unease about the steadily worsening Dutch-Indonesian relationship impacted the desirability of Dutch higher-learning. Of the 200 Indonesian students interviewed, 70% admitted their desire to study elsewhere.<sup>23</sup>

21 *Antara*, 24 February 1951.

22 *Antara*, 24 January 1952.

23 Basuki Gunawan, *Indonesische student in Nederland*, p. 31. Especially to the United States, England, Scandinavian countries, Switzerland and Egypt.

The government sent 284 Indonesians with civil service obligations (*ikatan dinas*) and 142 with foreign exchange to study in the Netherlands during the period 1950-1956. In total there were 426 studying in the Netherlands. In comparison, the amount of students that went to the United States from 1950 to 1962 was only 59 persons. In fact, the next largest country that the government sent students to was West Germany with 242 persons.<sup>24</sup> Although most Indonesian would be sent to the US than to any other country, from the perspective of the Indonesian government, the Netherlands and West Germany represented a more prospective place for study. This was in accordance with the initial policy of the PUTABA, which probably because of linguistic reasons prioritized 'Germanic' countries as a source of skilled workers.

In the academic year 1952-1953, 1540 students from Indonesia went to study in Dutch universities and high schools, compared to the 8 Indonesian students who went to Paris, for instance. 188 of them were on civil scholarship and 187 on military scholarship. The rest were privately paid. Amongst civil servants, 9 came from the Ministry of Transportation, 21 from the Social Ministry, 11 from the Ministry of Finance, 5 from the Ministry of Information, 15 from the Ministry of Education and Culture, 2 from the Ministry of Agriculture, 6 from the Ministry of Health and 2 from the Ministry of Economic Affairs. Post-colonial higher education for Indonesian students in the Netherlands experienced a significant shift. During the 1924-1940 periods, the majority of Indonesian students studied at Leiden, especially its law school, while only a limited number went to the engineering school at Delft. In fact, out of a total of the 344 Indonesian who pursued Dutch higher education, 199 studied in Leiden versus 25 students in Delft.<sup>25</sup>

There were several reasons for the shift in educational emphasis. First, the majority of Indonesians that could afford to go to Dutch universities during the colonial period hailed from the traditional aristocracy whose main occupation was within the colonial bureaucracy. Since colonial bureaucracy focused on the application of Dutch laws, there was an emphasis on legal studies for aspiring bureaucrats. Second, many of those that went to the Netherlands in the 1950s were paid for by the government or by the Malino scholarship, thus they supplied the manpower needs of the state. Economic

24 Bachtar Rifai, *Perkembangan Perguruan Tinggi di Indonesia*, 224-226.

25 Thomas R. Murray, *A Chronicle of Indonesian Higher Education*, p. 29.

deterioration and inflation meant that many, including the former aristocracy, had a diminished income that did not allow them to send their children abroad. The state and its access to state and foreign scholarship would determine those who would be able to obtain foreign education.

The Universities	Number of Indonesian students
Technische Hogeschool Delft	68
Universiteit van Amsterdam	44
Rijksuniversiteit Leiden	42
Economische Hogeschool Rotterdam	16
Middelbare Technische School Rotterdam	17
Hogere Textielschool Enschede	14
Others	81
Total	282

Source: Antara, 22 August 1953

## Expansion of Universities and Academies

Glassburner remarked that Indonesia “has probably accomplished more by way of eliminating her high-level manpower gap than she has in any other area of economic development policy.”<sup>26</sup> In 1949/1950, there were only six higher learning institutions in Indonesia: Universitas Indonesia, Universitas Gadjah Mada, NIAS<sup>27</sup> and STOVIT<sup>28</sup> (which became Universitas Airlangga in 1954), Universitas Nasional and the Police Academy in Jakarta. The number of students totaled 3377 persons. By 1955, there was in total 27 higher learning institutions with 18,122 students. By 1964/65 there were 355 institution of higher learning with a total student body of 278,000 people. In comparison, over 1939/1940 there had been 1,693 enrolled

26 Bruce Glassburner, “High-level manpower for economic development: the Indonesian experience” in F. Harbison and C.A. Myers (eds.), *Education, manpower and economic growth; strategies of human resource development*, (New York: McGraw Hill, 1964), p. 201.

27 *Nederlands Indische Artsen School*

28 *School tot Opleiding van Indischen Tandartsen*

students. Between 1950 and 1959, eight universities were founded. Based on the Law no. 22/1961 every province was to be furnished with one higher education institute, preferably a university and that the ratio between science and engineering faculties and social/behavioural science and humanities to be seven to three.<sup>29</sup> As a result from 1960 to 1966, twenty-eight universities were founded throughout the archipelago.<sup>30</sup>

There were several ways in which universities were created; some started out as faculties of a university that was incorporated into a full-fledged university, others were created from scratch by either members or groups in the civil society or the government. A number of other state universities started as private universities that were later incorporated into a state university. These institutions were usually created by prominent regional and central civilian and military elites who were concerned about providing their areas with higher education, while at the same time elevating their status as founder of higher education institutes.<sup>31</sup> A larger number of private universities were not incorporated into state universities. For instance, the University of Res Publica (present day Trisakti) was created by the Chinese organization Baperki and was also highly influenced by the Communists.<sup>32</sup> By 1959, there were around 80 private universities/schools and as part of the enthusiasm of early Guided Democracy developmental push, they grew to 114 by 1961.<sup>33</sup>

Aside from universities, Ministries and private institutions created academies. By 1954, 15 academies had been created with a study curriculum ranging from two to five years. The Ministry of Education and Culture, Foreign Affairs, Commerce and Industry, Public Works and Defence each had an academy, while the Department of Agriculture had three and the Department of Communications had four. The total number of persons taught in ministerial academies in 1955 totaled 1128, with the largest studying in the 3-year course Academy of Military Law.

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29 Bachtiar Rifai, *Perkembangan Perguruan Tinggi*, p. 8.

30 Gerhard Junge, *The Universities of Indonesia. History and Structure*, (Bremen: Bremen Economic Research Society, 1973), p. 28.

31 Thomas R. Murray, *A Chronicle of Indonesian Higher Education*, p. 145-154.

32 Thomas R. Murray, *A Chronicle of Indonesian Higher Education*, p. 150-151.

33 Thomas R. Murray, *A Chronicle of Indonesian Higher Education*, p. 87.

Name of School	Conducted by	No. of Students
1. Academy of Indonesian Art	Ministry of Education and Culture	173
2. Academy for the Foreign Service	Ministry of Foreign Affairs	80
3. Academy for Foreign Economic Relations	Ministry of Commerce/Industry	72
4. Academy of Forestry	Ministry of Agriculture	28
5. Academy of Agricultural Research	Ministry of Agriculture	76
6. Governmental Sucrose College	Ministry of Agriculture	65
7. Academy of Technical Education-Foundation	Ministry of Public Works	142
8. Higher Education for the PTT	Ministry of Communications	183
9. School for Technical Experts for the Railways	Ministry of Communications	44
10. Academy of Navigation	Ministry of Communications	16
11. Academy of Commercial Navigation	Ministry of Communications	26
12. Academy of Military Law	Ministry of Defence	223
13. National Academy of Engineering	Subsidized (less than 100%)	307
14. Indonesian Academy of Commerce	Private	n.a.
15. Academy of Economics	Private	n.a.

Source: *Development of Education in Indonesia*, (Jakarta: Ministry of Education, Instruction and Culture, 1955), p. 13.

The total number of government employees undergoing education in 1958 was 25,672. About 43% or 11,042 were student with civil service obligations (*ikatan dinas*). Of those 11,000 students, 1,427 were enrolled in a course of more than three years, 4,068 were in a 3-year course, 3,383 were on a 2-year course, 2,115 on a 1-year course and only 49 people on a short course of six months. The largest group came from the Ministry of Agriculture (8,111), followed by the Ministry of Health (7,055), the Ministry of Education and Culture (2,351), the Ministry of Transportation (1,634) and the rest (6,521).<sup>34</sup> This expansion of civil service obligations was in line with the massive expansion of government academies, but also with the expansion of government owned-universities. The expansion of the number of academies would reach a total of 128 academies by 1970, with the largest growth occurring between the years 1961-1970 (with 72 new academies opened).<sup>35</sup>

<sup>34</sup> *Kursus-kursus departemen dan djawatan*, p. vii-viii.

<sup>35</sup> Thomas R. Murray, *A Chronicle of Indonesian Higher Education*, p. 131.

The government realized early on that the curriculum for educating civil servants through a four-year university course would not supply the current needs. The urgent demand for trained workers from the business world was not covered either. Efforts at hiring Dutch specialists from the Dutch-controlled Indonesian business world were unsuccessful. Many people entering business were former government civil servants of Dutch origin, whether in administration or technical services. Bringing them from the Netherlands was expensive and many of the prospective workers were not attracted unless they were given some guarantee of safety and financial security.

### Indonesianization and Americanization

The development of new curriculums and modes of study was an essential component in the Indonesianization effort and was dependent on the presence of American faculty teachers within the university-to-university cooperation agreements. By the middle 1960s, the new Indonesian curriculum was based on an American foundation and would have left behind much of the Dutch system.<sup>36</sup> We will look into the Kentucky University – Institute of Agriculture Bogor (IPB) cooperation to see how this shift from Dutch to American educational system occurred. It wasn't purely the recreation of Indonesian universities into exact clones of American ones. "With Indonesian acuity, the staff at IPB was maintaining some of the system they had learned from the Dutch, studying systems elsewhere in Europe and Asia, refining their own expectations, and utilizing the innovative judgments of Ken-team colleagues. Out of all this it was finding identity as the Indonesian Agricultural University."<sup>37</sup> It was thus both a selective process of de-Europeanization, Indonesianization and Americanization.

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36 Since the early 1950s, calls for changing the Dutch language toward English were heard from various educational organizations. ANRI, Jakarta, Kabinet Presiden Republik Indonesia, inv. nr. 1090.

37 Howard W. Beers, *An American experience in Indonesia. The University of Kentucky Affiliation with the Agricultural University of Bogor*, (Lexington: University Press of Kentucky, 1971), p. 109.

University and Faculty	Affiliation	Financial Support
<i>Universitas Gadjah Mada</i>		
Economics	University of Wisconsin	Ford Foundation
Mathematics/physics/technology	UCLA (University of California)	ICA
<i>Universitas Indonesia</i>		
Medicine	UCSF Medical Center	ICA
Economics	UC Berkeley	Ford Foundation
Agriculture and Forestry	University of Kentucky	ICA
Animal Husbandry	University of Kentucky	ICA
<i>Universitas Airlangga</i>		
Medicine	UCSF Medical Center	ICA
Teacher's college	SUNY, Albany (State University of New York)	Ford Foundation
<i>Institut Teknologi Bandung</i>		
Engineering/mathematics/chemistry/biology/physics	University of Kentucky	ICA
<i>Universitas Sumatera Utara</i>		
Teacher's college	SUNY, Albany	Ford Foundation
<i>Universitas Padjadjaran</i>		
Teacher's college	SUNY, Albany	Ford Foundation

Source: Bruce Glassburner, "High level manpower for economic development: the Indonesian experience" in F. H. Harbison & C.A. Myers, *Manpower and Education. Country Studies in Economic Development*, (New York: McGraw-Hill, 1965), p. 186. Affiliation agreement in 1960.

On 30 January 1950, the government issued an emergency law on university education to replace the Ordinance of Staatsblad 1947 no. 47 by the pre-Federal government. The formation of an Inter-University Committee signaled the end of the dualism that had existed between the Republican and Federal systems of higher education. Dutch domination of administrative functions was ended; the new president was an Indonesian, Soerachman Tjokroadisoerjo, who resigned in 1951 and was replaced by Prof. Soepomo. The process of reshuffling professors occurred during the course of the 1950s, where faculties that were politically important went into Indonesian hands, whereas Dutch professors were to teach courses in

specific technical fields that were non-political.<sup>38</sup> Thus the faculty of law of all state-owned universities was for 80% Indonesian, whereas engineering had no Indonesian teachers.<sup>39</sup> As explained by the chair of the Council of Curators, 'It is a consequence of our freedom that we must push through this nationalization. This applies especially for courses are concerned with national administrative leadership.'<sup>40</sup> Those who had taught in 'politically sensitive' subjects were offered to teach courses less sensitive, for instance, international law instead of Indonesian law.

The government responded to the lack of lecturers in several ways. First, experts working in government services were required to allocate time for temporary teaching. A second effort was to import lecturers from abroad. A dozen Dutch professors were invited to teach at various universities for a period of 6 to 12 months. Throughout the 1950s, Indonesia imported a number of lecturers for the universities. In July 1957, there were 148 permanent foreign lecturers, consisting of 85 professors and 63 assistant lecturers and 120 non-permanent lecturers. Indonesia imported 31 lecturers in 1955, 37 in 1956 and only 8 in 1957. Many of these were under the aid schemes of UNESCO, the Colombo Plan and the Ford Foundation.<sup>41</sup> By the end of the 1950s, the expansion of Indonesian faculty members had resulted in a gradual but significant *Indonesianization* of the university system. For instance, at the Universitas Indonesia in 1951-1952, of 471 members, only 190 or 40 percent of the faculty were native Indonesian, with the remaining 241 or 60 percent consisting of non-native Indonesian, including around 200 Dutch professors. By 1953, some 75 Dutch professors remained and by 1956, there were perhaps only around 35 left.<sup>42</sup> By 1962-1963, 99 percent of the 1,273 faculty members were Indonesian. Considering the fact that most

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38 The university presidents also held a meeting in April 1952 and decided that the Dutch language should be replaced as soon as possible with Indonesian. ANRI, Jakarta, Kabinet Presiden Republik Indonesia, 1950-1959, inv. nr. 1090.

39 Locomotief, 25 November 1950.

40 NA, The Hague, Hoge Commissariaat Bandung, Inv. Nmr. 514-523, Notities no. 18 over "concordant" onderwijs (A) cultuur en Indonesisch onderwijs (B).

41 "Rapat kerdja menteri PP&K dengan seksi E DPR", in *Suara Guru*, Vol. 7, No. 2, September 1957, p. 4-5, ANRI, Jakarta, Kabinet Perdana Menteri Republik Indonesia, inv. nr. 529.

42 Bruce Lannes Smith, *Indonesian-American Cooperation in Higher Education*, (East Lansing: Institute of Research on Overseas Program, Michigan State University, 1960), p. 28.

professors in the early 1950s were still Dutch, the *Indonesianization* resulted in lowering the level of education of the teaching staffs.<sup>43</sup>

More importantly, Indonesian universities broadened the scope of possible co-operation. Instead of the usual sister-universities in the Netherlands, the post-war years provided access to other countries, especially the United States. In his acceptance speech as the new president of the UI in 1951, Prof. Soepomo indicated that the post-colonial university functioned in a period rife with internationalism. Aside from receiving professors, Indonesian universities also regularly sent professors on short-term stints abroad. The UN and its panoply of new international organizations provided some relief for the provision of professors. Gadjah Mada in 1951 obtained two professors from the WHO and one from UNESCO, and in May of that year, Prof. Sardjito and Prof. Johannes attended UNESCO conferences.<sup>44</sup>

The education of civil servants, especially in the executive and administrative branches, was acknowledged by the Department of Interior early on, especially in connection with decentralization and regional autonomy. The Department focused on providing academic and semi-academic education, providing more teaching opportunities at local universities. Prospective civil servants were screened at local and national levels and then admitted to the social, law and political faculty of UGM.<sup>45</sup> In 1952, UGM was the only university in the country to provide the kind of education required for executive and administrative civil servants.

Aside from civil servants, the Ministry of Education and Culture also provided scholarships for up to 150 non-civil servants with an *ikatan dinas*. This required them to work for the government after they had finished their scholarship.<sup>46</sup> The need to expand the education of civil servants paralleled the expansion of Gadjah Mada itself. In 1954, the university created a sister-faculty in Surabaya's new Airlangga University, focusing on law, economics and social and political science. Airlangga was developed out of the Medical Faculty and had once been part of the Universitas Indonesia. A Surabaya branch of Gadjah Mada law faculty was inaugurated on 9 April 1955, whereby lecturers from Gadjah Mada would be appointed as extraordinary

43 Thomas R. Murray, *A Chronicle of Indonesian Higher Education*, p. 49.

44 M. Sardjito, *Laporan Tahunan Universitit Negeri Gadjah Mada*, 19 Desember 1951, p. 6-10.

45 Education for the Ministry of Justice was also to be produced through UGM said Justice Minister Mr. Wongsonegoro, *Harian Indonesia*, 13 March 1951.

46 *Antara*, 14 August 1952.

lecturers in Airlangga. Airlangga's first president was A.G. Pringgodigdo who also hailed from Gadjah Mada.<sup>47</sup>

## The Rise of the Guided Study

The shift toward a new curriculum was part of what was then called the “total reorganization” that had affected old and new universities alike. Obviously, the old core universities- Universitas Indonesia, Universitas Gadjah Mada and some of their earlier offshoots like Padjadjaran, Hasanuddin and Universitas Sumatra Utara-had difficulties in transitioning. Many of these universities still hosted Dutch professors and Dutch-educated teaching staffs. Although most Dutch professors were gone by 1957, the teaching staffs required a bit of cajoling in order for them to be truly comfortable with the new curriculum.

The main reason for this change was not merely the need for Indonesia to break out of its colonial mold and take the reins in education. It was in fact a question of efficiency, or the extreme lack of it within the national education system.<sup>48</sup> For starters, although the expansion of Indonesians studying in the national university system was amazingly fast, there was a lag on the number of graduates. Thus, on average only 20% of all the student body passed the yearly exams. Although the regular term for a *Sardjana Muda* (equivalent to a bachelor's degree) was four years, many students overshot this considerably, getting their degree in their eighth or even tenth year.

The reason for this inefficiency lay in the ‘liberal’ nature of the Dutch higher education system of the time. Gradually the term “Free Study” was used to contrast this with the American-inspired “Guided Study” system, a terminology that paid homage to the planning and efficiency idea that surrounded the rise of the Guided Democracy state. Within the European Free Study system, a graduated high school student had no requirement to pass an entrance exam in order to enter into a certain study department. The student had no obligation to attend lectures and would show up just for the exam, which was an oral exam. If the student failed, he could re-take the exam. In fact 60-70% of the students failed their first exam. Little guidance

47 Thomas R. Murray, *A Chronicle of Indonesian Higher Education*, p. 96-100.

48 It hadn't merely to do with the curriculum. Problems persisted on the issue of funding and the bureaucratic relationship with the central government. Kesukaran-kesukaran pada Universitas Indonesia. ANRI. Jakarta, Kabinet Presiden Republik Indonesia 1950-1959, inv. nr. 1217.

or structure existed within this system. In addition, the lack of facilities, books and laboratories at Indonesia's fledgling university system resulted in many drop-outs and demotivated students.<sup>49</sup>

The Guided Study method introduced the entrance exam. The student was required to attend mandatory courses and take written exams. The course system was to work within the semester system, introducing structure to the study lives of students. Oral exam was replaced with written exam and the method of rote memorization and professorial lectures were replaced with discussion groups. Study term was also expected to be finished within the required time-frame. Relationship between lecturers and students changed, at least between students and American professors and lecturers.

The shift toward an American system was not accepted fully by the Indonesian staffs. There were those who had grown up within the Dutch system and were much more comfortable with it. An Indonesian teaching staff at IPB commented that "nearly all stressed too much the system with which they were familiar. This is natural because it is difficult to switch to another system with which one is not familiar. It was not so much that they were 'pushing,' but that they were used to their own system and naturally considered it better. In the early stages of the affiliation this was felt more than now because IPB participants after returning began to use more of the American system which they had learned, so prevalence [of the guided system] gradually grew."<sup>50</sup> In addition to this, it was felt that American methods were time and energy consuming and they also required additional equipment and materials that the staff neither had nor desired.

## The International Aid Protocol

President Harry S. Truman's administration was pivotal in constructing the global governance structure, which was predicated on the effort to reduce the

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49 See Bruce Lannes Smith, *Indonesian-American Cooperation in Higher Education*, Thomas R. Murray, *A Chronicle of Indonesian Higher Education*, Kenneth Lee Neff, *Educational Planning in a National Development Context: Indonesia, a Case Study*, Howard W. Beers, *An American experience in Indonesia. The University of Kentucky Affiliation with the Agricultural University of Bogor*, Bachtiar Rifai, *Perkembangan Perguruan Tinggi selama 20 Tahun Indonesia Merdeka*, among others.

50 Howard W. Beers, *An American Experience in Indonesia. The Kentucky Affiliation with the Agricultural University at Bogor*, p. 156.

possibility for another conflagration, a systematic planning for peace.<sup>51</sup> Aside from the Keynesian Bretton Woods institutions of the IMF and the World Bank, the Marshall Plan and the Point Four Program, a technical assistance programme for 'developing countries', were created to reduce the possibility of Communist expansion.<sup>52</sup> The focus on Asia, for instance, was mainly directed toward China and Japan. The ECA did provide technical assistance for smaller Asian countries (not including Indonesia), but these represented small technical aid projects, instead of comprehensive development packages. The Point Four Program, proclaimed in 1949, created a bureaucratic infrastructure for international technical assistance and focus on foreign direct investment under the assumption that economic expansion could forge peace and democracy.<sup>53</sup>

Technical assistance was a multilateral exercise involving a variety of nations with the United States taking over the reigns and initially providing some 60 percent of the total aid of the United Nations Technical Assistance Administration.<sup>54</sup> Commonwealth countries within the Colombo Plan organization also provided help with an intention that mirrored American initiatives; it was an effort to reduce the appeal of Communism and redefine an asymmetrical relationship from a colonial one in which, as people within the dependency school would put it, the creation and management of the Third World was manifested.<sup>55</sup> At the other end of the spectrum, Soviet assistance, especially after the death of Stalin in 1953, shifted toward a less military approach and the adoption of a subtler attitude toward the underdeveloped parts of the world,<sup>56</sup> Communism would also be promoted through the power of aid.<sup>57</sup> This crusading zeal for modernity

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51 Robert A. Pollard, *Economic security and the origins of the Cold War, 1945-1950*, (Columbia University Press: New York, 1985), p. 10-32.

52 Robert A. Pollard, *Economic security and the origins of the Cold War, 1945-1950*, p. 133-167.

53 Robert A. Pollard, *Economic security and the origins of the Cold War, 1945-1950*, p. 205-209.

54 David Webster, "Development advisor in time of cold war and decolonization: the United Nations Technical Assistance Administration" in *Journal of Global History*, Vol. 6, Issue 2, July, 2011, p. 249-272. Aside from the UNTAA, there were also other forms of assistance organization; such as the WHO, FAO, UNESCO, ILO, ICAO.

55 Arturo Escobar, "Power and visibility: Development and the invention and management of the Third World" in *Cultural Anthropology*, Vol. 3, No. 4, November, 1988, p. 428-443.

56 Jeffrey F. Taffet, *Foreign aid as foreign policy. The Alliance for Progress in Latin America*, (Hoboken: CRC Press, 2007), p. 14.

57 Orah Cooper and Carol Fogarty, "Soviet economy and military aid to the less developed countries. 1954-1978" in *Soviet and Eastern European Foreign Trade*, Vol. 21 Issue 1-3,

and modernization, often expressed through the images of industrialization, mega-infrastructure and the technological capability of humans to revamp whole landscapes, was a modern fetish revered everywhere in post-war society. Not only was industrialization and modernization pushed by the West, but also by the Communists.

This confluence of ideology and belief in the specific modernity brought about by the technical assistance experts and the development-minded politicians and leaders of newly independent nations were significant.<sup>58</sup> Soviet aid to Indonesia dwarfed that of the United States, yet no pro-Soviet economists ever came close to the control of Indonesia's PSI-dominated intellectuals. Three-fourths of all delivered Soviet aid from 1954-1968 were in the form of military assistance and those experts that had been sent for industrialization purposes were, for the most part, engineers. In fact, most Soviet managers, as Indonesian economists would find out in their study of East European societies during the Guided Democracy, were engineers.<sup>59</sup>

These elite of engineers may not have been the gospel-like preachers of modernity that the social scientists of the West were. Many technical assistance experts had to sell the idea of state-sponsored development in the capitalist West, for most were not capitalists themselves in the traditional sense. David Webster grouped many of them as Fabian Socialists, a political terminology which according to Anne Booth equated well with Indonesian social democrats.<sup>60</sup> Many of them saw planning as the holy grail of development. "Colombo Plan members approached planning with an attitude approaching 'worship'".<sup>61</sup> As we will see, the 1950s' Indonesian technical elite also shared the same political ideology; with most of them affected by Dutch social democracy, a political system that they themselves were exposed to during their sojourn in the Netherlands, by socialist ideas and, perhaps, even by Japanese fascist/corporatist notions. Benjamin

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Spring-Fall 1985, p. 54-73.

58 Some of the experts send like Nathan Keyfitz and Douglas Deane were members of churches, indicating the presence of some proselytizing spirit in at least a minority of them.

59 Panglaykim and Hazil, *Struktur Management dan Organisasi dalam beberapa Negara Sosialis*, (Jakarta: Pembangunan, 1962), p. 16-18.

60 Anne Booth, "The colonial legacy and its impact on post-independence planning in India and Indonesia" in *Itineratio*, vol. 10, no. 1, 1986, p. 13.

61 David Webster, "Development advisor in time of cold war and decolonization: the United Nations Technical Assistance Administration" p. 258.

Higgins, for instance, believed that public-owned companies could be an effective means to pushforth economic growth.<sup>62</sup> This was a sentiment shared by many Indonesian experts, especially considering the utter lack of an entrepreneurial class during the early decades and the seeming impossibility to imagine a free market-based economy within the Indonesian society of the 1950s.<sup>63</sup>

On 4 December 1949, a UN resolution was passed on the composition of technical assistance; the deployment of a team of experts to assist countries as advisors, the training of experts of less developed countries abroad, the training of experts and auxiliary personnel within the country, the deployment of personnel and materials for specific projects and the exchange of information. In May 1950, a mission from the UN Secretariat visited Indonesia, along with agents from UNESCO, FAO and WHO. UNESCO would help Indonesia develop a people's education and rural reconstruction. The WHO and UNICEF worked together with the Department of Health in various health initiatives.<sup>64</sup>

## Development of Indonesian-American Aid Relations

During the Revolutionary War, a group of Indonesian officials, comprising mostly PSI intellectuals, started to lobby the US government. Sumitro Djojohadikusumo and Soedjatmoko were hosted by an American group concerned about the growing clout of Communism in Asia, and met with the established circle, especially members of the Council of Foreign Relations,

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62 Benjamin Higgins, "Thoughts and Action: Indonesian Economic Studies and Policies in the 1950s" in *Bulletin of Indonesian Economic Studies*, Vol. 26, no. 1, 1990, p. 37-47.

63 Benjamin Higgins, "Introduction" in Benjamin Higgins (ed.), *Entrepreneurship and Labor Skills in Indonesian Economic Development: a Symposium*, p. 22-28. He was rather optimistic about the rise of an entrepreneurial class. Everett Hawkins, in the meantime, was less so. Sumitro Djojohadikusumo, despite the sheer magnitude of corruption, was pleased with the Benteng Programme, because even if many of the businessmen nurtured by the Indonesian government turned out to be fraudsters, the few that came genuinely out of the programme as 'real entrepreneurs' could be used as a nucleus for further development of a real Indonesian entrepreneurial class. In the end, Indonesia already had an entrepreneurial class; the Indonesian-Chinese, and it would be these people that would be nurtured as an entrepreneurial and industrial class during the New Order regime later on.

64 J.R. Krol, "Internationale hulp aan Indonesia" in *Cultureel Nieuws Indonesie*, no. II, August, 1951, p. 2-15.

one of the most influential think tanks in the United States.<sup>65</sup> It was Sumitro's duty to drum up American support for the Indonesian-side during the Revolution. The fear of Communism had been hampering Indonesia's effort to win America to its side.<sup>66</sup> This was part of the charm offensive conducted by the Indonesian republic at Yogyakarta to reassure America that a post-colonial Indonesia would not hastily nationalize Western companies and assets within the country.<sup>67</sup>

In a speech about the Point Four Program and Southeast Asia, Soedjatmoko reiterated the cautiousness of the Asian approach toward aid: "Why is it that no leaders in Southeast Asia immediately hailed this plan, as Marshall's proposals had been immediately seized upon and embraced by the leaders of Europe?" The answer to this was that it came from the disillusionment of the elite with America's dithering stand toward Asian independence movements, particularly "America's failure to make a sufficiently early stand on the issues of colonialism" which "left very serious doubts in the minds of many Asians as to America's true intentions."<sup>68</sup> Although there was no doubt about the support that technical assistance had from within the Indonesian intellectual class, suspicion remained in other parts of the Indonesian elites. The suspicion was rooted in, as Soedjatmoko has said, the failure of America to act quickly to support the Republic against Dutch aggression during the revolution, but also because many of the elites were leftists who harboured reservations against American control. The fall the Sukiman cabinet as a result of the signing of the Mutual Assistance Agreement with the United States illustrated this ambivalence toward the West.<sup>69</sup>

During the Second Dutch Military Aggression, Sumitro, who had become a permanent financial and trade representative to the United States and a member of the Indonesian delegation negotiating at the UN in New York, met with the acting US Minister of Foreign Affairs Robert A. Lovett on 20 December 1948. The Republican elites realized that the Netherlands

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65 David Ransom, "The Berkeley Mafia and the Indonesian Massacre", p. 2.

66 Frances Gouda and Thijs Brocades Zaalberg, *American Vision of the Netherlands East Indies/Indonesia. US Foreign Policy and Indonesian Nationalism, 1920-1949*, (Amsterdam University Press: Amsterdam, 2002), p. 209-214.

67 This also included the visit by Soedjatmoko to New York in support of the Marshall Plan. See: David Ransom, "Ford Country: building an elite for Indonesia", p. 93-116.

68 Soedjatmoko, "Point Four and Southeast Asia" in *Indonesia*, Vol. 4, 1950-1951, p. 3-4.

69 Herbert Feith, *The Decline of Constitutional Democracy in Indonesia*, p. 198-207.

had difficulty in funding their operations without the help of the Marshall Plan. Lovett reassured him that while the Marshall Plan funds for the Netherlands would not be stopped, the money intended for Indonesia had been completely halted. Sumitro held news conferences to gauge the opinion of the American public and thus was cementing Indonesia's first important post-independence relation with the US. His position on Indonesia's economic diplomacy with the United States was stated clearly in his report to the Indonesian Foreign Minister H. Agus Salim, entitled *Indonesian Economic Maneuvers in America*.

Initial contact with America went strictly through US companies and these were mostly failures. In the various efforts to break through the Dutch blockade of the Republic during the Revolutionary War, shipping companies like Isbrandtsen and the Overseas Corporation tried to smuggle goods to Singapore. Dutch authorities confiscated the Isbrandtsen ship while the Overseas Corporation got away with the money, costing the Republic some \$ 500,000 worth of rubber and quinine. In 1947, Sumitro, who at the time was the Republican Trade Representatives, along with Minister of Prosperity A.K. Gani, met with Matthew Fox, a well-known American businessman and vice president of Universal Pictures, to create the Indonesian-American Corporation.<sup>70</sup> The contract, signed in Havana, Cuba, on 3 January 1949, allowed the corporation to be granted monopoly over rights of sales of some Indonesian commodities. This contract did not go through after the transfer of sovereignty. Homan indicated that as much as \$ 550,000 might have been loaned to support the Indonesian delegation in New York.<sup>71</sup>

The American aid was institutionally realized through the Economic Cooperation Administration (ECA), an organization created to channel the Marshall Plan. In the early 50s, the plan was diverted to Asia as a result of the Korean War and the opening up of East Asia, including Southeast Asia, as an important military front against Communism. In June 1950, the

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70 According to Peter Dale Scott, there was a possibility that Matthew Fox was a front man for the CIA. Peter Dale Scott, "Exporting Military-Economic Development", p. 213. This seems quite unlikely though, because the State Secretary was quite critical of its relationship with the Indonesian government.

71 Gerlof D. Homan, "American Business interests in the Indonesian Republic" in *Indonesia*, Vol. 35, April 1983, p. 125-132.

Director of the Far East Division of the ECA, R. Allen Griffin,<sup>72</sup> went on an Asian tour to recommend the scope and amount of aid for the countries/colonies of Southeast Asia, including Indo-China, Malaya, Burma, Thailand and Indonesia. Indonesia was to obtain the second largest amount of ECA help (after Indo-China) in the recommendation totaling fourteen and a half million dollars. Griffin also recommended that 63 technical experts be sent to Indonesia.<sup>73</sup> The amount that was finally given to Indonesia was 13 million dollars in October 1951, which came from the leftover of unspent ECA money on the Republic of China.<sup>74</sup> Aside from ECA aid, the US also provided 100 million dollars import credit from the Exim Bank in February 1950 and a 5 million dollar military grant pertained to the signing of the Japanese Peace Treaty at the San Francisco Conference in 1951<sup>75</sup> which had resulted in the fall of the Sukiman Cabinet.

Aside from technical help, the Americans were also eager to provide institutional links to foster the Indonesian military toward anti-Communism. On 3 October 1950, a US mission headed by Mr. John F. Melby and Major General Graves B. Ernsline, arrived in Indonesia with the task of persuading the Indonesian government to accept arms free-of-charge from the US in return for participation in an American military aid programme. The mission was received by the President on the occasion of the armed forces day on 5 October and both gentlemen held talks with Prime Minister Muhammad Natsir, Foreign Minister Mohammad Roem, Vice Premier Sultan Hamengkubuwono IX and the Chief of Staff of the Armed Forces General Simatupang. Indonesia obtained a 100 million dollar package of aid in goods.<sup>76</sup> The military aid programme would allow for a certain degree of US control in the organization and training of the armed forces, something

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72 Griffin was an army intelligence veteran and later a trustee of the Asia Foundation, a CIA-funded organization. See Peter Dale Scott, "Exporting Military-Economic Development", p. 212.

73 National Archives of Australia or NAA, Canberra, series no. A.1838. Australian Embassy, Washington, 5 June 1950. Memorandum for the Secretary, Department of External Affairs, Canberra.

74 NAA, Canberra, series no. A.1838. Australian Embassy, Jakarta, Memorandum no. 63, 14 February 1951.

75 Usha Mahajani, *Soviet and American Aid to Indonesia. 1949-1968*, (Athens: Center for International Studies, 1970), p. 6.

76 J. Krol, "Internationale Hulp aan Indonesia" in *Cultuureel Nieuws Indonesia*, No. 2, (August, 1951), p. 7.

that the government found hard to accept, even though it was felt that the military needed help in acquiring modern military hardware.<sup>77</sup>

Acceptance of a US military mission was politically impossible considering the degree of suspicion many of the leftist-leaning parliamentarians had of the US. At the same time, the Dutch under the *Nederlandse Militaire Missie* was carrying out a similar military assistance programme, which made the offer rather redundant. The failure of the Melby mission did not, however, affect non-military American aid. Griffin, on a mission to Asia, had discussed with the Australians the Colombo Plan mission and stressed that each aid programme should be carried out on an individual basis with each country, without the need to create a complex organization. On 6 August 1951, Dr. Samuel Perkins Hays was appointed as Chief of the ECA Special Technical and Economic Mission to Indonesia, replacing Shannon McCune.<sup>78</sup>

Lester Pearson, Canada's first ambassador to Indonesia called Indonesia "the first child of the United Nations." There was a belief amongst many in the West that left to its own devices, Indonesia would fail to develop and modernize itself.<sup>79</sup> In fact as Webster has quoted "[The] United Nations plays a much more important role here (in Jakarta) than in any other country in the area he had visited. Indonesia is desperately short of good Ministers and officials, but many of the United Nations people are good and they have had a long time there to acquaint themselves with local conditions. The result is that they pretty much decide what should be done in the fields in which they operate."<sup>80</sup> The strength of influence amongst these foreign experts probably contributed a lot to the contempt and displeasure that people like Roeslan Abdulgani and Sukarno expressed toward experts.

Initially, the foreign aid relationship was regulated by the Ministry of Trade and Industry with its Coordinating Bureau for Foreign Assistance<sup>81</sup>, created on 29 December 1950 under the command of C. v.d. Straaten, Achmad Ali and J. Kramer. After the formation of the National Planning

77 NAA, A1838. Australian Embassy Jakarta, 12 October 1950.

78 NAA, A.1838. DMR, US economist named head of Indonesian mission, 25-6-1950.

79 David Webster, *Fire and the Full Moon. Canada and Indonesia in a decolonizing world*, (Vancouver: UBC Press, 2009), p. 79-80.

80 David Webster, *Fire and the Full Moon. Canada and Indonesia in a decolonizing world*, p. 83.

81 Biro Ko-ordinasi Bantuan Luar Negeri-BKBLN

Bureau, an Inter-Departmental Coordinating Committee<sup>82</sup> or Pakin was formed as a liaison agency for all the government bodies connected with foreign aid. Within the BPN, a section was created to handle foreign assistance, headed by the future economist Ir. Mohammad Sadli and Ir. Sie Kwat Soen. During the Guided Democracy, with the creation of the Depernas and the termination of BPN in 1959, foreign assistance was also transferred to the Financial and Economic Bureau of the Office of First Minister (Finek).<sup>83</sup>

As a result, throughout both the Parliamentary and Guided Democracy periods, foreign assistance relationships, at least the civilian ones, were handled by social-democrats or PSI-related individuals at both the BPN and the Finek bureau, which were both pro-Western and anti-Communist. These bureaus were sheltered within the confines of both BPN and Finek that were placed directly under the Office of the Prime Minister/First Minister. Aside from the head of Indonesia's policy making elite above, enthusiasm for foreign assistance was low amongst Indonesian officials. The government was reluctant to allow foreign experts to work at the middle or village levels. Two types of foreign personnel were sought: trainers, who would be given little authority, and experts, that would fill mid-range technical positions within the civil service.<sup>84</sup>

There were two forms of international relations. The first was through a direct contract signed by an expert with an aid agency and its respective national counterpart. For instance, much of the early aid to the National Planning Bureau was through this type of relationship, including the sending of economics experts to work on creating Indonesia's national plan with people like Benjamin Higgins and companies like the J.G. White Engineers. These relationships bypassed the universities, and the experts were contracted to work in a specific government unit, usually policy-

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82 Panitia Koordinasi Interdepartemental-Pakin

83 It was placed in FINEK (*Biro Ekonomi dan Keuangan*) in what was named the Office of Overseas Development (*Bagian Kerdjasama Luar Negeri*) similar to the Coordinating Bureau under the National Planning Bureau. All overseas cooperation must first be approved by the Foreign Affairs Ministry. "Laporan Bagian Kerdjasama Luar Negeri. Biro Ekonomi dan Keuangan, Sekretariat Negara," ANRI, Inv. No. 2358, Menteri Negara Ekonomi, Keuangan dan Industri.

84 "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. 78-79.

making bodies. The second relationship was called the university affiliation network. These relationships bypassed the structure of foreign recruitment developed by the Ministry of Public Service Employee<sup>85</sup> and the PUTABA office and were regulated within the National Planning Bureau which had a desk that controlled all international aid relationships. On a diagram, the two institutional matrices are presented below. The third diagram shows the regular route for the establishment of a new international aid relationship.

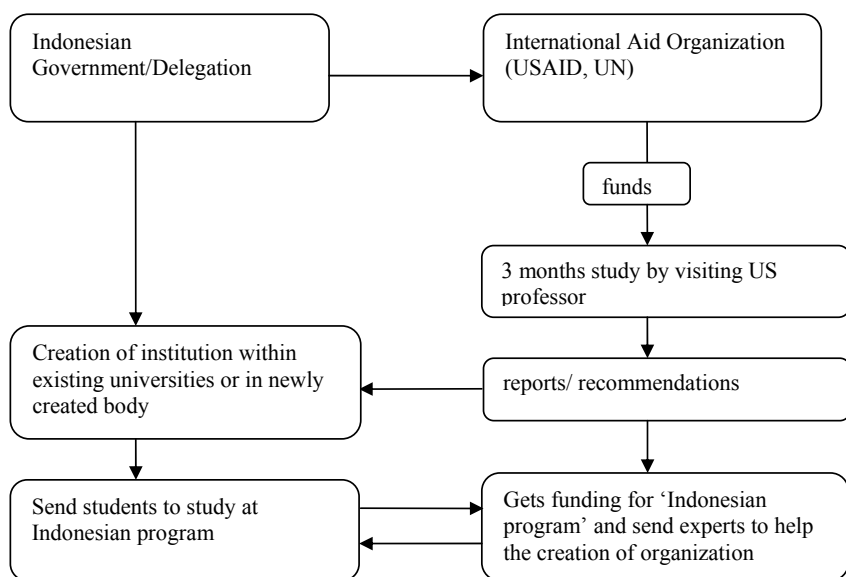


#### University Affiliation Network



#### Experts funded by aid agency network

85 Kementerian Urusan Kepegawaian



The international aid network in relation to US universities and aid agencies

The difference in comparison to the colonial model was the imperial nature of that relationship: only involving the mother country and the colony. This new institutional matrix was far more international in character and provided help for all newly independent nations, even though it skewed heavily towards the American. Another important feature was, of course, the voluntary nature of the relationship. Both parties were equal in their relationship and this required tact, since it was prone to cultural misunderstanding. It was similar to a colonial/imperial relationship only in relation to the flow of technical and ideological knowledge. The assumption was very clear: the Western experts were to provide Indonesia (and many other Third World countries) with the tools and operational know-how in order to leave behind their backward, traditional society and enter into a modernized and developmental state and society.

The period 1950-1965 was thus one of massive interaction and transfer between Third World and First and Second World countries. In Indonesia's case, the most significant was the relationship with both the American AID organization, the various UN organizations and the Ford Foundation. These investments put in place institutions within the landscape of the Indonesian

state and provided Indonesian the opportunity to study at various universities in the West, to 'correct' their mindset and prepare them to run the institutions once they arrived back in their home country.

Year	Experts	Trainees
1950/51	-	19
1952	64	44
1953	77	22
1954	69	23
1955	78	65
1956	95	54
1957	102	49
1958	100	47
1959	98	44
1960	83	36
1961	93	73
1962	102	118
Total	961	600

UN Assistance between 1950-1962 toward Indonesia, ANRI, inv. no. 2358, Menteri Negara Ekonomi, Keuangan dan Industri.

	Experts	Trainees
1950-1955	228	604
1956	112	339
1957	154	428
1958	160	365
1959	178	349
1960	171	318
1961	325	517
1962	510	394
1963	230	n.a.
1964 (April)	181	n.a.
Total (1950-1962)	2.049	3.314

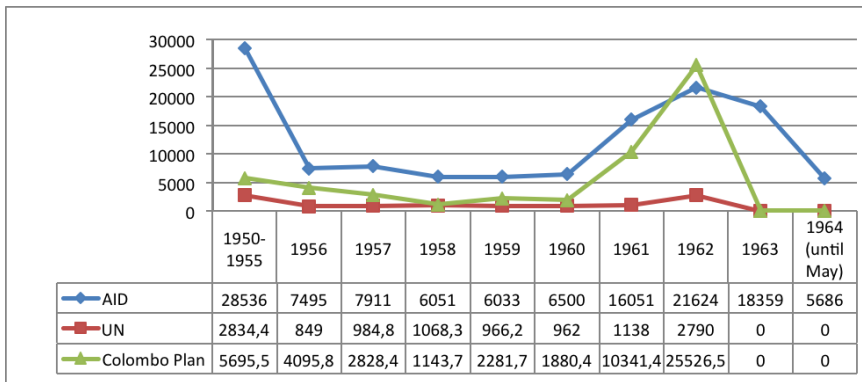
US-AID/ECA/ICA assistance, ANRI, inv. no. 2358, Menteri Negara Ekonomi, Keuangan dan Industri.

Year	Experts	Trainees
1950-1955	23	333
1956	37	414
1957	42	150
1958	47	104
1959	49	139
1960	60	121
1961	15	247
1962	29	216
1963	22	346
1964 (may)	9	91
Total	302	1.724

Colombo Plan assistance ANRI, inv. no. 2358, Menteri Negara Ekonomi, Keuangan dan Industri.

Countries	1961	1962	1963	1964
USSR	50	135	150	-
Yugoslavia	-	10	20	6
Poland	-	7	8	-
Czechoslovakia	-	30	30	2
East Germany	45	-	3	7
Romania	11	2	10	-
Hungary	-	5	11	-
Bulgaria	-	2	5	-
Total	106	191	237	12

Eastern European assistance in the form of scholarship for Indonesian trainees. ANRI, inv. no. 2358, Menteri Negara Ekonomi, Keuangan dan Industri.



Aid per year by the American AID, UN and Colombo Plan. Chart in thousand dollars. ANRI, inv. no. 2358, Menteri Negara Ekonomi, Keuangan dan Industri. UN and Colombo numbers for 1963 and 1964 were not available.

The data sets above were obtained from documents of the Finek Bureau.<sup>86</sup> They show the number of experts sent to the country by different international agencies throughout the period. America came on top as the most visited country for Indonesian to obtain higher education or technical trainings. American Aid, meanwhile, consistently provided the biggest amount of aid money from Western nations throughout the period.

Yet, there were a variety of other nations that also gave a helping hand. Soviet overtures for aid had started relatively early in 1948. But as long as Indonesia was under the rule of the social democrats, exemplified by Prime Minister Hatta, Natsir and Wilopo, hostility toward the Soviet Union was strong. When the Wilopo cabinet fell in July 1953, Ali Sastroamidjojo's government, which depended on the support of the PKI, changed Indonesian attitude toward the Eastern Bloc. Trade and payment agreements were signed with China, Czechoslovakia, East Germany, Poland and the Soviet Union. In 1956, a large Soviet mission concluded a treaty with Indonesia, whereby a 100 million dollar long-term, low-interest loan was provided. It was used for road building and other various projects. Technical aid for the Five Year Plan was envisaged from the Soviet Union.<sup>87</sup>

86 FINEK bureau took the job of foreign relations after the disbandment of the BPN in light of the creation of the Depernas.

87 Usha Mahajani, *Soviet and American aid to Indonesia. 1949-1968*, p. 7-15.

The number of people sent to the Eastern Bloc, especially during the 1960s, was quite significant, with over 300 people sent to study in the Soviet Union at higher education institutions. Khrushchev's visit to Jakarta in 1960 concluded a 700-800 million dollar aid, with a 250 million dollar military grant and followed by a 400 million dollar military grant in 1961 in relation to the struggle for West Papua.<sup>88</sup> By 1961, Indonesia had become one of the largest non-Communist recipients of Soviet military aid.<sup>89</sup> Over a billion dollars in military aid would be given to Indonesia throughout the Guided Democracy period, so that Indonesian aid amounted to a third of all aid to non-Communist countries by the Soviet Union. According to Guy Pauker, the rational reason for Soviet willingness to spend that much money on the Indonesian military was to bribe the military to support a Communist take-over of the country.<sup>90</sup>

Most of those sent to the Soviet Union went to study engineering and the technical know-how needed to run the various Soviet industrial aid programmes that were provided to Indonesia in the 1960s, including the 1962 Asian Games, the Cilegon Steel Plant, the Superphosphate project in Sumatra, the farming mechanization project and the projected oceanographic institute in Ambon. Over 100 Indonesian trainees were sent to study petroleum engineering as part of Indonesia's wish to reduce dependence on Western oil companies and 125 were sent to study at the Patrice Lumumba University in Moscow.<sup>91</sup> Conversely, 500 Soviet experts were sent to Indonesia to supervise the execution of Sukarno's grandiose projects.<sup>92</sup>

## National Planning and Technical Assistance

Two important men figured throughout the 1950s in connection with the creation of the Indonesian development plan: the Rotterdam-graduate

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88 Usha Mahajani, *Soviet and American aid to Indonesia*, p. 15-16.

89 A fifth of all Soviet aid to non-socialist countries went to Indonesia. Ragna Boden, "Cold War economics: Soviet aid to Indonesia" in *Journal of Cold War Studies*, vol. 10, no. 3, Summer 2008, p.116.

90 Guy Pauker, "General Nasution's mission to Moscow" in *Asian Survey*, Vol. 1, no. 1, 1961, p. 13-22.

91 ANRI, Jakarta, Menneg Ekuin, inv. nr. 2358.

92 For more on foreign aid numbers, see Donald Hindley, "Foreign Aid to Indonesia and its Political Implications" in *Pacific Affairs*, Vol. 36, no. 2, (Summer, 1963), p. 107-119.

economist, Sumitro Djojohadikusumo and the engineer Djuanda Kartawidjaja. Sumitro Djojohadikusumo, the son of a well-to-do aristocrat Margono Djojohadikusumo, was born on 29 May 1917 in Kebumen, Central Java.<sup>93</sup> After finishing high school at the Hogere Burger School, he went on to study economics at Rotterdam. He also spent one year at the Sorbonne in Paris where he befriended the noted photographer Henri Cartier-Bresson and Indian nationalist Jawaharlal Nehru and met with writer and statesman André Malraux. That meeting affected him so deeply that he tried to join the anti-fascist International Brigade to fight against General Franco of Spain. He finished his doctorate degree, under the Indologist Prof. Gonggrijp, in the middle of the war in 1943 with a dissertation on small-scale credit.<sup>94</sup>

Because connections between Indonesia and the Netherlands had all but ceased during the war, Sumitro had to wait it out in Rotterdam, working at the Rotterdam Hogeschool. After the war, Sumitro initially joined the Dutch delegation in the discussion between the Dutch and Indonesian governments as an advisor.<sup>95</sup> In 1945, Sumitro returned to Indonesia to edit *Berita Perekonomian*. He then became an assistant to the Ministry of Finance and to Prime Minister Sjahrir's office.<sup>96</sup> He became one of the Indonesian representatives to the Office of Permanent Observer to Indonesia at the UN Security Council, alongside Soedarpo Sastrosatomo, Soedjatmoko and N.L. Palar. Benjamin Higgins described him, exaggeratedly, "one of the most brilliant economists in all Asia."<sup>97</sup>

On 31 March 1950, the Indonesian ambassador to the United States and future premier, Ali Sastroamidjojo, gave a talk at a dinner in his honour in New York on the Indonesian plea for technical assistance for the creation of a better economy which, according to his mind "is fundamentally a social rather than an industrial reform which must begin with education

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93 For more on his biography, consult Aristides Katoppo et.al., *Sumitro Djojohadikusumo. Jejak Perlawanan Begawan Pejuang*, (Jakarta: Pustaka Sinar Harapan, 2000).

94 Aristide Katoppo, et.al., *Sumitro Djojohadikusumo: Jejak Perlawanan Begawan Pejuang*, p. 1-15.

95 Sumitro Djojohadikusumo, "Recollections of My Career" in *Bulletin of Indonesian Economic Studies*, No. 22, Vol. 3, 1986, 27-39.

96 David Webster, *Fire and the Full Moon. Canada and Indonesia in a decolonizing world*, p. 78.

97 Benjamin Higgins and Jean Higgins, *Indonesia: the crisis of the millstone*, (Princeton: Van Nostrand, 1963), p. 81, NAA, A1838, United States of America – Relations with other countries – Pacific – Indonesia.

and technological assistance from all countries of the world which have the advantage of experience.”<sup>98</sup> Later, in June 1951, Sumitro Djojohadikusumo, then advisor for the Minister of Economic Affairs, was undertaking his European-American tour to look for experts for the State Planning Bureau and the various banks in Jakarta. He had with him a list of 180 experts that were needed to formulate and carry out Indonesia’s first national plan. Although vinitially Sumitro wanted to obtain Dutch expertise for at least six important positions for the Bureau, even citing the Dutch universities each of these should be graduates of, he failed to find anyone willing to leave for Indonesia.<sup>99</sup>

In the end, he found help from UNESCO in New York, which promised 12 financial-economic experts to be paid by the organization. The Planning Bureau was to be headed by an Indonesian, with the foreign experts serving as executive staff members and senior officers. The Bureau’s position was not that of a ‘super department’, thus its coordinating capabilities with respective Ministers depended much on the tact and capability of its leadership to gain trust and respect with other ministerial members.<sup>100</sup> The UN’s Technical Assistance Board approved Indonesia’s request in a meeting on the 24-28 July 1951.<sup>101</sup> The Indonesian project was greeted with much approval from many within the UNTAA. Indonesia was “one of the most significant among those we have been privileged to assist in developing.”<sup>102</sup>

### National Planning Body – UNTAA Cooperation

The National Planning Body or *Badan Perantjang Negara* was one of the most important expert bodies. It was created in 1952 and placed under the Office of the Prime Minister. The BPN also contained the largest number of experts working on the Indonesian economy inside the country. Its control

98 NAA, A1838. Indonesia wants technical assistance, envoy says, 31-3-1950.

99 NA, The Hague, Hoge Commissariaat Indonesie, Internationale Technische Hulpverlening, 18 Juni 1951.

100 Sumitro Djojohadikusumo, *Bunga Rampai Ekonomi*, (Jakarta: Indira, n.a.), p. 259-261.

101 NA, The Hague, Hoge Commissariaat te Bandoeng, 1950-1957, Bureau voor Internationale Technische Hulp, Buitenlandse Deskundigen voor Indonesie, 25 September 1951.

102 David Webster, “Development advisor in time of cold war and decolonization: the United Nations Technical Assistance Administration” in *Journal of Global History*, Vol. 6, Issue 2, July, 2011, p. 260.

over foreign aid meant that the BPN also controlled the nation's expert production. The BPN was not only essential in the creating experts, it was also important in creating an *esprit de corps* amongst policy makers and economists. "The BPN is an effective and productive means to create cadres. The experts of the BPN are given the methods to act rationally and capably and also to always act in a nationalist manner to contribute for the state and the nation. These experts were then sent to a variety of government offices and state-owned companies. The emotional bonds that have been created amongst them are kept alive and contribute to aiding cooperation between the offices they lead, in accordance to the approach and problem solving methods they've learned during their stay at the BPN."<sup>103</sup>

Prior to the arrival of UNTAA experts, the government contracted the engineering consultant firm J.G. White Engineers in January 1951. Financed by the ECA, the contract was worth 700.000 dollars out of the 13 million dollar aid budgeted for 1951.<sup>104</sup> By mid-January 1951, the corporation's team of consultant arrived in Jakarta under the leadership of Mr. Henry Tarring. The J.G. White consultants worked behind the scene and their presence in Indonesia causing little press attention. This suited the Indonesian government, which was wary of being seen to be too dependent on foreign consultants.<sup>105</sup> Their presence, however, was met with irritation and suspicion amongst the Dutch consultants still working for the government, especially

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103 Ali Budiardjo, "Abdi Negara dan Abdi Bangsa" in Awaloeddin Djamin (ed.), *Ir. H. Djuanda: negarawan, administrator, teknokrat utama*, (Jakarta: Kompas, 2001), p. 255. According to Koesoediarso Hadinoto: "Biro Perancang Negara benar-benar efektif dan produktif sebagai wadah dan sarana kaderisasi. Para tenaga ahli Biro Perancang Negara dibekali metode berfikir dan bertindak yang rasional dan andal, serta selalu berjiwa kebangsaan dengan itikad berbakti kepada negara dan bangsa. Kemudian para tenaga ahli itu disebarkan ke berbagai instansi Pemerintah serta Badan Usaha Milik Negara. Ikatan batin antara mereka terpelihara secara berlanjut, sehingga memperlancar kerjasama antara instansi-instansi yang mereka pimpin, berdasarkan metode pendekatan dan penyelesaian masalah yang dulu mereka pelajari bersama di Biro Perancang Negara."

104 NAA, A1838, Republik Indonesia Serikat – Foreign Aid to Indonesia. Australian Embassy Jakarta, Memorandum no. 63, 14 February 1951. The J.G. White Engineers were, however, quite successful in developing parts of the Taiwanese industry, including in the development of its plastic industry. Nan Wiegersma and Joseph E. Medley, *US economic development policies toward the Pacific Rim. Successes and Failures of US Aid*, p. 55.

105 The uproar over the presence of former Nazi Finance Minister Hjalmar Schacht who was invited by Sumitro Djojohadikusumo to conduct a three months study of the financial position of the country taught a good lesson in focusing on low-key deployment. Hjalmar Schacht, *Laporan Hjalmar Schacht*, (Jakarta: Kementerian Penerangan, 1951).

as they feared that long-established Dutch methods would be called into question and that they would function as a backdoor for American business enterprise to gain access to Indonesia.<sup>106</sup>

For the purpose of creating a national plan, the government considered the White Engineers less helpful. Their job to create a national plan for industrialization had been less than stellar. The firm's economist, Dr. Killough, had arrived in Indonesia only in June 1952. Working with an inter-ministerial coordinating committee was not suitable in industrial planning as it had little resource and organizational coordination with other departments. The National Planning Bureau had only come into existence in 1952. The White Engineers worked with the National Planning Bureau in reviewing budget requests, and recommended various cuts in the capital and maintenance budgets. Benjamin Higgins suggested that the Indonesian government renew the firm's contract with Colombo Plan finance because there was nothing to replace them. The firm was not only important as a consultant for the national plan, but also in providing consultation on efficiency: to recommend policies and procedures to overcome this deficiency.<sup>107</sup>

In June 1952, Professor Benjamin Higgins, who had earlier been working in Libya for the UNTEA (United Nations Temporary Executive Authority), was appointed UN adviser to the Indonesian government as a monetary and fiscal advisor to both the Ministry of Finance and Economic Affairs and the State Planning Bureau. Later in 1954-55, he came back to Indonesia as director of the MIT project on Indonesia within the Center for International Studies. In 1959 he left the MIT project to teach at the University of Texas and studied Latin America because he was frustrated at Southeast Asia's development at the time.<sup>108</sup> Higgins was one of the world's leading authorities on development economy. He had been a teacher of economics at the University of Melbourne since 1948 and had worked for the ILO during the war. The extent toward which Sumitro considered Higgins

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106 NAA, Canberra, A1838, Republik Indonesia Serikat – Foreign Aid to Indonesia. Australian Embassy Jakarta, Memorandum no. 63, 14 February 1951.

107 ANRI, Jakarta, Departemen Keuangan 1950-1969, Inv. No. 294.

108 Benjamin Higgins, "Thought and Action: Indonesian economic studies and policies in the 1950s" in *Bulletin of Indonesian Economic Studies*, 26:1, April, 1990, p. 37-47.

advice as crucial was strengthened by the fact that Higgins office was right next door to Sumitro's.<sup>109</sup>

Although ECA funded much of the research in Indonesia during the period, the coterie of experts had an international character. The first UN technical mission to the BPN consisted of nine experts, four of whom were Canadians, including Benjamin Higgins and Nathan Keyfitz.<sup>110</sup> In fact, Higgins, as head of the UNTAA mission in Indonesia, hand-picked the entire team, which included American Edgar McVoy, a labour expert who would introduce Indonesia to the *Training Within Industry* labour management programme,<sup>111</sup> South African income expert Daniel Neumark, British industrial economist Peter Diebold, migration expert D.M. Deane and New Zealand education specialist, T.R. Smith.<sup>112</sup> Many of the UN technical assistance experts were civil servants who believed in Keynesian economics and Fabian social-democratic ideals. British Fabian values were cherished in PSI circle.<sup>113</sup> So there was considerable ideological affinity between men like Sumitro and Higgins.<sup>114</sup>

Higgins wielded his huge authority without much democratic oversight. Although Djuanda was the head of BPN,<sup>115</sup> it was Higgins who went abroad to seek international aid and it was he who reviewed these aid programmes. It was his decision to renew the J.G White Engineering contract, for

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109 J.A.C. Mackie, "In memoriam: Professor Benjamin Higgins, 1912-2001" in *Bulletin of Indonesian Economic Studies*, Vol. 37, No. 2, 2001, p. 183-188. He also regularly saw Sjafruddin Prawiranegara, head of Bank Indonesia, and attend the weekly board meeting of the Bank of Indonesia. Benjamin Higgins, "Thoughts and Action: Indonesian Economic Studies and Policies in the 1950s," p. 37-47.

110 David Webster, *Fire and the Full Moon. Canada and Indonesia in a Decolonizing World*, p. 78-79. T.R Smith from New Zealand was to consult on management issues. ANRI, Jakarta, Kementerian Keuangan 1950-1969, Inv. No. 276.

111 He had previously introduced the TWI programme to Japan and Malaya. Alan G. Robinson and Jean M. Schroeder, "Training, continuous improvement and human relations: the US TWI program and the Japanese management style" in *California Management Review*, Vol. 35, No. 2, Winter 1993, p. 35-56.

112 ANRI, Jakarta, Kementerian Keuangan, Inv. No. 293, 294.

113 Herbert Feith, *The decline of constitutional democracy in Indonesia*, p. 130.

114 David Webster, *Fire and the Full Moon. Canada and Indonesia in a decolonizing world*, p. 80-81. "PSI policies were "remarkably similar" to those being developed by the national CCF in the same period." The CCF being the Co-Operative Commonwealth Federation of government in Saskatchewan, Canada, which relied on social-democratic planning.

115 ANRI, Kabinet Presiden Republik Indonesia 1950-1959, Inv. Nr. 1381.

instance.<sup>116</sup> He wrote that the Indonesian government accepted his advice with ‘frightening willingness.’ In a Colombo Plan meeting, one observer wrote that people had mistaken him as head of the BPN, instead of Djuanda.<sup>117</sup> Such huge control by the technical assistance team saw Higgins praising the country. “In Sjafruddin and Sumitro, the country had a duumvirate on economic policy that few underdeveloped countries could match for competence and commitment to the national interest. The Wilopo cabinet was composed of extraordinarily able and honest men. In the Planning Bureau and its relationship to other government agencies abroad, the country had an effective instrument for development planning.”<sup>118</sup>

In 1957, when Djuanda was appointed Prime Minister, the BPN went to his right hand man, Ali Budiardjo. Budiardjo was the secretary general of the Minister of Defence under Sultan Hamengkubuwono IX,<sup>119</sup> another technocratic figure, from 1950 till 1953. In May, Sumitro offered him the job as interim Director General of the BPN before Djuanda took the reins. Like many intellectuals, he was close to Sjahrir during the Japanese occupation. He obtained a masters degree at MIT’s school of industrial management in 1962.<sup>120</sup> These two figures worked closely with one another until the dissolution of the BPN in 1959 and the transfer of Budiardjo into Djuanda’s Financial and Economic (Finek) Bureau under the office of First Minister. He was seminal in helping the creation of the Depernas body. There was thus some form of continuity for the planning bureau during the transition into Guided Democracy within a relatively small bureaucratic body placed deep within the government.

With a highly fragmented government and little ability to coordinate amongst themselves, new institutions were created to take over the jobs that the Ministries were supposed to accomplish, all of which were to be placed under the control of Prime Minister’s office. The universities were part of that

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116 Memorandum from Benjamin Higgins to Minister of Finance Sumitro Djojohadikusumo about the renewal of J.G. White contract. ANRI, Jakarta, Departemen Keuangan 1950-1969, Inv. No. 294. The White Engineering Corporation was still working within the BPN in a file on the BPN dated January 1955. ANRI, Jakarta, Kabinet Presiden Republik Indonesia 1950-1959, Inv. Nr. 1381 and Departemen Keuangan 1950-1959, inv. Nr. 294.

117 David Webster, *Fire and the Full Moon. Canada and Indonesia in a decolonizing world*, p. 84.

118 Benjamin Higgins and Jean Higgins, *Indonesia: the Crisis of the Millstone*, (Princeton: Van Nostrand, 1963), p. 88.

119 I.O. Nanulaita, “Ir. Haji Djuanda Kartawidjaja,” p. 110.

120 With a thesis entitled “Management education in Indonesia.”

institutional framework. The Institute for Economic and Social Research at the Jakarta School of Economics, University of Indonesia fulfilled this role. The Institute along with the National Planning Bureau and the Department of Industry investigated the development of industry after independence in January 1954. A university-based institution was able to compile, interpret and appraise data in an independent and objective way.<sup>121</sup>

### **Fakultas Ekonomi-Universitas Indonesia (FEUI)**

Perhaps no other higher-learning institution held such an important place in modern Indonesian history as that of the FEUI. The most important reason for this was the role of Sumitro Djojohadikusumo as institution builder par-excellence. He had built the faculty from the ground up, getting Dutch professors who were in Indonesia to teach even though many of them were not trained economists and taught 'old-fashioned' economics. Sumitro reformed and overhauled the economics curriculum of the country; the more legal-continental approach being taught by Dutch professors was replaced with a more Keynesian approach. Sumitro wanted to create a Jakarta School of Economics that would be at the leading edge of economics research. He wanted to introduce Developmental Economics that would have provided ideas in which the state, not the firm, would be the main analysis. According to Emil Salim, he was the one who introduced macroeconomics to Indonesia, away from the focus on the firm that many of the Dutch professors had specialized in.<sup>122</sup>

Sumitro's relationship to the Americans provided access for scholarship and research money from the West. In 1951, Sumitro signed an agreement with Everett Hawkins who was working at the ECA at the time. The ECA gave a four hundred thousand dollar grant to finance American economists to teach at the faculty. Although he was in contact with the Ford Foundation when it opened its office in Jakarta in 1952, he was only able to coax an agreement by 1956. His agreement with the Ford Foundation and the University of California-Berkeley allowed for the sending of some of the brightest economics students of Indonesia to continue their study in the

121 Sumitro Djojohadikusumo, *The Government's Program on Industries*, (Jakarta: LPEM, 1954), p. 1-2.

122 Goenawan Moehammad, *Celebrating Indonesia. Fifty years with the Ford Foundation. 1953-2003*, (Jakarta: Ford Foundation, 2003), p. 48-60.

US. Twenty students were sent to various universities in the United States in several batches.<sup>123</sup> This of course allowed for the rise of the notorious Berkeley Mafia, headed by Sumitro's ablest student and main technocrat of the New Order, Widjojo Nitisastro.<sup>124</sup>

Sumitro was also central to the creation of the Institute of Economic and Social Research (LPEM),<sup>125</sup> which was funded by the Ford Foundation and became a center for research and a place where young social scientists were able to obtain practical experience through internships in the BPN. In 1955, Sumitro founded the Association of Indonesian Economists (ISEI),<sup>126</sup> which became a professional organization.<sup>127</sup> Through the formation of such institutions and through the linkages it had with American funding organizations, the class of experts, or in Higgins' words, a community of scholars, could be created that would have both an esprit de corps and a similar ideological approach to the main questions plaguing the nation.

The shift in education was also a shift in the way of thought of the nation. The Ford Foundation thus placed English education as a central component of its aid.<sup>128</sup> What had to be changed was not merely language, but how that language conveyed a different set of assumptions on the perception of reality. The 1950s thus not only saw a shift from Dutch toward English, but also a shift in the sound bites that peppered elite speech. A look into the newspapers of the decade showed an increasing use of such words as efficiency, national planning, management and other English words. It was a significant cultural change that such expansion of American education, books and other materials had provided. Changes in culture were wrought through magazines and other forms of cultural mediums, which heralded what Vickers called 'living in the atomic age.'<sup>129</sup>

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123 *Ibid.*

124 Among them Widjojo Nitisastro. Others include Ali Wardhana, Soebroto, Daoed Joesoef, J.B. Soemarlin, Emil Salim, J.E. Ismael, Dorodjatun Kuntjoro-Jakti and many others.

125 Lembaga Penelitian Ekonomi dan Masyarakat

126 Ikatan Sardjana Ekonomi Indonesia

127 Goenawan Moehammad, *Celebrating Indonesia. Fifty years with the Ford Foundation. 1953-2003*, (Jakarta: Ford Foundation, 2003), p. 46-47.

128 John Bresnan, *At Home Abroad*, p. 34.

129 Adrian Vickers, *A History of Modern Indonesia*, (Cambridge: Cambridge University Press, 2005), p. 126-133.

The Research Institute for the Economy and Society started an industrialization plan in cooperation with the State Planning Bureau and the Industrial Section of the Ministry of Economic Affairs. The research team was led by the then young lector Mohammad Sadli and conducted various interviews with government leaders and quantitative calculations in many regions of the Republic.<sup>130</sup> It also included Widjojo Nitisastro and Emil Salim who was sent to interview governors in order to understand regional plans outside Java.<sup>131</sup> This was part of the effort to reduce the claim by some that economic development was too Java-centric.<sup>132</sup> Sumitro had placed many of his best students within the BPN. In 1955, several economic students were recruited as planning staff. According to Bintoro Tjokroamidjojo, this was the first time they'd had training as technocrats, using the technological tools of public policy.<sup>133</sup>

### Ford Foundation-MIT-CENIS

The first Ford Foundation delegation visited Indonesia on July 7 1952. They stayed from August 12 to September 11 1952 and visited Jakarta, Bandung, Yogyakarta and Surabaya. The report of the visit outlined the importance the foundation saw in Indonesia: "Because of the speed with which Indonesia has advanced from colonial to sovereign status, because of the complex and difficult problems it faces with few resources in trained personnel, and because its ability to transform itself into a modern state without becoming a totalitarian regime or falling into anarchy is important to all of the free world, Indonesia is today a country of unique significance."<sup>134</sup> The report concluded that Indonesia needed trained personnel, as there were more "economists in Washington working on Indonesian problem than there are

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130 Hendra Esmara and Heru Cahyono, *Sumitro Djojohadikusumo. Jejak perlawanan Begawan pejuang*, (Jakarta: Sinar Harapan, 2000), p. 157.

131 I.O. Nanulaita, "Ir. Haji Djuanda Kartawidjaja," *Pahlawan nasional. Ir. H. Djuanda Kartawidjaja. Negarawan, administrator dan teknokrat utama*, (Jakarta: Kompas, 2001), p. 111.

132 Ali Budiardjo, "Abdi negara dan abdi bangsa" in Awaloeddin Djamin (ed.), *Pahlawan nasional. Ir. H. Djuanda Kartawidjaja. Negarawan, administrator dan teknokrat utama*, (Jakarta: Kompas, 2001), p. 250-251.

133 Bintoro Tjokroamidjojo, "Negarawan, administrator dan teknokrat utama" in Awaloeddin Djamin (ed.), *Pahlawan nasional. Ir. H. Djuanda Kartawidjaja. Negarawan, administrator danteknokratutama*, (Jakarta: Kompas, 2001), p. 270.

134 Quoted in John Bresnan, *At Home Abroad*, p. 27.

in all Indonesia.” Sukarno had impressed Brown and Arnold immensely and they were able to confirm the approval of a 150 thousand dollar grant to send American English teachers to Indonesia in 1953-1954. They also recommended help to train vocational teachers and help establish an Institute for Public Administration.<sup>135</sup>

They also stressed the need for greater knowledge of the country. In 1951, the Foundation provided a grant to Stanford University to investigate the state of Asian studies in the US, and in 1952 granted 83 fellowships to study Asia and the Middle East. In 1953 it gave a 125 thousand dollar research grant to the MIT to study economic development in Indonesia, India and Italy. This was part of a larger research initiative at the MIT Center for International Study, which included research into Communist societies by Walt Rostow and the formation of public opinion in France headed by Daniel Lerner.<sup>136</sup> The Indonesia Program was the result of a three-week discussion between the director of the center, the director of the project, various Indonesian officials in the government and in Universitas Indonesia. The focus of research was on financing economic development, patterns of trade, technological aspects of economic development, management and administrative techniques and quantitative studies.<sup>137</sup>

The programme also researched a wider variety of topics related to economic growth in Indonesia, divided into six sets of studies: quantitative and qualitative description of the economy, economic role and impact of the government, private entrepreneurship, labour supply, agricultural progress and the political aspects of development. These studies were meant to provide a precision instrument in order to understand the underlying problems of the economy “providing the analytical knowledge which must precede the use of the surgeon’s corrective knife.”<sup>138</sup>

Its focus on government administration and labour supply allowed a more expansive political change as part of the recommendation of the study. Studies

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135 John Bresnan, *At Home Abroad*, p. 31-33.

136 Benjamin Higgins, “The Indonesia Project of the Massachusetts Institute of Technology-Center for International Studies” in *Ekonomi dan Keuangan Indonesia*, year III, 1955, p. 151-154.

137 Benjamin Higgins, “The Indonesia Project of the Massachusetts Institute of Technology-Center for International Studies,” p. 155-157.

138 Douglas Paauw and William C. Hollinger, “Research Plan for Indonesian Economic Development”, Indonesia Project Plans 1, February 18, 1953.

with Universitas Gadjah Mada painted a picture of a passive Indonesian society, waiting for government intervention. "The government is regarded as the accepted agent for introducing new techniques of production and exchange, and the population is quite willing to accept changes in economic institutions so long as they do not greatly alter the existing social and cultural patterns."<sup>139</sup> Preliminary study pointed to the need of the government to change its outdated fiscal structure and to actively provide 'external economies' to support economic growth by supporting the private sector.

The project supported the shift to a welfare state system of government, in which the state would provide infrastructural development such as transportation infrastructure, education and social welfare programmes in order to create a ready labour force for the coming industrialization. A study of the tax base, government efficiency in utilizing such tax base, economic impact of taxation, patterns of government expenditures and the relationship between government's capacity for developmental investment and government borrowing and structures, were important studies to be conducted to understand the relationship between the government and economic development. A history of trade union movements and its relationship with economic development, the political structure of the country and its relationship with foreign aid and other forms of social science research all provided a multidisciplinary approach to tackling the problems related to promoting economic development. Lack of skilled entrepreneurial talent amongst the indigenous population required a case study on the more successful Indonesian entrepreneurial group, the Dasaad Musin concern.<sup>140</sup>

Also included in this was the study of Javanese village life and culture in relation to development. A multidisciplinary team of social scientists, economists, political scientists, sociologists and anthropologists descended on Indonesia and especially its small towns and villages. They were to provide economic, political, social, administrative, cultural and psychological answers as to the problem regarding Indonesia's transition to modernity and its ability to achieve sustainable economic growth. The assumptions made about Indonesian society-passivity, lack of entrepreneurial acumen and interests and their inherently conservative position-pointed to the need for an

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139 Douglas Paauw and William C. Hollinger, "Research Plan for Indonesian Economic Development", Indonesia Project Plans 1, February 18, 1953.

140 *Ibid.*

interventionist state. Changes through the provision of social infrastructures were meant to turn the Indonesians into an industrial labour force.

The International Training and Research funded Max Millikan, head of the Center for International Studies at MIT, to send people like Douglas Paauw to study fiscal structure, Benjamin Higgins for national income and Guy Pauker to study the political environment, among others. Guy Pauker would be influential later during the 1960s, helping to strengthen the relationship between new generation economists and the military officers within the Seskoad.<sup>141</sup> Benjamin Higgins, head of the MIT's Indonesian Project, questioned the professional quality of the researches being done,<sup>142</sup> signaling his dissatisfaction with the programme. Unlike the UNTAA programme, their relations and attachment within the National Planning Bureau was unsuccessful. The MIT project was the result of cooperation amongst social scientists stationed both in Harvard and MIT, studying various problems of the post-war world, from the problems of communication, to Communism and economic development. In 1954, the programme submitted a research proposal to the Ford Foundation, with 40 separate studies half of which had already been ongoing. It operated under an informal agreement with the National Planning Bureau.<sup>143</sup>

Benjamin Higgins was struck by how his work with the MIT project was practically the same as when he was an official advisor to the government under the UNTAA. His workload included drafting foreign investment law, designing the multiple exchange rate and advance payment system, simplifying the regulations of the petroleum industry to reduce government take from 70% to 50%, improving the tax system and making it more enforceable and analyzing the potential of smallholder agriculture. In no other time in Indonesian history have so many foreign experts had such a large authority within the Indonesian government. Not only were they researching, designing institutions and developing new systems, they were also actively producing Indonesia's next wave of economists and social scientists. This unprecedented institutionalized relationship is important to

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141 He was one of the supporter for the army as positive reform and provider of leadership. Guy Pauker, *The Role of the Military in Indonesia*, (Santa Monica: Rand Corporation, 1960), p. 59-65.

142 John Bresnan, *At Home Abroad*, p. 76.

143 Benjamin Higgins, "The Indonesian Project of the Massachusetts Institute of Technology – Center for International Studies", p. 152-159.

understand how Indonesian intellectuals survived the Guided Democracy period. Discussion about economic policy was conducted within what was called Sumitro's kitchen cabinet, in the Board of Directors of the Bank of Indonesia, in the BPN and its working group, at the Harmonie Club and in the journal *Keuangan dan Ekonomi Indonesia*.

In 1956, in cooperation with Sumitro, the foundation started shipping American economists, mostly from the University of California at Berkeley, to take over the positions left by the departing Dutch professors. A new post-graduate economics programme had begun and Indonesian faculty members had the opportunity to get a PhD degree in economics in prestigious universities in the US. The first lot included Widjojo Nitisastro and Moehammad Sadli. A second group included economist Emil Salim. By 1962, the Ford Foundation through Berkeley University had trained some 40 economists to take over the project. Between 1953 and 1965, the Ford Foundation had funneled 15 million dollars' worth of aid to Indonesia, practically all in the form of education. Around 400 Indonesians had been given fellowships to study abroad; most of them part of a long-term plan to build a national system of teacher's colleges, focusing on English, science and mathematics.<sup>144</sup> Many these American-trained economists would take part in the courses run for higher echelon military personnel at the Military Academy (*Seskoad*) in Bandung as part of the *Leknas-Seskoad* cooperation agreement. It was on these courses that Suharto met with many of the economist who would craft for him the economic policy of the New Order.

## The 1956-1960 National Plan and Guided Democracy

The National Plan was finally written in 1956 but only ratified by the Parliament in 1959. Later during transition to the Guided Democracy, Benjamin Higgins's idea of the Big Push was central; "big mainly in the ratio of savings and investments to national income",<sup>145</sup> calculating the incremental capital to output ratio to determine the rate of efficiency of investment both from foreign investment and domestic savings. Although Higgins contributed

144 John Bresnan, *At Home Abroad*, p. 66.

145 Benjamin Higgins and Jean Higgins, *Indonesia: the crisis of the millstones*, (Princeton: Van Nostrand, 1963), p. 71.

to the writing of the plan, he had not have the final say. In any case, he was quite critical of it and thought it too weak to result in real growth.

Several basic statistics and numbers were not available in the plan. Although the BPN employed a population specialist, the population growth assumption of 1.7% was considerably on the low side. The Incremental Capital Output Ratio, put at two to one, was also considered too low, especially considering the severe lack of infrastructure in the Outer Islands. The targets were too modest and evinced compromises with the political elites. Take-off growth was assumed to happen at 12-15 billion rupiah investment per year, yet the plan targeted 6 billion in the first five years and only with the fourth five-year plan would a number be reached which would support take off growth. No austerity measures on consumption were taken to reallocate capital toward the productive sector; in fact only 40% of the increase on per capita would be reinvested, the rest would go to consumption. The plan also assumed private and foreign investment to supply 60% of capital needs, yet the necessary reform measures for investment incentives in such things as land policy, squatter policy, tax and monetary policy were not carried out, although a foreign investment, mineral and oil bill was passed.<sup>146</sup>

When the plan was ratified by Parliament, the time period of the First Five Year Plan was almost up. Significant changes in the economic and political aspects of the country had made it already rather redundant. Inflation had spiked as a result of massive deficit spending when the country lurched into Civil War and Sumitro, along with colleagues from PSI and Masjumi joined the PRRI rebellion in Sumatra. The National Planning Board (*Dewan Perantjang Nasional* or *Depernas*) replaced the State Planning Bureau and this new planning agency focused on a broader front in line with Guided Democracy's revolutionary intention, producing an eight-year national plan that was written by non-economists and heavily criticized for being unrealistic. Military costs for the war were paid for by deficit spending. The limited and small professional managerial corps of the nation had to undergo both expansions as new recruits were incorporated, mostly from the military, and educated as speedily as possible as a result of the Indonesianization of Dutch enterprises. This would have been another additional problem to the already rather modest plans.

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146 Benjamin Higgins, "Introduction" in Douglas Paauw, *Financing Development. The Indonesian Case*. (Glencoe: the Free Press, 1959), p. 15-28.

Yet, social scientists like Benjamin Higgins were quite upbeat about the early Guided Democracy period. Prime Minister Djuanda was seen to be a sensible, technocratic choice, which augured well for sober, less grandiose and more rational planning with a better understanding of Indonesia's weaknesses. Sumitro's earlier industrial plans were all very much impacted by the severe lack of administrative and entrepreneurial capability of Indonesian state and society. It was thought that this aggravating aspect had been made clear to the remaining policy makers. Higgins pointed out several changes in the way Indonesian leaders saw the situation. The relationship between political stability and economic growth was now much clearer; before implementing redistribution, it was necessary to increase the size of the economy. Higgins thought that Communist involvement was discredited due to its role in the *Indonesianization* debacle and lastly he thought that cultural ideas of village consensus had also been discredited with the effort to push ahead national policies.<sup>147</sup> This upbeat view of the Guided Democracy was shared by many in the modernist camp in the Kennedy Administration of the United States.<sup>148</sup> There was a deep underlying current that rational Indonesian technocracy was just under the radar, struggling to get out and take over national leadership. As a corporatist experiment, Guided Democracy was seen with hopeful eyes by modernist social scientists and policy makers.

### Foreign Experts and Indonesian Authority

American aid was a rather sensitive subject in Indonesia. Although the country throughout the early 1950s was better predisposed toward the Western bloc "...most Indonesians feel that their country lies much more exposed to the economic and military power of the United States and associated countries than it does to Soviet Russia or China."<sup>149</sup> The roots of this elite ambivalence toward the US was directly the result of the perceived notion that the US had backed the Netherlands during the Revolutionary Period and that later on it had approved Dutch control of West Papua and given clandestine support for the rebels, after the outbreak of war in 1958

147 Benjamin Higgins, "Introduction" in Douglas Paauw, *Financing Development. The Indonesian Case*, p. 46.

148 Frederick Philip Bunnell, *The Kennedy Initiatives in Indonesia, 1962-1963*, p. 85-90.

149 D.S. Suraputra, "The role of American and Soviet aid to Indonesia," MA thesis Institute of Social Science, The Hague, 1967, p. 5.

in Sumatra, West Java and South Celebes. This view of America affected the way Indonesia interacted with the US throughout the period.<sup>150</sup>

The extent to which foreign experts gained authority in determining an Indonesian national policy during the Parliamentary Democracy period was significant—in fact, the most significant in the post-colonial history of Indonesia. Some of it rested within the office of the BPN and the persons of Sumitro Djojohadikusumo and Benjamin Higgins. Others were part of a panoply of specific projects for the development of certain parts of the Indonesian expert production, like Edward Litchfeld and Alan C. Rankin or the Kentucky Team in the Agricultural Institute in Bogor. Within the BPN were PSI-supporters, Indonesia's most important intellectual group whose belief in Fabian social democracy represented an authoritative but inherently weak elite. The Five Year Plan, with its focus on a Big Push dependent on foreign investment, was politically unacceptable. Sukarno's Guided Democracy starting from 1957 was a *coup d'état* against this weak authority. Parliamentary democracy and the political party system oftentimes were considered the primary culprit for Sukarno's Guided Democracy policy, yet his main target was the PSI and their Masjumi political supporters, by extension, the main intellectual expert of the country.

By 1958, a large section of the intellectual expert, including Sumitro himself, but also Sjafruddin Prawiranegara and several others, defected to the PRRI rebellion. Asked by Kennedy whether Indonesia's intellectuals backed Sukarno's government, Soebandrio, who had accompanied the President's 1961 trip to the US and around the world, had answered, "the Indonesian intellectuals are a reactionary group. They cannot be asked to participate in the revolution."<sup>151</sup> When Soedjatmoko, a leading intellectual and friend of Soebandrio asked why, his answer was that Sukarno deeply resented intellectuals. From within the intellectual circles, the first shock came from the result of the 1955 election, in which the PSI, the intellectual party par-excellence, garnered a measly 5 percent of the vote. Four parties came out of the election a major player in Indonesian politics: the nationalist Sukarnoist

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150 Daniel Novotny, *Torn between America and China. Elite perception and Indonesian foreign policy*, (Singapore: Institute of South East Asian Studies, 2010), p. 105-107.

151 Rosihan Anwar, *Sukarno, Tentara, PKI. Segitiga kekuasaan sebelum prahara politik. 1961-1965*, (Jakarta: Obor Indonesia, 2001), p. 46.

PNI, the modernist Muslim Masyumi, the traditional Muslim NU and the Communist PKI.<sup>152</sup>

Despite being politically weak, those surrounding the BPN, composed of Indonesian and foreign American, Canadian and Australian experts, formed what Benjamin Higgins called a 'community of scholars.' These included economists like Higgins, Douglas Paauw and William Hollinger, political scientists like Guy Pauker, Jean Mintz and Ruth McVey, anthropologists like Clifford Geertz and the members of his Field Team, which included Alex Dewey, Donald Fagg, Hildred Geertz, Edward Ryan and Robert Jay.<sup>153</sup> The 'community of scholars' also transcended their geographic boundaries and connected places like the BPN, FEUI, the Boston-Cambridge area, Wisconsin, Ithaca, and Windsor and Montreal in Canada.

These geographical points, headquarters of universities, were the expression par excellence of the institutionalized technical aid world, functioning as provider of experts and legitimizers of its own brand of modernization theory. Within the MIT center, these experts included sociologist Daniel Lerner, whose work on the passing of traditional society was a significant tome on Anglo-Saxon modernism.<sup>154</sup> Economists such as Paul Samuelson, Evsey Domar and Robert Solow, whose work on the Solow-Domar growth equation, earned them Nobel prizes later on. George Kahin at Cornell, Everett Hawkins, Hans Schmidt and Ted Morgan in Wisconsin, Bruce Glassburner in California and scholars from McGill and the University of British Columbia represented an array of very distinguished names in social sciences working to decipher Indonesian modernity. Especially important was the group called the *Charles River* (Boston-Cambridge area) with their access to President Kennedy's policy-making decisions. Walt W. Rostow recalled the situation: "Kennedy sought out and found in CENIS a group whose ardent commitment was to enlarged development aid rather than to party or political personality. He understood this clearly and used us well."<sup>155</sup>

152 Herbert Feith, *The Decline of Constitutional Democracy*, p. 424-440.

153 J.A.C. Mackie, "In memoriam: Professor Benjamin Higgins, 1912-2001", p. 183-188.

154 Daniel Lerner, *The passing of traditional society: modernizing the Middle East*, (Glencoe: The Free Press, 1958).

155 Jeffrey F. Taffet, *Foreign aid as foreign policy. The Alliance for Progress in Latin America*, (London: Routledge, 2007), p. 20.

Rostow along with Max Millikan became what Nils Gilman called Kennedy's mandarin of modernity.<sup>156</sup>

An expansion of intellectual interest on Indonesia occurred. The production of books on Indonesia gradually replaced the Dutch works when the shift from Dutch experts and advisors to American ones occurred around 1957.<sup>157</sup> More importantly, these social scientists were, as Higgins admitted, clueless about economic development, and tried to figure out a system that was most suitable to the Indonesian condition. Albert O'Hirschman, another technical expert and modernization theorist said "I went to Colombia in 1952 without any prior knowledge of ... development... (I later) discovered I had acquired a point of view of my own that was considerably at odds with current doctrines."<sup>158</sup> Knowledge production was thus a confluence of the anti-Communist ideology of American modernization and the harsh realities of localized context. Benjamin Higgins said that practically all the Indonesian experts agreed that a government role was essential for Indonesian industrialization. Without a capitalist class, there was agreement for government-led development even by the more ardent free market economists among the foreign experts.<sup>159</sup>

In terms of government role, there was no doubt in anyone who had been to Indonesia that a government-led economic plan was the only way in which Indonesia could move forward.<sup>160</sup> This was considerably different from the state planning of the Soviet Union or Communist China, but it was also very different from the freewheeling capitalism of yesteryear. Yet for all the state-led ideas that had been discussed during the period, the question of the Indonesian state as a Parliamentary Democracy was never disputed.

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156 Nils Gilman, *Mandarins of the Future. Modernization theory in Cold War America*, p. 115-202.

157 The Dutch had a long tradition of planning in Indonesia, especially on social programs. But this differed from the large and intricate periodical developmental plans that became the economic policy of the New Order. Yet, some of these Dutch projects continued after independence. See Leonard Blussé (et.al.), *India and Indonesia from the 1920s to the 1950s: Origins of Planning*, (Leiden: E.J. Brill, 1987).

158 Kirk S. Bouman, *Military, Democracy and Development, The perils of praetorianism in South America*, (University Park: Pennsylvania State University Press, 2002) p. ix.

159 Benjamin Higgins and Jean Higgins, *Indonesia: the Crisis of the Millstones*, p. 71-77.

160 This does not mean that state-led economic centralization was the only opinion available. Experts discussed about the possibility for decentralized economic development. For instance, Douglas Paauw, "The Case for Decentralized Financing of Economic Development in Indonesia" in *The Far Eastern Quarterly*, Vol. 15, no. 1, November 1955, p. 77-95.

It was assumed that the political problems and its instability was something that was negatively affecting the capability of the state, resulting in what Gunnar Myrdal called a soft state,<sup>161</sup> but there never seems to have been any discussion on a change in the political landscape of Indonesia. It would have been obviously impudent for foreign experts to suggest something that was definitely outside their authority, but even in discussion with Indonesian economists like Sumitro Djojohadikusumo or Sjafruddin Prawiranegara no one seems to have brought up the idea of changing the political system.

Awareness that the military were coming out as a major proponent for both political stability and economic development grew only gradually and not obviously. Political scientists like Guy Pauker would gradually realize the potential of military men and thought of them as the most promising and rational amongst the Indonesian elite, but this would not come about until the late 1950s. On the other hand, when Sukarno started his campaign to bury the party and initiate a major change in the state-society relations of the country, Sumitro, Sjafruddin, Mohammad Natsir and many of the more technocratic-minded elite of Indonesia rebelled against the central government and created a separate revolutionary state in Sumatra. There was no indication that the PRRI was envisioning a military-dominated state that would have to restructure Indonesian society within a state directed relationship. In fact, it seems to have been the case that the intellectual experts of PRRI still held to a belief in the efficacy of the parliamentary model of the social democrats. It was this discrepancy between the old intellectuals of the 1950s and the new intellectuals who started to emerge by the late 1950s that was to be one of the more significant facts of the period.

At the international level, the 1950s was a rather naïve decade. President Eisenhower's policy on aid contained no specific strategy other than to support economic and social development. It was hoped that such assistance would push economic growth and thus reduce the temptation to Communism in much of the developing world. By the end of the 1950s, the world saw a series of development, which toppled democracies in many developing nations. Parliamentary democracy was being discredited on an international scale and American response to it was to shift its own aid strategy. Instead of development perse, the Kennedy era approach to aid was to connect it

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161 Gunnar Myrdal, *The Asian Drama. An Inquiry into the Poverty of Nations*, (Middlesex: Penguin Books, 1968), p. 891-900.

intimately with the war on Communism, thus to refocus the aid toward the military and to revamp social science in order to support this notion. The Kennedy Doctrine and the creation of the Alliance for Progress shifted the aid toward a political goal. The focus was not merely on development, but on population control. Of course, the idea of social development has always been central to the idea of modernization.

Through education and community development, an increase in the capacity of the individual would go a long way to help ease the transformation from traditional society toward a modern, industrial one. But no discussion of the 1950s had talked about the kinds of pervasive and invasive action that was to be conducted by the Guided Democracy state, nor did anyone talk about the role of the military in this regard. This idea of control was what was missing within the discourse of the 1950s experts. It was to be the main idea developed during the Guided Democracy period by both the proponents and its intellectual opponents whose ‘chameleon-like’ hypocrisy, to use a phrase made by the journalist, Mochtar Lubis, against the second generation economists, allowed them both to cultivate a new relationship of power within a new notion of population control and development. This inherently anti-democratic idea became the basis of modern Indonesian society and its state-society relationship for a long time to come.

## Conclusions

Americanization of various aspects of Indonesian elite production was met with resistance in many forms. Inertia of the bureaucracy pushed for the continuation of ‘Dutch’ ways of doing business and, in fact, continued to do so as a result of the sheer limitation of American impact on the large Indonesian bureaucracy. At the regional and local level, there was little American presence, the change occurred at the central institutions; the major universities and schools created through expert recommendations and at national planning institutions. As a result, it was a flimsy affair, the changes occurring within small, almost separated institutions whose effects on the vertical level was generally unknown, but considered to be very much limited. Yet, these developments paved the way for Guided Democracy’s institutional experiment. The next two chapters discuss the Guided Democracy state and the implementation of the various ideas that shaped it. This included

the corporatist ideas whose roots stemmed from the colonial and Japanese period, as succinctly expressed in the 1945 Constitution, and the various developments that occurred during this period. That development was important, for it cemented models of state-society relations that would continue throughout the second half of the twentieth century.

