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Conclusion

According to Benedict Anderson’s seminal article, ‘Old State-New Society’, the roots of the New Order regime should be located in the modern colonial state that emerged in the nineteenth century. Anderson argues that after the demise of the colonial state in 1942, a process occurred that he terms ‘society entering into the state’. This dilution of the greater society into the state resulted in the fragmentation of bureaucracy and weakening of the state’s efficacy. The rise of the New Order in the 1960s was predicated on the need for the state to reconstitute its efficacy and to regain control from and, indeed, over society at large. Anderson puts the burden for the recreation of the state on the army and the military regime that came to prop up the New Order state. As discussed in this study, the binary of state and society may well be compared with that of professionals versus non-professionals. While Anderson emphasizes the continuity of the colonial state, I argue that contextual changes such as the emergence of new ideologies and a new international institutional framework played an even more important role in the reinstatement of the state.¹

This thesis argues that the New Order state originated from the relatively interconnected, coherent, and global institutional framework that emerged in the postwar era. This framework allowed for the reinstatement of the state and was supported by both parties involved in the Cold War, because the post-colonial world order was fashioned on a platform of relationships among sovereign states. The fall of the colonial regimes and their bureaucratic order

raised the problem of legitimacy of the successor state and its more or less refashioned bureaucratic apparatus. How were these new states—successors to old colonial entities whose authority had completely collapsed—to reconstitute their legitimacy and authority? While Anderson assigns the praetorian army the leading part in this process, I argue that the legitimacy of the New Order state, as a praetorian order, was predicated as well on a combination of institutional and ideological developments outside of the military sphere. If we seek to understand the rise of the New Order, it is important to understand what institutions and ideologies sustained it. This thesis argues that the roots of the New Order regime should be sought in the 1950s and early 1960s, rather than in the discredited colonial state. Over the years, an institutional order was created that allowed for the creation of a new state elite legitimated by the ideologies and discourses on efficiency, development and modernity, which offered new ways for mass control by both military means and social engineering while seeking to create society in its image. It is important to realize the extent of complicity between Sukarno and the Guided Democracy regime. In a way, these politicians (that is, the leaders of society) paved the way to their own destruction.

Chapter one discusses the rise of two ideologies of state-society relations: that of Sukarno, whose Nasakom ideas embodied the opening up of the state to society, and that those of the managers, who emphasized the control of the masses as model for an efficient state. Sukarno’s ideas were corporatist and entailed the participation of various groups in society. In order to put his ideology into practice, he had to discredit the remnants of the colonial state as well as the legitimacy of policy-makers whose authority was based on the technical capabilities of the so-called experts. This was made easier both by the lack of Indonesian experts and the fact that the policy making bodies—especially the national planning agency—often were under control of foreigners, technical experts who were sent and paid for by American aid agencies or the United Nations. Sukarno’s criticism of Sumitro Djojohadikusumo, one of the few professional Indonesian economists responsible for importing foreign experts, was basically an attack against what he called liberalism. Ironically, most of these experts were Fabian socialists and Keynesians who saw the state as the principle actor in the process of development. Against Sukarno’s fulminations, the economists and other social scientists developed a counter-discourse based on the idea of control of the population. They regarded the masses as a wild river that had to be
channelled to be harnessed. Various means of control were discussed in seminars and these strategies would eventually be tried on the population during the New Order. The hostility of Sukarno and other political power groups such as the PKI, forced the social scientists to gravitate toward the army. In the 1950s, Sumitro and other economists did not yet see the army as a significant agent of development, but by the end of the Guided Democracy era their focus had changed completely and social scientists viewed the army as having a central role.

The rise of the army from a fragmented, ideologically diverse group into a praetorian support for the state constitutes the main theme of the second chapter. The discussion focuses on two issues: the development of officer education and the development of the army doctrine of dual function (dwi fungsi). As said, officer education was quite dependent on foreign aid, Dutch, initially, but soon American. Numerous Indonesian officers were sent to the United States for military training and were exposed to modernization ideas that were on offer as part of the curriculum there. Modernization theory put forth the proposition that the armed forces were the natural and rational choice to play a prominent role in economic development and in the transition from traditional to modern society.

By the end of the 1950s, the Seskoad copied Fort Leavenworth’s curriculum, with its heavy emphasis on social science. Within Seskoad’s various doctrinal seminars, the territorial doctrine and the civic action doctrine were discussed and eventually implemented. Both doctrines supported army control of the rural areas by becoming part of the regional government and conducting local economic development. The experiences of the Siliwangi Division in civic action as part of the counterinsurgency strategy to deal with separatists functioned to link development with security strategies. US assistance in civic action strengthened the appeal by providing assistance to the military for rural control. Without doubt this basic blueprint for the control of the rural or regional areas by military commanders during the New Order was developed under the Guided Democracy regime.

Meanwhile, American support for training counterinsurgency units at the end of the 1950s and early 1960s divided the army officers. The rise of various strike forces within the military provided the state a means to strike simultaneously at distant places in Indonesia’s vast territory. Both the territorial and strike forces represented different ways by which the state was
able to maintain the unity and structure of the state. What was significant was the level of attention given to control. In various army discussions, the enemies of the state seemed to figure at every level in society. This implied that the army should develop for itself the necessary institutional and doctrinaire legitimacy to put both the regions and rural areas under its control. Society was divided into sections that asked for different strategies of control. It was a meticulously developed process that seems to have anticipated the needs of the New Order state that was to come.

As the army honed its capabilities, the development of the civilian side of the state during the 1950s was no less important. These issues are discussed in chapters three and four of the thesis. Both chapters show the connection between the ideologies of modernization and managerialism, with the institutions of national planning, higher education, the production of expert elites or managers, and the creation of a new ideological state-society relation embodied in the socialist or developmental state. This new ideology made short shrift of the liberal state with its emphasis on individual rights, the separation of powers, and respect for the rule of law.

Chapter three discusses two issues. The first is the problem of expert or managerial production during the early 1950s. At the outset this was conducted through importing expertise. The effort to import European expertise through the PUTABA scheme failed miserably. The selection of experts as policy-makers in the State Planning Bureau and various financial institutions was conducted with the assistance of the UNTAA. Sumitro Djojohadikusumo went himself to New York to call in this assistance. The home-grown production of experts was ensured by the expansion of the national university network. Many of the foreign experts sent to Indonesia were also asked to give lectures in the main universities. The now rapidly developing Indonesian universities cooperated with American universities through programmes that invited American lecturers to teach in Indonesian universities and sent Indonesian lecturers to American universities to obtain postgraduate education. A curricular transformation was obtained as Dutch academic practices were replaced with American ones and English replaced Dutch as the primary foreign language for educational purposes.

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2 Willards Enteman, Managerialism. The Emergence of a New Ideology (Madison: University of Wisconsin Press, 1993).
The import of policy-making experts created what one of them, Benjamin Higgins, called a community of scholars. Anglo-Saxon scholars in major American universities studied the Indonesian problem, contributed to the first Five Year Plan published in 1956, and actively wrote economic and developmental regulations. The influx of these experts into the State Planning Bureau and the universities was important for several reasons. First of all, Sukarno was appalled by their perceived power and saw them as agents of neocolonialism, in other words they posed a threat to his policies. Second, they provided opportunities for young Indonesian scholars to study abroad in the United States and thus played a seminal role for the production of Indonesia's technocracy. Sumitro Djojohadikusumo, an institutional builder par-excellence figured large in all this. Not surprisingly, Sukarno vilified him as a typical representative of the hated liberalism. Yet, what the community of scholars achieved was the import of the ideas on American modernization. Aside from army officers, the experts and their technical and managerial capability embodied the rational spirit needed to push Indonesian society towards modernity.

Aside from experts, the rise of the managers was also an important development of the 1950s. This is the main topic of the fourth chapter. The failure of the first industrialization plan refocused the problem on increasing the managerial capability of the Indonesian bureaucracy and the wider economy. This was conducted through the import of public administration and business management from America. In 1954, funded by the Ford Foundation, the Cornell public administration specialists Edward Litchfeld and Alan C. Rankin went on a study trip to Indonesia at the invitation of the prime minister. As a result of their report, a series of development programmes was implemented in order to develop the production of public administration specialists. In 1958, the Harvard business management specialists Lynton Caldwell and Howard Timms were sent to Indonesia to assess the condition of both business and public management. When by the end of 1959 practically all Dutch-owned companies had been nationalized, there arose a sudden demand for managerial jobs in the now government-owned companies. This consequently resulted in a dramatic expansion of business management courses for prospective Indonesian managers. The wave of Indonesian and translated management literature that appeared in this period bears witness to these stormy developments.
The rise of managers and management as leading forces in society clashed with the state institutions that were based on liberal principles of the separation of powers and the rule of law. Ernst Utrecht’s criticism of scientific management at the time throws light on the latent conflict that existed between the legal approach and the managerial approach. Sukarno’s Guided Democracy stated that it was doing away with the *triaspolitica*. Although all this was done out of intense dislike of individualism and as a criticism of Western liberal values, if not through Marxist criticism of inherent class bias in the law, it did not really conflict with the ideological framework being developed by the experts during this period.

Modernization theory and scientific management turned the expert/manager into a rational leader focused on development and brought about a shift away from liberal forms of state-society relations. Although the Guided Democracy experimented with corporatist forms, its modern outlook was consistent with modernization and managerialist theories. It appealed to rationality, planning and, later on, expertise. The dual nature of the Guided Democracy regime therefore resulted in increasing friction between what can be termed a participatory corporatism and the managerialist approach.

The last three chapters of the thesis discuss the friction between these two approaches during the era of Guided Democracy. Chapter five discusses the effort to implement a non-professional approach to national planning, its failure and the creation of an alternative, centralized planning apparatus with a reach much greater than the State Planning Bureau of the 1950s. The National Planning Board, or Depernas, was composed of representatives of various work or *karya* organizations. With almost no professional economists, the Depernas created an Eight Year Overall Development Plan. The plan covered not only economic, but also social, cultural, and political issues. The failure of the Eight Year Plan spelled doom for the participatory approach. Efforts to open up the state to participation had failed and, by 1962, there was a move back toward centralization. The replacement of the Depernas with the Bappenas in 1963 symbolized this move. The organizational set up for the Bappenas envisioned a stronger and more centralized planning bureaucracy tied with regional military and civilian government and various government ministries. Integration occurred thus within state bureaucracy under the authority of the planners.
At the same time, the efforts to expand Indonesian expertise during the 1950s began to bear fruit in the early 1960s as many economists and social scientists began to return from their higher education abroad. By 1963, not a few had already obtained important positions in government and academia. The control of the military over the higher education sector and the takeover by experts of important national research bodies such as the Leknas at the MIPI opened up channels of communication between educated army officers and returning social scientists. Efforts by the Communists to obtain a foothold in higher education showed how highly they also valued the control of the universities and their function as an elite generating institutions for the state. Sadly for them, this participatory approach misfired.

Chapter six discusses the further implementation of control through strategies developed within the social sciences imported since the 1950s. The general strategy split into the effort to control the masses through a social engineering strategy tied to the nation-building project and the effort to gain control of the civil service through indoctrination and retooling. The emphasis laid by contemporary social scientists in general, and public administration specialists in particular, on the core traditional values of Indonesian society bore witness to both the nation-building needs of Indonesia and the need of the state to recreate the ideal type of the Indonesian man who would support development. The reification of these supposed core village values meant putting a check on the modernity of the managers and imposing communal, corporatist, and traditional cultural norms on the rest of the population. It divided the Indonesian population into two camps of modern and rational versus traditional and conservative attitudes. Modern man was inherently individualist and both the politicians and the managers rejected such attitudes.

At the same time, Indonesia witnessed a dramatic expansion of managerial positions in both the bureaucracy and state enterprises. A proliferation of managerial courses could only partly provide for management of the nationalized, formerly Dutch-owned companies, and therefore many army officers were recruited as managers of the new state-owned companies. A manager culture developed in the courses and newly established professional magazines. Army-published magazines, like *Territorial*, ran managerial articles, while professional management magazines often published articles written by army managers, including the generals A. H. Nasution and
Ibrahim Adjie. Thus both civilian and army managers often shared the same office, took the same courses and read and contributed to the same professional magazines. Many army officers sought to widen and upgrade their education in economics, management sciences, or social sciences. Some of them even published their ideas on state-society relations, ideas that in many respects mirrored those of the managerial state.

The expansion and consolidation of managers of the state and the state-owned economy strengthened the duality between the state and society. The last chapter discusses the rise of the new generation of economists, the intellectual heirs to Sumitro Djojohadikusumo. The authority and legitimacy of this new elite was founded on the modern discourse of management and development; but at the same time, its members faced the challenge to come to terms with the problems of ‘liberalism’, market forces, and the opening of the Indonesian economy. Many of these economists would continue to play a significant role in the New Order as part of a technocratic group that determined the economic and social policies of the state. Working alongside IMF economists in 1963, some of them would try to develop a credible recovery plan for the first time, focusing on inflation control. From 1962 onwards, the economy of Indonesia was hit by a succession of severe crises. Inflation ran wild and state revenue grew increasingly dependent on taxation and foreign credit, something very different from the colonial state, which had depended on the mining and plantation economy. Nationalization and the failure to curb inflation devastated profits. In such a dire situation, Indonesia looked to the IMF and the United States for aid. Soebandrio approached Soedjatmoko in order to get help from Indonesian economists such as Widjojo Nitisastro and Mohammad Sadli. The Dekon plan focused on controlling inflation through belt-tightening measures. The Dekon would also allow market mechanism to play a greater role and give greater managerial independence to state-owned companies.

Following Sukarno’s advice, Indonesian economists who trained in the West studied socialist economic models such as those in eastern Europe rather than the liberal economics scorned by Sukarno. In fact, there never were any liberal economists in Indonesia. Nonetheless, their study of strictly regulated East European socialist societies convinced them of the importance of competition and a free-market system. They ultimately agreed that the state was a central component in society. People like Mohammad Sadli saw
the importance of modernizing the leadership and saw the praetorian army as the rational choice for this. The clash in ideas between Western-trained economists and Communists lay not in socialism as such, which saw the state as the main actor, but in the relationship between state and society within the economy. Although Western-trained economists studied socialist models as implemented in various Communist countries, Indonesian Communists viewed them with suspicion. The Communist type of production policy focused on understanding rent-seeking rural structures and sought to abolish them in order to allow for a greater participation in the economy. It saw economic development in terms of class warfare and deemed Keynesian and other ‘Western-based’ economic models as reinforcing class divisions. It is interesting that the main target of the Communists was the ‘state-controlling’ class, or in Anderson’s terminology the state.

This dissertation argues that in its view of the relationship between state and society the newly risen elite generation was inherently conservative in that it would eventually renege on the revolutionary promise for participation in the state and society. The state as a conservative institution required submission and control of the masses. This was the prime requirement for achieving efficiency and the ability to coordinate the various institutions of the state for implementing national planning. A national plan was needed in order to create development and thus fulfil the goals of independence. The state was inherently conservative in this regard, because the new elite saw it as their task to usher in development. This was made possible both because the army began to be more assertive in the executive sector and because of the rise of a specific type of ideology that was state-centred, developmental, and rational driven. This is essential to understand the importance of the New Order state. David Henley has shown that the New Order was so successful because it focused on pro-poor, rural development policies.\textsuperscript{3} He has argued that institutions may have been less important than the particular individuals behind those institutions. With someone less brilliant than Widjojo Nitisastro at the helm, the New Order may not have overseen such a successful development strategy.

Even if Widjojo Nitisastro had the ability to implement sound development strategies, however, we still need to grasp how the institutions

of national planning could have had such a significant impact on the remotest rural parts of the country. The focus on rural development was part of the developmental strategy discussed by both the military and economists and was part of the counterinsurgency strategy that saw the rural area as vital for controlling and limiting the spread of Communism. The rise of the Bappenas and its regional civil/military structures such as the Bakopda/Tjatur Tunggal point to the development of institutional matrices of control that became among the most important cornerstones of the New Order state. The rationale for the new regime was also very clear. The New Order was a social contract based on the threat of violence and the promise of development. Development was an essential component for the legitimacy of the managerial regime. It was only when development faltered at the end of the 1990s that the New Order state collapsed.

The rise of an institutional environment of control and an associated ideology that legitimized its control was perhaps one of the most successful developments of state power over society in the twentieth century. Leaving the legacy of the New Order behind to create a democratic and more liberal society is at present the challenge that the Indonesian state and society face. A thorough understanding of the rise of the New Order and what it meant institutionally and ideologically is an essential part of the creation of a democratic and participatory Indonesia.